

Easy read summary

Fiscal sustainability and taxes



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AUDIT SCOTLAND

Fiscal sustainability and taxes



This Easy Read document is about **fiscal sustainability** and **taxes**.

Fiscal sustainability means making sure we have enough money to pay for the services we need in the future.



Tax is money collected from all of us by the government to pay for **public services**.



Public services are services we all use like schools, hospitals and councils.



Some taxes in Scotland are controlled by the Scottish Government instead of the UK Government.



These taxes are:

- Scottish Income Tax which you pay on the money you earn through working



- Land and Buildings Transaction Tax (LBTT) which you pay when you buy property like a house



- Scottish Landfill Tax (SLfT) which is paid when waste is sent to **landfill** – this means a large area where waste is buried.



Scottish Income Tax brings in the most money for Scotland's **budget**.

The **budget** is the plan for how Scotland's money will be spent.



Since 2015 the Scottish Government's tax decisions have brought in over 4 billion pounds more for Scotland's budget.

This is a lot less than the extra tax that people in Scotland have actually paid.



This is because some things in Scotland have grown more slowly than in the rest of the UK like:

- how much people earn
- how many people are working.



The report finds that the Scottish Government has not been clear enough about:

- why this happens
- what it plans to do about it.

The report recommends that the Scottish Government:



- needs to understand the problem better
- publishes more information so people understand what is happening.



The Scottish Government is trying to make sure it has enough money to spend on public services.

But there is a growing gap between:

- how much money it has
- how much it thinks it will need to spend.



In 5 years this gap could be more than 2 and a half billion pounds.



The Scottish Government has a plan to try and solve this problem.

Tax is an important part of this plan.



The Scottish Government want to grow the economy so it can collect more money from taxes.



But the report finds that the Scottish Government plan to deal with the gap is mostly about:

- controlling its spending
- saving money.



It is not clear how much taxes and growing the **economy** will help.

The **economy** is how much money Scotland has and how we spend that money as a country.



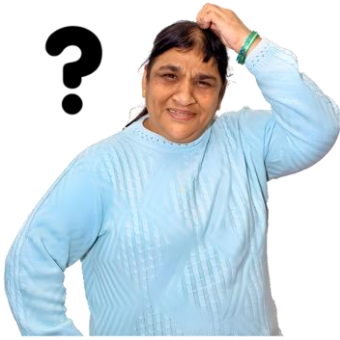
The report recommends that the Scottish Government should clearly say:

- what difference tax will make
- how tax will help to close the gap in its finances
- what work to grow the economy will help bring in more tax money.

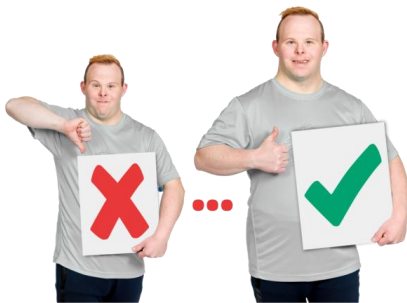
The Scottish Government should:



- make sure its plans for tax and the economy work more closely together
- be clearer about what difficulties there could be with tax in the future
- explain how it will deal with these difficulties.



The report says that many people in Scotland do not fully understand how taxes work.



It says the Scottish Government should:

- try to make this better
- check how well this is going in the future.

