

Council tax hikes will more than cancel out the starter rate of tax

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Savings for lower earners from the SNP's new starter rate of tax would be cancelled out by a local council tax rise of as little as 2%, the Scottish Conservatives have said.

The most that can be saved from Derek Mackay's proposed changes to income tax rates and bands is £20, just 38p.

The Finance Secretary's draft budget has allowed local authorities to increase council tax by 3% next year. Last year, 21 of 32 councils raised levels by the full 3%, with two more increasing the rate by 2.5% and one by 2%.

The average council tax paid by the owner of a Band A property will increase by £31.85 with a 3% rise.

Even in the local authority area with the lowest level of tax, Comhairle nan Eilean Siar, bills would go up by £29.70 at 3% and £21.23 at 2%.

Murdo Fraser, Scottish Conservative finance spokesman, said:

"The SNP has said that their income tax plans will mean savings for those on lower incomes, but any benefit would be wiped out by a council tax rise of 2%.

"As usual, Derek Mackay is giving with one hand while taking away with the other.

"Research by the Scottish Conservatives have shown that any increase in tax revenues could be achieved by cutting down on wastage in government spending.

"And as world-renowned economist Arther Laffer has said yesterday – increased taxation does nothing to grow the economy.

"The Finance Secretary, and the SNP, should think again before hammering Scots with tax rises at a time when our economy is struggling."

The starter rate of tax will apply for the first £2,000 after the personal

allowance and has been set at 19p (Scottish Government, *Draft Budget 2018-19*, p22, [link](#)).

Last year 21 of 32 councils increased council tax by the full 3 per cent, with a further two increasing it by 2.5 per cent and one increasing it by 2 per cent (Scottish Government, *Draft Budget 2018-19*, p13, [link](#); BBC, 2 March 2017, [link](#)).

The average council tax paid by a band A property will increase by £31.85 with a 3 per cent increase. Even in the council with the lowest tax, Comhairle nan Eilean Siar council tax will increase by £29.70. A two per cent increase would still see bills increase by £21.23.

| | Band A | Band B | Band C | Band D | Band E | Band F | Band G | Band H |
|-------------------------------|---------|----------|---------|---------|---------|---------|---------|---------|
| Scottish council tax average | 1061.57 | 1238.50 | 1416.26 | 1593.29 | 2053.94 | 2511.35 | 2994.61 | 3709.80 |
| Tax after 3 per cent increase | 1093.42 | 1275.655 | 1458.75 | 1641.09 | 2115.56 | 2586.69 | 3084.45 | 3821.09 |
| Increase in bills | 31.85 | 37.16 | 42.49 | 47.80 | 61.62 | 75.34 | 89.84 | 111.29 |

These calculations include water and sewage charges and were compiled by manually averaging all the bands, direct from council websites.