

SUBMITTING EVIDENCE TO A SCOTTISH PARLIAMENT COMMITTEE

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Date:	30 May 2019
Organisation: (if required)	Turcan Connell
Topic of submission:	Call for Evidence on the Non-Domestic Rates (Scotland) Bill

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LOCAL GOVERNMENT AND COMMUNITIES COMMITTEE**CALL FOR VIEWS ON THE NON-DOMESTIC RATES (SCOTLAND) BILL****SUBMISSION FROM**

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For the purposes of this response, we have limited our comments to sections which relate to charity relief from non-domestic rates.

8. Section 10, which removes eligibility to claim charitable relief from non-domestic rates from mainstream independent schools, and section 11 which gives the Scottish Ministers the power to issue guidance to local authorities on the appropriate way to use their powers to grant sports club relief.

It is unclear why the Barclay recommendations in relation to ALEOs and universities were rejected for inclusion in the Bill, especially in the case of ALEOs where the Barclay Review stated unambiguously its view that the use of ALEOs by local authorities to benefit from rates relief amounted to tax avoidance and should be stopped. Any failure to tackle tax avoidance within the charity sector in our view sends out the wrong message from the Scottish Government, in light of the clear conclusions of Barclay. While an administrative solution is proposed in relation to ALEOs, a stronger message could have been sent by creating suitable legislative provisions.

We believe that there is insufficient justification for independent schools to be singled out as the only type of charity to have non-domestic rates relief denied under the Bill, contrary to a long-standing approach by previous governments and parliaments that charities should all be treated equally for tax purposes. We support the view of the Office of the Scottish Charity Regulator in its response to the consultation that treating certain independent schools differently could create a ‘two-tier’ charity system (*section. 3, Barclay Implementation: A consultation on non-domestic rates reform, Response from the Scottish Charity Regulator, 17th September 2018*).

Creation of equality with the maintained schools sector is the primary reason put forward for the restriction of relief in the Policy Memorandum accompanying the Bill. In earlier statements by the Scottish Government, it was also stated that independent schools should not benefit from non-domestic rates relief because loss of this relief will be “fair and sustainable for the independent schools sector” (*para.103, Non-domestic rates: Implementation plan in response to the Barclay Review, December 2017*). In our view, that is not in itself an appropriate reason for removing tax relief and it is right that the Policy Memorandum should make no reference to it.

Even if there were a sufficient justification for the singling out of independent schools, it is not immediately clear how an exemption for St Mary’s Music School, as the only specialist

independent music school, serves to continue the stated objective of an equal playing field with the maintained sector in the event that maintained schools with specialist music provision are not afforded a similar degree of exemption. What, for example, has been or is being done about The City of Edinburgh Music School at Broughton High School which appears to us also to be an important cultural asset to Scotland? A suitable adjustment for The City of Edinburgh Music School (and any others like it) ought to be ensured, otherwise the Scottish Government's proposals appear to us to lack consistency of approach and not to achieve the stated objective.