Devolution (Further Powers) Committee

Note on the ‘no detriment’ principle

The Devolution (Further Powers) Committee asked SPICe to clarify if there any examples of the use of ‘no detriment’ principle in other devolved/federal states.

Carlo Cottarelli served as Director of the Fiscal Affairs Department at the IMF from 2008 to 2013. Earlier this year he came to Edinburgh to present his book “Designing a European Fiscal Union: Lessons from the Experience of Fiscal Federations”. It is reported that he was asked if he knew of any countries that had a no detriment type arrangement, and he said that he didn’t:

“…there was an event held recently in Edinburgh by a guy from the IMF who looked at 13 federal tax systems and devolution systems. He commented, when asked about these issues, “Wow, I have never seen any other country try to have a ‘no detriment’ principle.”” (David Phillips oral evidence to the Scottish Affairs Committee, UK Parliament, 14 January 2015)

In addition, SPICe have contacted a number of experts including; Hansjörg Blöchliger from the OECD Network on Fiscal Relations across Government, Professor David Bell at Stirling University and Professor François Vaillancourt, an expert in intergovernmental financial relations at the University of Montreal. While there are a variety of intergovernmental fiscal agreements that exist, they have all said that they do not know of the ‘no detriment’ principle, or a similar variation of it, in other devolved/federal states.

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