2024 GENERAL ELECTION BRIEF

Manifesto analysis - Tax

FRASER OF ALLANDER INSTITUTE
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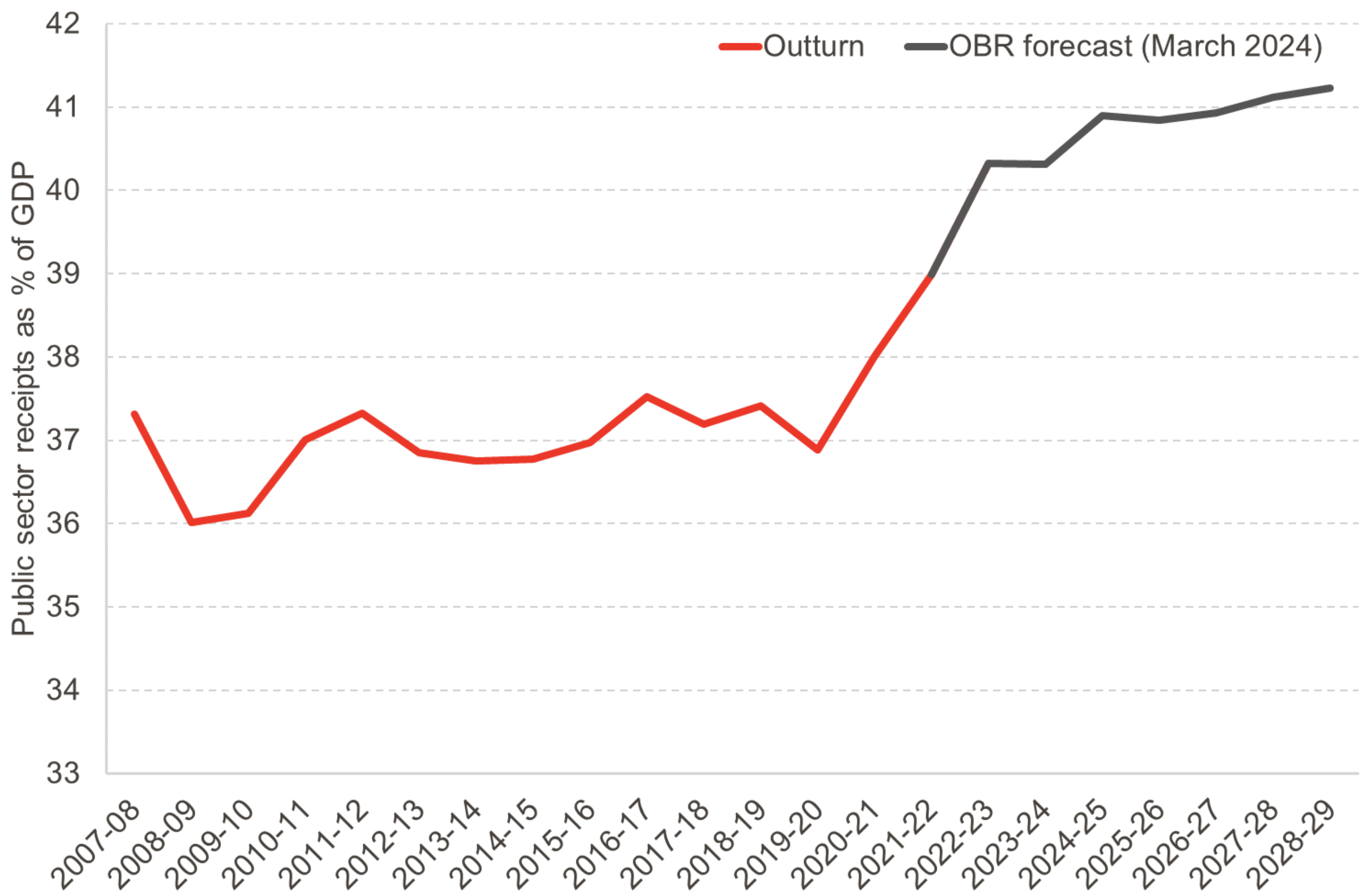
The background

As we highlighted in our topical brief on tax, the fiscal backdrop to this election is one in which taxes have been rising as a share of national income for the past few years, and are forecast by the OBR to already continue to do so in the absence of policy change.

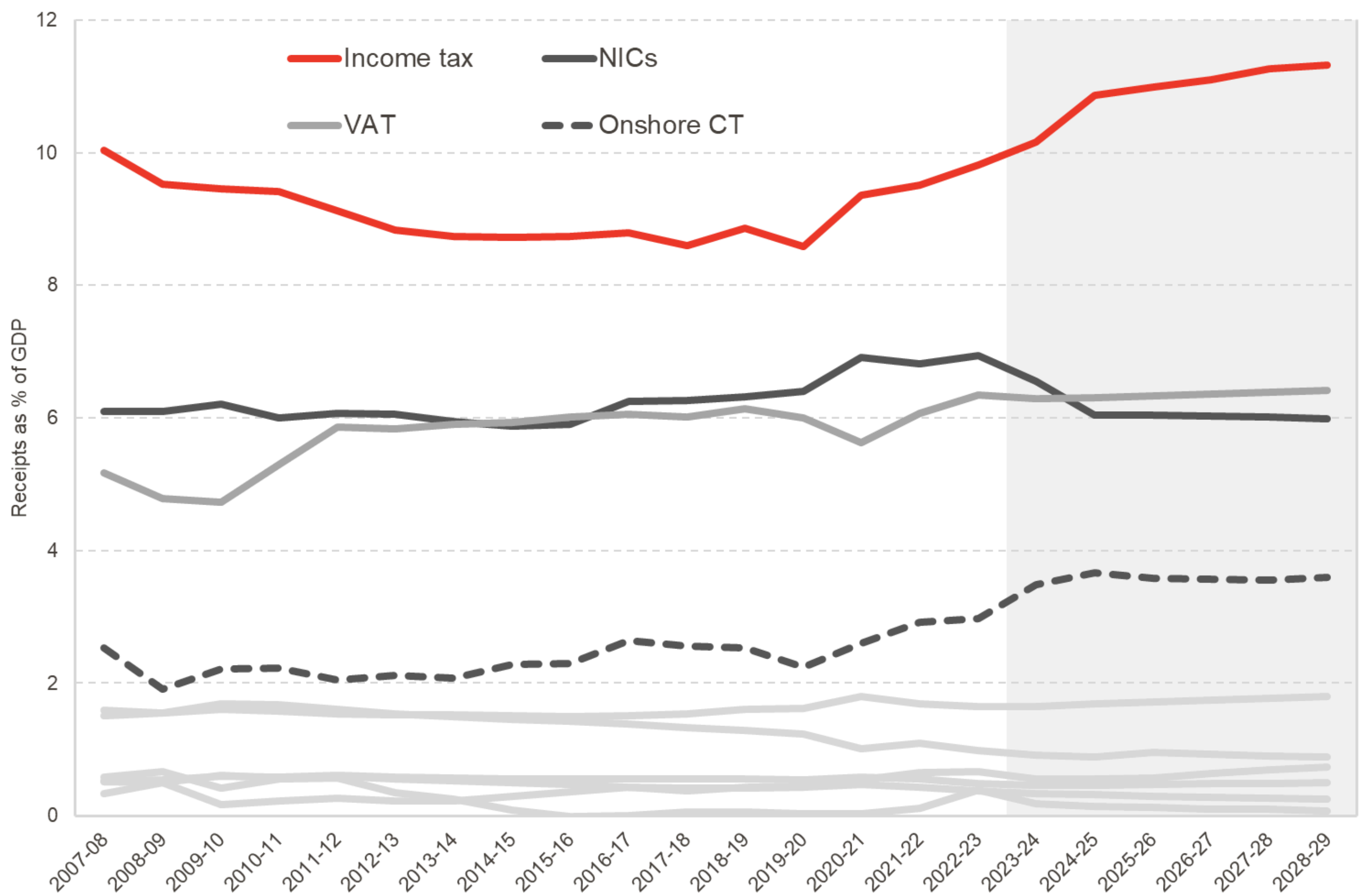
Chart 1: Public sector current receipts as a share of GDP



Source: *OBR*

How did we get here? It's useful to look at it tax by tax, which reveals some of the underlying movements and highlight what governments have chosen to do.

Chart 2: Selected tax receipts as a share of GDP



Source: *OBR, FAI analysis*

The chart above reveals a number of things. One is just how much larger the four biggest tax revenue streams for the government (income tax, National Insurance contributions, VAT and onshore corporate tax) are relative to all others. The next largest tax (council tax) brings in half as much revenue as corporation tax, and no other taxes yield more than 1% of GDP. That didn't use to be true, but with all Chancellors freezing or cutting fuel duty in cash terms since 2011, the importance of that tax has halved in terms of revenue raised.

The other stark impact has been on income tax, which had declined as a share of GDP for more than a decade. This was achieved mostly through increases in the personal allowance and raising the higher rate threshold - although the latter didn't apply in Scotland, which has kept it at £43,662 since 2018-19.

The freeze in the personal allowance and the higher rate threshold in the rest of the UK (although at a higher level than in Scotland) has reversed this, especially in the face of high nominal wage growth due to high inflation. This means that the level of income relative to national income is expected by the OBR to be **more than a quarter higher in 2028-29 than a decade earlier** and 12% higher than it was in 2007-08.

The chart is also revealing in terms of the effect of the cuts to NICs. One might have assumed that when the equivalent threshold in National Insurance was equivalised with the higher rate threshold for income tax, it would have benefited taxpayers. But NICs has a regressive quality: for earnings above that threshold, the rate drops to 2%. So raising the threshold to £50,270 actually increased receipts,

and the two successive cuts in 2023 and 2024 have merely brought revenues back to where they were prior to equivalisation.

VAT and corporation tax are more straightforward - the big jumps in VAT reflect changes in the main rate, as does the more recent increase in the forecast for CT receipts. The 2010s are an interesting time though: George Osborne's headline tax rate cuts were done alongside base-broadening reforms, and so receipts actually went up - but not because of anything to do with tops of Laffer curves, as some might suggest.

All of these taxes are reserved, apart from some elements of income tax - and so what parties have to say about them matters a lot.

Proposals on income tax

Income tax rates

Explicit pledges to not raise income tax rates are a large part of a number of manifestos. No rate rises have been pre-announced for the next Parliament, so this does not affect projections for the public finances - serving as a way to rule out changes rather than as a revenue raiser. This **does not affect most people living in Scotland**, as responsibilities for rates and bands on non-savings non-dividend income tax lie with Holyrood rather than Westminster.

Both the **Conservatives and Labour** have pledged **not to increase any income tax rates** in their manifestos. The **Green Party for England and Wales** have pledged to **not increase the basic rate of income tax**, but have not committed to the same for the other rates, and have also pledged to restrict pension relief to the basic rate, which effectively raises the amount of tax paid by those above the higher rate threshold. Such changes to the definition in scope would apply in Scotland, as those decisions are for the UK Parliament.

The **Liberal Democrats** have not included pledges on rates, although under questioning have said they would not be seeking to increase rates.

The **Scottish National Party (SNP)** also did not include it in their manifesto, but First Minister John Swinney told the BBC he would want to see the UK follow Scotland's income tax regime - which has slightly lower taxes (£23 a year) for those below the median wage, and higher rates for those above it, as well as a lower starting point for the higher rate. The effect of this on Scotland would depend on what the UK Government did with the additional funds. Mechanically, this would increase the negative Block Grant Adjustment, reducing funding for the Scottish Government - but if the UK Government spent more on areas of public services that are devolved as a result of this policy, then the Scottish Government would get additional Barnett consequentials. Without details, it is impossible to know which magnitude would be greater.

The **Scottish Greens** have made it their policy to make UK rates the same as Scottish rates of income tax, which they claim would raise £11 billion a year. Although this is roughly correct for the static

additional revenue this would bring in, the actual amount that would be raised after accounting for taxpayer behaviour - and on the basis of which the Office for Budget Responsibility (OBR) would incorporate it into the public finances - would be much lower: more like £6 billion, or just over half the static costing. The effects on Scottish Government funding would depend on the UK Government's use of the funds, as described above.

Reform UK have proposed changing the higher rate threshold to £70,000. This would not apply in Scotland, as thresholds other than the personal allowance are devolved - and in fact, the Scottish higher rate threshold (£43,662) is already lower than the rest of the UK's (£50,270). This would exacerbate the difference in taxation regime significantly between Scotland and the rest of the UK, but would also increase funding for the Scottish Government by reducing the block grant adjustment based on the rest of UK revenues - probably to a large extent. We estimate that this measure alone would cost in excess of £20 billion a year.

The **Alba Party** has no proposals to make any changes to income tax rates.

Personal allowance

Clearly it is not only the rates of income tax that matter, but also the level of income at which people start paying income tax. This is determined by the personal allowance, which is currently set (and has been for a couple of years) at £12,570. The level of the personal allowance is reserved, and so applies in Scotland as well - although only as a minimum, as the Scottish Government could technically set a zero rate above it and effectively increase it already. Current government policy is to keep thresholds frozen until 2028-29, which includes the personal allowance and applies in Scotland.

Labour and the Conservatives have both said they would **keep the personal allowance frozen** until then - with the freeze baselined in the OBR numbers, this neither raises nor costs money. The **Conservatives** have however announced they would increase the personal allowance for those of State Pension age by the 'triple lock', the same indexation mechanism of the State Pension: the higher of average earnings, CPI inflation or 2.5%. Curiously, it was the Conservative-Lib Dem coalition which abolished this differential allowance depending on age, equalising them from 2015-16 onwards, so this is essentially a pledge to reverse the government's own policy. The £2.5 billion cost a year is roughly what we would expect.

The **Lib Dems** have announced an intention to raise the personal allowance "when the public finances allow", though they haven't said by how much or what the conditions for it coming into place would be.

Reform UK have proposed an increase in the personal allowance to £20,000. This is a large increase - a 60% increase in nominal terms, and 35% higher than it would have been by 2028-29 than if it continued to be uprated by CPI instead of the current freeze. Reform UK have said this would take 7 million people out of income tax and save every taxpayer £1,500 a year. The former might be a slight underestimate of the number of people taken out of income tax, while the latter is incorrect - the policy would save taxpayers £1,500 if they earn at least £20,000 a year. If they don't, they already pay less than £1,500 in tax per year, and therefore clearly their savings would be smaller. Reform UK don't cost policies individually, but their calculation of the cost of raising the personal allowance by this

amount is almost certainly an underestimate. They cite £70 billion as the total cost of their personal tax pledges, but using the HMRC ready reckoner, this measure alone would cost £69 billion in 2026-27 - which put together with the higher rate measure above means that the cost would far exceed the stated costing.

Reform UK's personal allowance policy would have profound effects on Scotland's income tax regime, moving all bands up by c.£7,500 as well unless the Scottish Government took action to stop it. and therefore cutting revenues significantly. Scotland's different income tax structure could also bring detriment to the Scottish Budget, through the BGA, but that's complicated as we wrote way back when - and would require agreement between the UK and Scottish Governments.

As for the **SNP**, **Greens of England and Wales**, **Scottish Greens** and **Alba**, none of them specify policy proposals for the personal allowance.

Proposals on National Insurance Contributions

National Insurance Contributions, or NICs for short, are another large revenue raiser for the government, and one that is fully reserved. Therefore, any proposed changes would apply to Scotland, and for working adults below State Pension age in particular, different thresholds can interact in complicated ways with the Scottish Income Tax system.

Labour have pledged not to increase NICs in their manifesto, while the **Conservatives** have said they will continue with cuts to the primary rate of NICs for employees - this time to 6% - as well as abolishing self-employment (i.e. class 4) NICs by 2028-29.

The **SNP** manifesto says it would advocate for the full devolution of NICs, which they say means they "could ensure rates and thresholds fit [...] progressive income tax rates." But as we have previously outlined, the Scottish Government could very plausibly raise the same amount in income tax while aligning the higher rate threshold with the NICs threshold already without further devolution.

The **Green Party of England and Wales**, for its part, proposes getting removing the upper earnings limit (£50,270) for NICs, above which the rate paid by employees drops from 8% to 2%. This would raise substantial sums, although it isn't costed in the manifesto.

The **Scottish Greens** propose merging income tax and NICs - something that was looked at and ruled out by Nigel Lawson ahead of the 1986 Budget as part of the income tax system reform. The contributory principle for NICs is all but dead today, although there would (surmountable) practicalities regarding records of payments. But whether this would raise any money or not depends on what level the combined tax would be levied at - something the Scottish Greens have not said.

Reform UK have proposed an additional levy on employer NICs for foreign workers of 6.2%, on top of the 13.8% that is already in place for all employees in the UK. They claim this would raise £20 billion over 5 years, but it is unclear whether this would apply to new or existing foreign employees, and how this calculation for the additional revenue has been arrived at.

The **Lib Dems** and **Alba** do not have any specific proposals on NIC rates in their manifesto.

Proposals on VAT

Parties' proposals on VAT have been almost fully around the edges of the tax. None of them have said anything to indicate they would increase the headline rate of 20%, and in fact both the **Conservative and Labour parties** have explicitly pledged not to do so. Instead, proposals have focussed mostly on small revenue-raisers or on using the VAT system to incentivise additional spending on particular items. VAT being a reserved tax, all these would apply in Scotland.

The only exception is the **Alba Party**, which which appears to be suggesting the halving of the standard rate of VAT from 20% to 10% - in their words, "for next year", which might suggest that it would be a temporary cut. Using the HMRC ready-reckoner, this would imply a cost of £87 billion in just one year. They also propose removing VAT on energy bills (a policy shared with Reform UK), which are the vast majority of reduced rate goods - eliminating that could cost as much as £2.5 billion per year.

Labour have announced that they would end the exemption of private school fees from VAT and non-domestic rates, which they claim would bring in around £1.5 billion a year. The VAT part of the measure would apply in Scotland, although the non-domestic rates portion is only in scope in England as non-domestic rates are devolved - and in fact that relief has already been removed in Scotland. No separate costings for each of the tax streams is provided, but the IFS estimated similar levels of revenues back in 2023, which lends some credence to this calculation.

The **Conservative Party** has said they would keep the VAT registration threshold (currently £90,000) under review and look at smoothing the cliff-edge that exists at the moment. The OBR has highlighted the bunching effect around that threshold, causing firms to lose turnover. **Reform UK** have also made proposals in this area, in their case to lift it to £150,000. It's worth noting that the UK already has one of the highest registration thresholds in the world.

Reform UK have also proposed reintroducing the VAT retail export scheme, which was abolished in 2020. The OBR has recently carried out a review of the revenues from this, and have found it to be around £500 million a year - which would be forfeited if it were to be reintroduced.

The **SNP** has announced an intention to review the VAT system as a whole, with the aim of aligning rates with other priorities, such as the affordability of medical products and devices. The SNP has an identical policy on VAT on private schools to the Labour Party, as well as intending to reduce VAT on hospitality, tourism and on-street electrical vehicle charging.

Both the **Scottish** and **England and Wales Greens** have announced intentions to reduce or scrap VAT on spending on the transition to net zero - though neither have said how they would define this in detail. The England and Wales Greens want also want to reduce VAT on areas such as hospitality and the arts, while applying it to financial services and private education.

The **Lib Dems'** VAT policies are very small scale. They propose to scrap it on children's toothbrushes and toothpaste and potentially on further education colleges, and to reduce it on public charging of electric vehicles, as well as removing the exemption for private and first-class/business class flights. None of these are large in terms of revenue and are more aimed at particular interventions rather than revenue-raising.

Proposals on onshore corporation tax

Corporation tax is currently levied at 25% for large firms and 19% for smaller firms. This was last raised in 2023-24 from a historical low of 19% across the board. Despite the headline rate still being significantly lower than for most of its history in the UK since it was introduced in 1966, the effective tax rate has been raising for over a decade as successive Chancellors have restricted the use of reliefs and targeted tax avoidance behaviours by companies. Corporation tax is reserved, and therefore decisions at the UK Parliament directly apply in Scotland.

The **Conservatives** have pledged not to increase corporation tax while aiming to extend full expensing to leased assets "once the fiscal conditions allow" - with no detail on what that would mean. **Labour** have also said they would not increase corporation tax from its current headline rate of 25% for the entirety of the next Parliament, while maintaining the full expensing system.

The **Scottish Greens** propose adjusting the corporation tax so that large firms pay higher rates than smaller firms. No more detail is provided, and therefore it's unclear whether this actually reflect any change to the current system, which already has a higher tax rate for large firms.

Reform UK proposes increasing the small profits threshold to £100,000, but more significantly heavily reducing the headline rate of corporation tax - first to 20%, and then two years later to 15%. According to the HMRC ready-reckoner, the first 5 percentage point cut would cost £19 billion a year, with an additional £19 billion a year for the additional 5 percentage points, bringing the total cost of this policy to around £40 billion a year.

The **Lib Dems** focus solely on the Global Minimum Tax, which they want to raise to 21% - however, this is not solely within the UK Government's power, and therefore it's not clear how it could be delivered.

There are no specific onshore corporation tax proposals from the **SNP**, the **Green Party of England and Wales** or **Alba**.

Proposals on North Sea taxes

Taxation of North Sea oil and gas extraction is subjected to a different taxation regime, which mostly consists of ring-fenced North Sea corporation tax and the Energy Profits Levy, better known as the 'windfall tax'. The windfall tax is the most talked about part of the regime, as it is newer and has been introduced as a response to the high profits made from extraction in light of the spike in prices after

the start of the Russian invasion of Ukraine. Together, these have meant that the tax rate on oil and gas extraction is now 75%, although there are reliefs for capital investment.

The regime is fully reserved, and therefore decisions apply across the UK, including Scotland. It's worth noting that revenues from the North Sea are forecast to fall by well over half in the coming years even with the windfall tax in place, as prices are expected to continue falling and therefore so will profits.

The **Conservatives** have essentially pledged no change to the regime. **Labour** have said they would increase the windfall tax rate by an additional 3 percentage points, as well as removing the investment allowances, which would significantly increase the effective tax rate. They estimate this would bring in an additional £1.2 billion a year, although it's hard to interrogate the calculation without more detail.

The **Lib Dems** have a proposal for what they call a 'proper' windfall tax. Some of this is similar to Labour's proposal in removing investment allowances, and they also propose increasing the rate (although they do not specify by how much). They claim this would raise an additional £2.1 billion by 2028-29 - it's unclear how this has been arrived at, and if it includes the backdating of the tax to October 2021 as mentioned in the manifesto, as that would be a one-off charge rather than additional annual revenue (if it even is legally possible to implement).

The **Scottish Greens** back introducing what they call a 'real and effective' windfall tax on North Sea extraction with no investment allowances, as well as restricting corporation tax reliefs for North Sea companies. They claim this might raise as much as £6 billion a year - again, very hard to verify in the absence of workings of these calculations. The **Green Party of England and Wales** has a similar policy, which is the bulk of the additional £8 billion a year they intend to collect - but have provided no detail on how the number is arrived at.

The **SNP** says it supports the windfall tax in principle, but that it "must be a wider tax - balanced across companies - rather the [a] raid on the North-East of Scotland". It's unclear what this call for a "wider tax" means - windfall profits have essentially existed on a large scale for North Sea companies, and the regime is set up for companies engaging in oil and gas extraction. Any tax on windfall profits would have to be levied on those firms, and with most of oil and gas activity taking place in Scotland (and in the North East in particular) that area would always be most affected by definition. It's a feature of any tax on oil and gas extraction.

Neither **Reform UK** nor **Alba** have any specific policies in their manifesto relating to North Sea business taxation.

Proposals on capital and property taxes

This section covers capital gains tax (CGT), inheritance tax, property transaction taxes and council tax. The first two are reserved, while property transaction taxes are devolved to Scotland - where land and buildings transaction tax (LBTT) applies instead of stamp duty land tax (SDLT). Council tax is also

devolved, with a different system in Scotland as well as rate-setting done at local authority setting (although with some interference by central government in many cases).

The **Conservatives** have made a "family home tax guarantee", which would see no council tax revaluation, no increases in CGT, no changes to main residence relief on CGT and no increases to stamp duty. The only changes applicable to Scotland in this would be the maintaining of the CGT rate and of the relief on main residence capital gains. The increase in the threshold for first-time buyers is also exclusive to England and Northern Ireland. Inheritance tax is not mentioned at all in the manifesto. The Scottish Conservative manifesto does have a proposal for increasing the LBTT threshold in Scotland to £250,000, but that is a devolved tax and therefore would not be affected by this election.

Labour have not made any proposals on capital gains tax other than that they will treat private equity performance-related pay as income rather than a capital gain. On inheritance tax, they pledge to stop offshore trusts being used to avoid it. These are part of the additional revenue collected through additional HMRC activity, which we discuss later - but it's hard to know if that has any base in reality.

The **Green Party of England and Wales** and the **Scottish Greens** both want to bring capital gains tax rates in line with income tax and NICs rates, which would be a significant increase from the 10% to 28% currently levied at the moment (depending on the level of income and type of asset). Both parties also want to reform inheritance tax but have not put forward concrete proposals.

The Greens of England and Wales have also proposed a revaluation of council tax, which clearly would not apply to Scotland - but it would mean that Scotland would be the only part of the UK still using early 1990s valuations.

The **Lib Dems** have a proposal to fundamentally reform CGT. Under their proposal, rates would no longer be linked to income tax rates, but instead depend only on the size of capital gains, while also increasing the size of the tax-free capital gains allowance from £3,000 to £5,000 a year. The Lib Dems' proposal would lower the rate paid by most people would low capital gains, but the rates on gains above £50,000 would be taxed at 40%, and above £100,000 at 45%. They claim this would raise £5.2 billion, but that also includes "closing loopholes", and it's therefore hard to interrogate in any meaningful way. There is no mention of inheritance tax in the manifesto.

Reform UK have no mentions of capital gains tax, and instead focus solely on inheritance tax. They propose increasing the threshold from £325,000 to £2,000,000, as well as halving the rate from 40% to 20%. The rate cut would cost £3.7 billion on its own using HMRC's ready-reckoner.

Neither the **SNP** nor **Alba** have any proposals on any of these taxes.

Proposals for changes to other taxes and for introducing new taxes

Some of the proposals have been to not introduce new taxes - for example, the **Conservatives** have pledged not to introduce any new so-called 'green levies', road pricing or frequent flier taxes. Road

pricing is favoured by the **England and Wales** and **Scottish Greens**.

Reform UK have focussed on energy, including proposing scrapping so-called 'energy levies' altogether, as well as cutting fuel duty by 20p a litre. Some environmental levies are borrowing-neutral; others produce genuine additional revenue. It's hard to know how much this would cost the public purse without knowing exactly what Reform UK mean, and they haven't itemised it in their manifesto. As for the fuel duty cut, the rate is forecast to go back up next year by RPI plus the 5p temporary cut. So relative to the public finances baseline, cutting it by 20p in cash terms today would mean fuel duty being lower by 44% than projected. This would cost £11.5 billion a year.

Both the **Lib Dems** and **Alba** have pledged to increase the digital services tax (DST) - levied on the turnover of search engines, social media companies and online marketplaces - from its current rate of 2% to 6% and 10%, respectively. At the moment, DST brings is forecast to bring in around £1 billion by the end of the forecast period, but its enforceability is and has always been difficult - radically increasing it could significantly challenge compliance.

The **Lib Dems** have also pledged to introduce a 4% tax on share buyback schemes and return Bank Levy to 2016 levels of revenues. They have also announced plans to reform the taxation of international flights to place more of a burden on those flying more often. They claim their aviation reforms would raise £3.6 billion, but there are scant details on how this has been calculated.

This is in combination with a ban on domestic flights where a direct rail option taking less than 2.5 hours exists. This is similar to the proposal by the **Green Party of England and Wales**, who put the threshold at 3 hours, and also want to introduce a frequent-flyer levy. The **Scottish Greens** have similar proposals, although they don't specify what a 'short-haul' flight is.

The **Green Party of England and Wales** has proposed a carbon tax, at an initial £120/tonne - a level more than twice that currently in place in the UK emission trading scheme - rising to £500/tonne. The party says the rates are deliberately set a very high levels to encourage substitution away from carbon emitting technologies, but they still estimate very large amounts of revenue (£80 billion in the final year of the Parliament). With taxes aimed at driving behavioural change, there is always a tension between how much they can raise and how effective they are at incentivising those changes - which itself can erode the tax base. It's not immediately clear where this proposal is pitched.

Finally, both the **Scottish** and **England and Wales Greens** back a wealth tax, although set a very different thresholds and rates. The Green Party of England and Wales proposes a 1% rate above £10 million in assets and 2% above £1 billion. The Scottish Greens propose a much higher level of taxation, with a 1% rate above £3.4 million, a 5% rate above £5.7 million and a 10% rate above £18.2 million.

As the Wealth Tax Commission highlighted in their report, an annual wealth tax (rather than a one-off levy, which they propose instead) is fraught with administrative and behavioural difficulties, as show from experience in OECD countries. This includes difficulty in valuing changes in illiquid assets over time, which is administratively complex. Even for the much lower tax rates examined, the commission's estimates are for pretty significant avoidance behaviour, as well as behavioural changes to saving

patterns. It's worth remembering that a very large proportion of wealth in the UK is in the form of pension saving.

As such, it's difficult to see some of the Scottish Greens' estimates of £70 billion (presumably annually, although this isn't clearly laid out) as realistic levels of revenue to be collected.

Proposals for raising revenue from tax avoidance

One of the few areas where there is broad agreement agreement is on the desirability of raising tax collected by 'cracking down on tax avoidance' or words to the same effect. This is a politically tempting argument, of course - it makes it seem like the costs will only be borne by an amorphous other who should be paying anyway.

There are some esoteric estimates of the tax gap presented by a number of commentators that put it at very high levels on the basis of specious assumptions. The HMRC tax gap estimate, meanwhile - an Official Statistics publication in compliance with the code of practice - puts it at 4.8% of total liabilities, or around £40 billion.

Of course, it would be great if every penny of tax owed were collected in theory, but it practice no system has zero non-compliance. For example, firms may go bust and be unable to pay their liabilities from the assets they have left over. And there is a trade-off between the complexity of the system and the level of tax collected, as well as between the level of monitoring an open society will tolerate and the collection of tax.

The UK does pretty well in terms of collection rates, and that is actually not surprising when you consider the fact that so much of our tax is collected through the pay-as-you-earn (PAYE) system. Most taxpayers in the UK do not have to fill a tax return, and get an automatic adjustment post-tax year if necessary at all. This means that the income tax and NICs system is very good at minimising the level of unpaid tax, which is around 1%. Most countries could only dream of that level of compliance.

Taxes which require self-assessment will naturally always have lower compliance - hence why PAYE was introduced to begin with! But the fact that we have a system that removes the opportunity for many to avoid and evade tax on employment earnings to begin with also reduces the scope for much 'tax gap-closing' activity.

Not that any of this has stopped parties of all colours from claiming they would raise large amounts from this type of compliance activity. This almost seems like a 'magic money tree', which some parties pay lip service to and others use as almost a balancing item on their manifesto costings tables.

Table 1: Parties' proposals to raise money from tax compliance activity

Party	Revenue claims from compliance	Implied share of tax gap closed	Level of detail in plans
Conservative Party	£6 billion	15%	None
Labour Party	£4.4 billion (netting off the cost of additional HMRC staff)	11%	Low
Scottish National Party	N/A (no detail but pledge to 'crack down' on 'avoidance and evasion')	N/A	None
Liberal Democrats	£7.2 billion	18%	Very low
Reform UK	Billions of pounds (tens of billions implied)	Minimum 5% if billions Minimum 25% if tens of billions	None
Green Party of England and Wales	N/A (no detail, but pledge to 'clamp down on tax dodging'. Costings subsumed into other tax lines)	N/A	None
Scottish Greens	N/A (no detail, but pledge to 'tackle tax avoidance and evasion')	N/A	None
Alba Party	N/A	N/A	N/A

Source: *Party manifestos*

This does not mean that no money can be raised from compliance activity - but it's usually difficult work which requires employing new staff, training them and waiting a few years until they become fully productive. HMRC and the Treasury have also done a lot to bring the tax gap down in the last decade and a half through engaging in internal projects such as OECD BEPS, which has expanded the tax base and also given us the so-called 'Pillar Two' minimum tax rate on corporations.

All this means that there is little in the way of low-hanging fruit in tax compliance work - a lot of it is worth pursuing, but it takes time, money and resources. **Labour** and the **Lib Dems** have provided the most detail in terms of the additional cost of employing compliance staff (£855 million and £1 billion, respectively), which is more than can be said for the remaining parties. Labour have also engaged with

some of the additional steps in terms of compliance legislation, such as registration and reporting requirements, although they haven't defined these in any detail.

One of the interesting things to note is how a couple of the parties - the **Lib Dems** and **Reform UK** in particular - are pledging to reverse the 'disguised employment'/off-payroll reforms brought into force in the last few years which strongly tackled tax avoidance by on-paper contractors that for all intents and purposes should be treated as employees and as such pay employment taxes. It's just another example of how attractive tax compliance is in the abstract and how unattractive some of the specific measures can then become when they are specific enough to tackle those engaging in said non-compliant behaviour.

Our next event

Fraser of Allander Institute Manifesto Analysis Webinar

Tuesday 2 July 2024

16:45 - 18:00 (BST) | Online

Come and join the FAI team to discuss all of the manifestos released by the parties who are standing for election in Scotland in the General Election on 4th July. We'll be focussing on what the manifestos mean for Scotland, and, in particular, how devolved responsibilities are reflected in the parties' proposals. Which tax policies are relevant For Scotland? What do the proposals mean for devolved funding? Why are many of the parties using slightly dodgy numbers? Come along to find out, and ask the team any questions you have about particular announcements.

This will bring our general election analysis to a close before polling day - so come along to get your questions answered!

This webinar is part of a project funded by the Nuffield Foundation. The views expressed in the webinar are those of the Fraser of Allander Institute and not necessarily the Foundation.

Register here

Registered attendees will be sent the join details for the webinar by email on 2 July 2024.

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