

SNP manifesto – one goal in mind

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The SNP have the opportunity in this election to hold the balance of power in the event of a hung Parliament. While the party's leader, Nicola Sturgeon, has ruled out any formal coalition with Labour, she has shown herself favourable to some sort of 'progressive alliance'. Her primary demand in exchange for the votes of SNP MPs will be a second independence referendum for Scotland – but other issues will be up for negotiation too, such as stopping Brexit and scrapping Trident. If an agreement is reached, what could be the influence of the SNP on a future Labour government's tax policies?

As we mentioned in our previous article on the SNP, many of the major taxes are not devolved to Scotland. As a consequence, the SNP's tax policies are not as developed as those of the UK-wide parties and many of its proposals can be reduced simply to demands for further devolution. Indeed, in the party's election manifesto, full control of tax and social security policy is one of the arguments used to push the case for Scottish independence.

In light of all this, detailed plans for such taxes as capital gains tax or inheritance tax, for example, are absent from the manifesto. But the party does make broad statements of principle from which its position on matters of taxation, and the points of consonance with a potential future Labour government, might be inferred.

The manifesto sets out a commitment to ending cuts and investing in public services. The SNP generally supports more progressive forms of taxation, claiming to have introduced the most progressive income tax rates in the UK. For example, Scottish taxpayers are subject to the Scottish Rate of Income Tax (SRIT). The SRIT features five tax rates applicable to income: starter (19%), basic (20%), intermediate (21%), higher (41%) and top (46%). Furthermore, the threshold for paying the higher rate is lower than in the rest of the UK (income above £43,430 rather than £50,000). However, income tax as a whole is not, strictly speaking, devolved to Scotland, meaning HMRC is still responsible for collecting and administering it. One of the effects of this is that the rates on savings and dividend income are the same as in the rest of the UK.

Promises made in the manifesto include supporting a freeze in National Insurance contributions and on VAT, something which has also been pledged by both the Conservatives and Labour. VAT would be reduced or eliminated on a range of goods and services, such as sanitary products, bicycles and home energy efficiency improvements, often with a view to influencing consumer behaviour in a way perceived to be socially beneficial. The Conservatives' tax policies, by contrast, are described in the manifesto as a 'race to the bottom', and the SNP pledges to oppose tax cuts for 'big business and the wealthiest, instead supporting a crackdown on tax avoidance and evasion'. This conflation of the taxation of wealthy individuals and large businesses with crimes such as tax evasion is echoed in Labour's 'Fair Tax Programme' (which you can read more about here). While the SNP, unlike Labour, have not made any headline statements on the taxation of non-domiciled or non-resident individuals, the tone of the party's general messaging on taxation, which includes this association between wealth and financial crime and the use of terms such as 'the super-rich', will not provide any comfort to those already concerned about the radical and sweeping policies proposed by the Labour party.

Mirroring Labour's plan to require all shareholders of companies to be publicly disclosed (removing the current 25% ownership requirement for such disclosure), the SNP pledges to 'uncover the beneficial ownership of Scottish Limited Partnerships, other companies and trusts'. As with Labour, there does not appear to be any attempt made to strike a balance between the need for proper reporting and the privacy of beneficial owners whose stake in an entity may be neither substantial nor controlling. The rationale given for these changes is the fight against tax avoidance and, to that end, measures would be proposed to make the tax paid by international companies more transparent.

Other tax-related proposals include 'improvements in tax collection', an online retailer tax, tax incentives for creative industries, an end to the 'bedroom tax' and opposing trade talks with the US until it agrees to drop new tariffs on Scotch whisky. If the general election on 12 December results in a hung Parliament, we may see some of these proposals being implemented, subject to the SNP and Labour reaching some form of cooperation agreement.

If you have any questions regarding the UK General Election 2019, please contact your usual Withers contact. You may also wish to view our

dedicated webpage which will be updated regularly before Thursday 12 December, [click here](#) to view it.

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