

News from ...



Peter Peacock Scottish Labour Regional MSP for the Highlands and Islands

17 April 2008

True Cost of SNP Tax in the Highland Council area

New research shows just how hard people and families living in the Highlands and Islands will be hit by SNP plans for a Local Income Tax.

Peter Peacock MSP says the SNP's failure to do their sums on this policy will mean a tax increase of 5p in the pound for every hard working resident in the area.

Research conducted by Labour politicians and drawing upon modelling produced by respected and independent experts Price Waterhouse Coopers, identifies the exact point at which joint income and single person households start to pay through the nose when LIT is charged at the real rate of 5 pence in the pound.

- In Highland any household with a joint income of £33,570 will pay more under Local Income Tax at 5p in the pound. People living alone will start paying more if they're earning more than £22,455.

Speaking about the figures, Mr Peacock said:

"The SNP said that their Local Income Tax would be set at 3 pence in the pound, but their sums are wrong and the hard working residents of Highland face being taxed an additional 5 pence in the pound to pay for the SNP's plans.

"This is not a fairer tax and would make Scotland the highest taxed part of the UK.

“Labour is calling on the SNP to scrap these proposals.”

Labour Leader at Holyrood, Wendy Alexander added:

“The SNP’s tax plans will hit those households in Highland with more than one working adult the hardest.

“There are thousands of young workers still living at home with their parents or households with single adults living together such as students working their way through college.

“Currently these people don’t pay Council Tax but they will be hit hard under the SNP’s plans.”

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Notes to Editors:

1. The blackhole in the SNP calculations

LIT rate of 3p in the £	
Council Tax Yield (2010/11)	£2473m
How much would be raised with a 3p LIT charged on the basic rate (2011/12)	£1320m
How much would be raised by a 3p LIT charged on the upper rate 2011/12	£255m
Total LIT income	£1575m
Blackhole = £898m	
LIT rate of 5p in the £	
Council Tax Yield 2010/11	£2473m
How much would be raised by a 5p LIT charged on the upper rate 2011/12	£2200m
How much would be raised by a 5p LIT charged on the upper rate 2011/12	£425m
Total LIT income	£2625m
Surplus = £152m	

NOTE: The calculations above include no allowance for additional second home income but nor do they deduct any income for the additional collection costs of LIT, or the costs of maintaining a second homes database or the continued costs of collecting water and sewage charges. No costs for any of these items are provided in the document.

2. The point at which people will pay more with a Local Income Tax than they do with Council Tax.

Price Waterhouse Coopers modelled the point at which households ‘break even’ – how much they need to earn before they pay more under a Local Income Tax than they do under Council Tax. Labour has repeated this modelling for a Local Income Tax levied at 5 pence in the pound for every council in Scotland:

Impact of replacing council tax with 5p income tax 2006-2007 (2 adult households)

AUTHORITY	BAND D (£)	COLUMN A: BREAK EVEN POINT FOR SINGLE HOUSEHOLDS	COLUMN B: BREAKEVEN POINT FOR 2 ADULT HOUSEHOLDS
Aberdeen	1196	£23,375	£34,790

Aberdeenshire	1113	£22,135	£33,130
Angus	1072	£21,515	£32,310
Argyll & Bute	1156	£22,775	£33,990
Clackmannshire	1127	£22,335	£33,410
Dumfries & Galloway	1018	£20,715	£31,230
Dundee	1211	£23,595	£35,090
East Ayrshire	1171	£22,995	£34,290
East Dunbartonshire	1121	£22,255	£33,290
East Lothian	1096	£21,875	£32,790
East Renfrewshire	1105	£22,015	£32,970
Edinburgh	1152	£22,715	£33,910
Falkirk	1045	£21,115	£31,770
Fife	1091	£21,795	£32,690
Glasgow	1213	£23,635	£35,130
Highland	1135	£22,455	£33,570
Inverclyde	1206	£23,515	£34,990
Midlothian	1210	£23,595	£35,070
Moray	1096	£23,595	£32,790
North Ayrshire	1125	£22,295	£33,370
North Lanarkshire	1077	£21,595	£32,410
Orkney	1007	£20,535	£31,010
Perth & Kinross	1136	£22,475	£33,590
Renfrewshire	1143	£22,575	£33,730
Scottish Borders	1064	£21,395	£32,150
Shetland	1017	£20,695	£31,210
South Ayrshire	1111	£22,095	£33,090
South Lanarkshire	1076	£21,575	£32,390
Stirling	1201	£23,455	£34,890
West Dunbartonshire	1138	£22,515	£33,630
West Lothian	1101	£21,955	£32,890
Eilean Siar	999	£20,415	£30,850
Scotland	1129	£22,375	£33,450

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Notes

Website links :

Inverness, Nairn Badenoch and Strathspey Labour : www.inbslabour.org.uk

Ross, Skye and Lochaber Labour : www.rslabour.org.uk

Caithness Sutherland and Easter Ross Labour : www.cserlabour.org.uk

Highlands and Islands Labour : www.handilabour.org.uk

Peter Peacock : www.peterpeacock.org.uk

