

The race to the bottom is off

Published: January 15, 2026, 11:29 am

I [was pleased to note from the FT this morning](#) that in debate on devolution of tax powers to Scotland "all three parties agree that corporation tax should not be devolved to avoid a "race to the bottom" and other tax distortions."

This is not change of my view on whether or not Scotland should have been independent. It is a position within the status Scotland now has.

Given that Scotland is not independent, and given the real risk of a corporation tax race to the bottom, and the massive problems with the EU that any shift in Scottish corporation tax rates would have given rise to ([explained here](#)) this decision has to actually be good news for Scotland, who would otherwise have been harshly economically punished for lowering its corporation tax rate, and good news for the rest of the UK, which will saved further hardship by the exploitation of any difference in the corporation tax rate increasing the shift inn the tax burden from capital to labour

Common sense prevailed, for once.