LOCAL GOVERNMENT AND COMMUNITIES COMMITTEE

CALL FOR VIEWS ON THE NON-DOMESTIC RATES (SCOTLAND) BILL

SUBMISSION FROM VALENTINA ACEVEDO

Finance and Economy:

Each child withdrawn from an independent school due to increased fees, whether paid at 20% or 100%, will represent an additional cost to the taxpayer, since this child will no longer be dependent on his parents alone but will find himself in charge of the finances of the government which will have to ensure him a place in a school run by the local authorities, and assure these last ones to be able to assume the influx of all these pupils, in terms of capacities of reception and teaching.

The loss of 1 in 30 students in the self-employed sector - whether for the benefit of the public sector or boarding schools abroad - would cost the Scottish taxpayer more than the full rate increase proposed by the bill, because instead of receiving 20% tax from the independent sector (without any funding from the taxpayer), the government will have to finance 100% of its education in the public sector. There is no reference to this in the financial memorandum.

This project involves fewer than 60 schools selected from more than 24,000 registered charities in Scotland, which means that the impact of this law at the national level is insignificant, while its impact on the institutions concerned is enormous and very significant!

Why those schools involved in this reform project should be treated separately from other charities registered with the OSCR?

Sport and Public Health:

The Scottish Government aims to reduce the physical inactivity of adults and adolescents by 15% by 2030.

If independent schools are charged for non-domestic rates at the same level as commercial organizations, it will be difficult for them to avoid billing their facilities (sports, cultural, etc.) at similar commercial rates, and this is neither in the interest of the community, not bearable by families of students who must already bear heavy financial burdens, and may have difficulty coping with large increases.

There is a flagrant incoherence between the stated objectives and the decisions made!
VAT:

Public schools benefit from a total exemption from VAT as educational organizations, while independent schools are only partially exempted, is this really a response to the search for parity between the independent sector and the public sector?

If the reallocation of taxes is truly motivated by equity and parity with public schools, it has to go both ways. Will the Scottish Government now press the HMRC to be egalitarian in the treatment of VAT, extending VAT exemptions, which are only partial for independent schools, as for public schools?

Conclusion:

In an extremely competitive and global marketplace, it would be extremely counterproductive to add an obstacle to Scotland’s ability to attract school-aged students from the rest of the UK, from the European Union (which is our case!) or beyond.

And all the more in a context of Brexit full of uncertainties about the future...