

# Scottish taxing powers have been deliberately booby-trap...

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The Chartered Institute of Taxation (CIOT) in Scotland issued a press release yesterday, correctly noting that

*Scottish income tax decisions may face limitations, warn tax professionals. Having control over some parts, but not others, of a complex interacting tax system may limit the Scottish Parliament's ability to maximise the use of its income tax raising powers, tax professionals have warned.*

I agree with them, and their reasoning, which is:

*Income tax is only partially devolved, and Holyrood does not have control over key aspects of the income tax system — such as the tax base (deciding who and what can be taxed), the tax-free personal allowance, and income tax on savings and dividends. Corporation tax (a tax on company profits) and National Insurance contributions are likewise reserved to the UK Parliament.*

The result is that anything Holyrood tries to do with new tax powers now can be easily subverted by anyone who can divert their earned income into a company and who then pays themselves by dividends, which then opts them straight back into English taxation.

The result is that it's as if Scottish tax powers had been booby-trapped by the Westminster government because they did not really want them to work. Which, of course is exactly the case.

The SNP should be shouting this from the rooftops because this is not just bad news for Scotland but for all other devolved parliaments as well.