

Tax Justice – STUC 2025

Introduction

This year's STUC Congress will likely pass several motions calling for improvements in public services that will impact public finances. Political conferences, campaign groups, and even think tanks are similar!

Less consideration is given to enhancing public finances to fund essential service improvements. This briefing addresses this issue as part of our collaboration with [Tax Justice Scotland](#). It will also be the focus of our fringe meeting at Congress on Wednesday 30 April.



STUC Fringe meeting

Tax Justice

How to properly fund public services in Scotland

Introduced by Lynn Henderson, PCS and Chair of the Jimmy Reid Foundation

Speakers:

Stephen Boyd, Director, IPPR Scotland

and

Miriam Brett, Co-director, Future Economy Scotland

Wednesday 30 April, 12.30pm-2.00pm.
Committee Room 2, Caird Hall, Dundee.

(Lunch/refreshments provided.)

In support of the Tax Justice Scotland campaign (<https://taxjustice.scot>)

Of course, tax is not just about raising revenue. Progressive taxation is also essential in creating a more [equal society](#) that benefits every aspect of public policy, including the economy.

Tax Justice Scotland

Tax Justice Scotland is a campaign backed by a diverse range of civil society organisations, think tanks (including the Jimmy Reid Foundation), trade unions, economists and academics who are united in a mission to create a fairer Scottish tax system. The campaign believes Scotland's devolved and local tax systems can drive positive social and environmental change by supporting

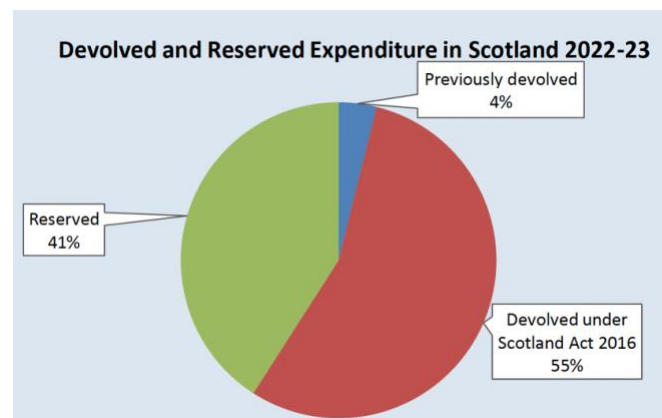
higher public spending, redistributing wealth more fairly, and shaping responsible business practices. We would encourage more trade unions to get directly [involved](#).

The campaign also works with Tax Justice UK on [reserved](#) tax powers. The UK Government is cutting spending on social security and other services to meet their self-imposed fiscal rules, which require that day-to-day expenditure is met by tax revenue. And that debt as a share of national income is falling by the end of this parliament. However, there are other ways the government could meet their fiscal rules.

The latest Tax Justice UK [paper](#) shows how the UK Government could go further than its recent reforms and raise an additional £60 billion a year through just ten tax reforms, including a wealth tax on those with fortunes over £10 million. It also proposes equalising Capital Gains Tax with income tax – so those making money from their wealth pay the same as those making money from work.

Tax in Scotland

Scotland has significant devolved [tax powers](#), including Income Tax, Council Tax, and a range of levies, which collectively [raise](#) over £21 billion.



Scotland has made some progress in making income tax more progressive. Despite regular complaints by some business organisations, there is little evidence that the more progressive income tax structure in Scotland adversely impacts Scotland's economy. Specific [evidence](#) on attitudes toward tax among inward investors also shows that, while rates are important, other factors


are given more prominence. The most recent Business Insights and Conditions Survey suggests it is the primary concern for only a small proportion of businesses.


Building a better tax system


Relying primarily on Income Tax from working people is likely to be unsustainable as our population ages. We, therefore, need to build a broader tax base to protect our essential public services. These should ensure that those who can afford it pay their fair share and act as an incentive for businesses to adopt practices that benefit our communities and the environment.


A report by Landman Economics, commissioned by the STUC, explores the options for increasing taxes in Scotland. The [research](#) finds that short-run and longer-run tax changes could raise an extra £3.7 billion per year.


Tax Justice Scotland outlines five immediate reforms.

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More **progressive Income Tax**, with a primary focus on raising revenues from higher earners.
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A plethora of **options on local tax reform** (including replacing Council Tax and Non-Domestic Rates with a **percentage of value property tax** and extending this to **tax land**).
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Better **taxing wealth**, both locally and – where possible – nationally, in the short-term via a focus on particular categories of wealth, whilst exploring options to tax net wealth.
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Making **polluters pay** for their climate damages, such as introducing a **private jet tax**.
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Re-designing tax reliefs and other schemes, such as the Small Business Bonus, to ensure they support pro-social and environmental outcomes.

Reforming local taxation

Successive administrations have avoided the [reform](#) of local government finance and the council tax. The Burt Report (2006) recommended moving towards 50:50 and identified a range of tax powers. The Commission on Strengthening Local Democracy (2014) asserted that change is required because Scotland’s councils have ‘become perhaps the least fiscally empowered in Europe’. They reminded us that 50 years ago, half of council income was generated locally. The Commission on Local Tax Reform (2015) concluded that ‘the present Council Tax system

must end’. Nearly 20 years after the Burt Commission, the Scottish Government announced another [consultation](#).

Even a reformed council tax would still leave councils with little control over their finances. Council tax accounts for less than 20% of local government expenditure. For countries where local governments have the equivalent responsibilities to Scotland, the average was between 50% and 60% of income raised locally. Local election turnout is generally significantly higher in countries with greater devolved taxation.

Comparable countries	Local taxes as % of local expenditure
Sweden	64.1%
Finland	45.7%
Iceland	67.0%
France	39.0%
Switzerland	58.5%
Germany	36.0%
Norway	38.3%
Denmark	34.1%
Ireland	13.5%
UK average	12.6%

The Jimmy Reid Foundation has published several papers on building stronger communities and the [local economy](#). We make a case for significant devolution of revenue-raising powers to local authorities. This should start with returning the responsibility for business rates to councils, which generates over £2.8bn, and ending the Small Business Bonus Scheme. We also identified a range of new taxes and levies to support inclusive growth and community wealth building.

An IPPR [paper](#) considers five illustrative examples of potential new forms of local tax and funding arrangements in Scotland.

Conclusion

Scotland desperately needs fairer and better taxes to fund action on poverty and inequality while investing in care and tackling the climate crisis. We look forward to discussing these at the STUC.

Jimmy Reid Foundation

The Jimmy Reid Foundation is a think tank which brings together different voices from across Scotland to make the case for economic, environmental, political and social equity and justice in Scotland and further afield.

<https://reidfoundation.scot>

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