



# Working together on tax

## Introduction

Since 2015, the Scottish Government and Revenue Scotland have worked together on the development of tax policy and legislation. This collaborative approach ensures that tax policy is evidence based, that changes can be delivered on a practical level and that legislation is informed by Revenue Scotland's operational and technical experience.

This document sets out the principles that underpin the commitment of the Scottish Government and Revenue Scotland to continuing to work together to develop and maintain an effective and efficient tax system for Scotland. It is intended to supplement the Framework Document which was updated in 2018.<sup>1</sup>

## Scottish approach to taxation

The Scottish approach to taxation is embedded in four key principles.<sup>2</sup> These are:

- **Proportionate to the ability to pay** – the tax system should be progressive, with those who are able to pay more tax contributing a greater share;
- **Certainty for the taxpayer** – individuals and businesses should have confidence in the tax system when making financial decisions;
- **Convenience** – the tax system should be as simple as possible and easy to understand and comply with; and
- **Efficiency** – tax policy should be designed to ensure that it is cost-effective to administer.

In addition to Adam Smith's founding principles, the Scottish Government through its tax policies, and Revenue Scotland through its compliance activities, take the toughest possible approach to **tackling tax avoidance** in relation to the devolved taxes.

Another cornerstone of the Scottish approach to taxation is **engagement** with people, communities and businesses. Both the Scottish Government and Revenue Scotland take an open and consultative approach to the development and implementation of tax policy and legislation.

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<sup>1</sup> [www.revenue.scot/sites/default/files/Revenue%20Scotland%20-%20Framework%20Document.pdf](http://www.revenue.scot/sites/default/files/Revenue%20Scotland%20-%20Framework%20Document.pdf)

<sup>2</sup> These principles were first articulated by Adam Smith in *'The Wealth of Nations'*, 1776.

## Guiding principles

In addition to the Scottish approach to taxation, the Scottish Government and Revenue Scotland will be guided by the following principles:

### **Accountability**

Clear roles and responsibilities for each organisation that are understood by all.

- The Scottish Government is responsible for all aspects of devolved tax policy and legislation, including the setting of tax rates and bands. It is the Scottish Government's role to bring forward legislation that is informed by Revenue Scotland's expertise and experience of collecting and managing devolved taxes.
- Revenue Scotland is the tax authority responsible for the collection and management of the devolved taxes and the protection of the revenue. To ensure that the administration of tax is independent and impartial, Revenue Scotland is directly accountable to the Scottish Parliament, rather than to Scottish Ministers.
- Scottish Government officials provide policy advice to Scottish Ministers and Revenue Scotland has a statutory function to provide Scottish Ministers with information, advice and assistance relating to tax. The organisations work together to ensure that Scottish Ministers receive the best possible advice, drawing on all available information.
- The independence of Revenue Scotland as a tax authority and the protected taxpayer information it holds must be safeguarded.

### **Interdependence**

Recognition that the organisations work together to deliver and are reliant on each other to fulfil their responsibilities.

- The delivery of taxation - from policy development through to implementation and administration - is viewed as a single process. The Scottish Government and Revenue Scotland have joint responsibility for delivery.
- The Scottish Government and Revenue Scotland make use of formal structures such as project boards and working groups to ensure that the delivery of taxation continues to be informed by a good and shared understanding of priorities and risks to delivery.
- The Scottish Government and Revenue Scotland make each other aware of developments within their areas of responsibility to support their respective functions.

- The Scottish Government and Revenue Scotland consult each other in reasonable time to allow representations to be made and fully considered on matters of common interest.
- In all matters, the organisations carry out their roles with the core values of integrity, honesty, objectivity and impartiality, as set out in the Civil Service Code.<sup>3</sup>

## Information and skills exchange

Information is shared regularly and timeously, and skills and experience are utilised across boundaries.

- Officials in the Scottish Government and Revenue Scotland maintain contact with each other through regular meetings and other communications channels.
- Subject to the constraints of policy sensitivity and protected taxpayer information:
  - Business plans, ministerial advice and briefings, and information about risks, issues and opportunities are discussed openly and on a trusted basis;
  - Scottish Government officials involve and consult Revenue Scotland in policy thinking on matters of relevance, such as the collection and management of tax, and issues that may affect compliance activity; and
  - Both organisations share relevant data and analysis to enhance the effectiveness of tax policy-making and the efficient collection, management and monitoring of the devolved taxes.
- In maximising the expertise of both organisations, Revenue Scotland and the Scottish Government work together:
  - in planning and prioritising joint areas of work, such as the development of tax policy and proposals for legislative change;
  - to achieve a common understanding of issues; and
  - to apply lessons learned.
- The Scottish Government and Revenue Scotland explore initiatives for learning, development and training for staff, with opportunities being made available to staff in both organisations.

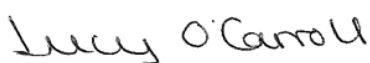
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<sup>3</sup> [www.gov.uk/government/publications/civil-service-code](http://www.gov.uk/government/publications/civil-service-code)

## Collaborative approach with stakeholders

The Scottish approach to taxation is characterised by engagement with people, communities and businesses.

- Both organisations work with the Scottish Fiscal Commission and the Office for Budget Responsibility to share expertise and ensure that revenue forecasts for the devolved taxes are based on the best available information.
- The Scottish Government and Revenue Scotland maximise opportunities to work together and with others, to raise the profile of taxation in Scotland and their respective roles with a wider audience, including educational establishments, with a view to improving collective understanding.
- The Scottish Government and Revenue Scotland work together to achieve a clear and strategic approach to engagement that seeks out a wide range of views on policy and operational issues, making best use of stakeholder time and raising awareness of changes to legislation.
- The Scottish Government and Revenue Scotland make use of Tax Forums and other public engagements to seek views and to facilitate discussion and consultation on tax policy and delivery.
- Each organisation ensures that the other is aware when key messages are to be communicated to or received from external audiences in areas of joint work.
- Where appropriate, learning from engagement activity with external stakeholders and organisations is shared.



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