

18 July 2008

A Fairer Local Tax (CRE 959)  
CSU  
Spur U5b  
Saughton House  
Broomhouse Drive  
Edinburgh  
EH11 3XD

Dear Sirs,

**Re: A Fairer Local tax for Scotland**

Glasgow Chamber of Commerce (GCoC) welcomes the opportunity to contribute to the 'A Fairer Tax for Scotland' Consultation document.

In compiling a response representative of our membership base and the Glasgow business community, GCoC circulated the consultation to a selection of our members and raised general awareness through features in the GCoC magazine and website. In addition, it should be recognised that some GCoC members may choose to comment on the consultation directly.

At a general level GCoC wish to highlight concerns within the consultation:

- The mechanism for collection of Local Income Tax at source places an unnecessary burden and significant cost on employers of all sizes.
- The burdens highlighted by the Burt Review which provided a detailed analysis of the costs to business of implementing a system of Local Income Tax in Scotland. It was estimated that the initial administration cost to businesses would be in the region of £55-60 million and that ongoing annual costs would be between £7-18 million. This is unacceptable and places Scottish businesses at a competitive disadvantage to firms based in other parts of the UK.
- The implementation of a Local Income Tax in Scotland would result in employees domiciled in Scotland being taxed at a different rate to employees domiciled elsewhere in the United Kingdom. GCoC are concerned that the additional costs of doing business in Scotland would impact on inward investment.
- The Local Income Tax would increase income tax by 3p in the pound nationwide. This open-ended increase in taxation for higher earners would be a serious deterrent to work in Scotland. GCoC is also concerned that its introduction could damage our competitiveness both nationally and internationally with firms choosing to base headquarters and senior executives outside of Scotland.

- If the Local Income Tax is to be set by Central Government a crucial link of accountability will be removed between councils and their electorate, reducing incentives to efficient government at the local level.

GCoC welcomes the opportunity to comment on the consultation and would be keen to be involved in any further discussion regarding 'A Fairer Local Tax for Scotland' Consultation.

Yours sincerely

**David Ross**  
**Project Director**