



Scotland Bill 2010

January 2011

Introduction

The FSB is Scotland's largest direct-member business organisation, representing around 20,000 members. The FSB campaigns for an economic and social environment which allows small businesses to grow and prosper.

We welcome the opportunity to submit evidence to the Scotland Bill Committee.

With regard to the Scotland Bill, the FSB takes no position on constitutional matters, our concern being more with the quality and content of decisions, rather than where they are made. We do broadly welcome the principle of linking the amount Holyrood has to spend with Scotland's economic performance, as this approach has the potential to help hard-wire economic considerations into the decision-making process.

Key questions

The majority of the questions set out in the call for evidence are not therefore issues we would wish to comment on. We would however, like to provide a brief response to the following question:

7. What is your assessment of the plans for the implementation of this new financial system and the risks and costs associated with that and have the UK Government adequately quantified these? How would proposals to revise the system of funding work in practice? Is there sufficient information provided yet to enable a full assessment of the proposed funding arrangements? What key decisions remain to be taken?

The FSB notes the proposal to implement changes to the block grant and income tax arrangements in Scotland via a transitional period. This is a welcome safeguard view of such significant changes to processes and procedures.

The FSB believes it is essential that any changes – especially those surrounding the introduction of a Scottish Income Tax – have no or minimal cash and time costs for Scotland's small businesses. While the details of how the Scottish Income Tax will be

implemented are still under consideration, at the very least, the FSB believes the risk to business can, in part, be mitigated by the following recommendations:

- ***The Scottish Government should work closely with the UK Government to ensure a seamless transition to the new tax system.***
- ***All devolved agencies with direct contact with businesses, such as Business Gateway, must be able to dispense accurate advice and information in response to enquiries from employers. The Scottish Government should ensure it is liaising with HMRC on this at an early stage.***

The FSB is keen to continue to work with the UK and Scottish Governments and others to ensure the new system does not unduly burden employers. We are currently represented on the Calman High Level Implementation Group and its technical sub-group on Income Tax.

For further information on any of the points raised in this submission, please contact Mary Goodman, Senior Policy Advisor, email: mary.goodman@fsb.org.uk t: 0141 221 0775.