



# BROKEN BEYOND REPAIR

Council Tax and the case for a fairer system to tax property wealth

DISCUSSION PAPER

JUNE 2025

[www.scotland.oxfam.org.uk](http://www.scotland.oxfam.org.uk)



# CONTENTS

Introduction	3
Wealth inequality: why it matters	3
Council Tax: deeply unfair and outdated	5
Why tweaks alone won't fix council tax	6
Why all sensible roads lead to a proportional property tax	7
Creating a basket of local taxes	9
Conclusions	10
Recommendations	11

# 1 INTRODUCTION

In February 2025, the Scottish Government announced that it would “be seeking a consensus on a local taxation system that is fairer, financially sustainable and fits a modern Scotland.”<sup>1</sup> While we welcome this apparent commitment to reform, this announcement is the latest in a long series of promises, commissions, reviews, and manifesto commitments to replace the Council Tax system going back almost 20 years.<sup>2</sup> Despite many years of consensus around the need to replace this outdated and deeply unfair system with something new, and fairer, there has been little in the way of concrete policy proposals for doing so from the majority of Scotland’s main political parties, particularly in recent years.

Oxfam Scotland believes the inertia on replacing Council Tax must urgently end. **To achieve this, all political parties seeking election to the Scottish Parliament in May 2026 must lay out their vision for a fairer local tax system alongside a clearly defined route map for getting there.** Tweaking round the edges of the current system won’t tackle its inherent unfairness. We need courage and ambition from all political parties ahead of the Scottish Election to ensure Council Tax is finally replaced.

For Oxfam, this is not just a question of tax fairness – it is a matter of justice for those on low incomes. Council Tax places a disproportionate burden on people with the least, making it harder for low-income households to make ends meet at a time when one in five people in Scotland remain trapped in poverty once housing costs are considered.

Ahead of the joint programme of engagement on reform promised by the Scottish Government and The Convention of Scottish Local Authorities (COSLA) in 2025, this discussion paper sets out Oxfam Scotland’s position. In doing so, we seek to contribute to the ongoing debate on reform while making the anti-poverty case for reforming Council Tax.

Put simply, we support a full nationwide revaluation of properties, undertaken in parallel with time-bound work to introduce a replacement for Council Tax. This is broadly in line with the clear call from Scotland’s Poverty and Inequality Commission which says work on a revaluation and the design of a longer-term replacement should “commence immediately”.<sup>3</sup>

We believe that replacing Council Tax with a fairer property wealth tax – and then seeking, over time, to extend or adapt this new model to apply to land wealth – is vital to address both the current system’s inherent unfairness and to help combat yawning wealth inequality in Scotland.

This paper is focused on the path to replacing Council Tax. However, we also argue that a fairer system of property wealth taxation could and should become part of a wider basket of local taxes. At a time when local councils face significant shortfalls in funding due to rising costs and demands on their services – a situation the Account Commission says is not sustainable<sup>4</sup> – a wider process of reform is needed to ensure key local services, including the vital social care sector, have the funding they need. Finally, an enhanced basket of local taxes must not only raise more revenue for the crucial local public services that help tackle poverty, but also play an enhanced role in incentivising fairer work and climate action.

## 2 WEALTH INEQUALITY: WHY IT MATTERS

Wealth inequality is deeply unfair and represents a huge barrier to societal prosperity. This is because it exacerbates social and environmental<sup>5</sup> harms and fuels other inequalities, like those related to gender and race.<sup>6</sup> A growing wealth gap between those who have wealth and those who don’t locks some of us into a life of precarity and poverty, and others into one of privilege and opportunity. This not only concentrates advantage, opportunity and power in fewer hands, but also limits social mobility for the majority while undermining the social contract between citizens and the State everywhere; ultimately threatening social cohesion and democratic politics.<sup>7</sup>

Globally, there has been a wealth inequality explosion, with billionaire wealth growing to unimaginable levels over the past few years, deepening extreme wealth inequality. Oxfam's latest analysis shows this is deeply unfair, often unearned, and is only set to get worse without big changes in how we tax wealth.<sup>8</sup>

In Scotland, there may not be many billionaires, but the wealth gap is undeniably still substantial and has not meaningfully reduced for decades. In fact, the absolute wealth gap between the richest and least wealthy 40% of households has steadily increased, after adjustment for inflation, from £1.2 million in 2006 to £1.6 million in 2018-20.<sup>9</sup> The most up-to-date data suggests that Scotland's richest households have 217 times more wealth than the poorest<sup>10</sup>, which is simply indefensible when set against the fact that nearly one in five people are in poverty – a figure that has remained largely unchanged over the last 30 years.<sup>11</sup> Compared with the rest of the UK, Scotland also has one of the lowest levels of median wealth of any UK region but also the third most unequal distribution of wealth of any UK nation or region.<sup>12</sup>

This vastly unequal distribution of wealth in Scotland, as in the rest of the UK, is driven by several factors relating to different types of wealth, including land and housing ownership, pensions, and other financial assets like savings and investments. Wealth inequality is also deeply gendered.<sup>13</sup> In Scotland – and across the UK – men continue to hold most wealth, particularly in the form of high-value assets, such as property, land, pensions, and investments. Women, by contrast, are more likely to have little or no personal wealth. This is in part the result of structural inequalities in the labour market – including the gender pay gap, occupational segregation, and unequal caring responsibilities – which often limit women's lifetime earnings and ability to accumulate wealth. Women are also more likely to work part-time or in low-paid sectors, like social care, reducing access to employer pensions and savings opportunities.

Land – the most valuable asset in the UK<sup>14</sup> – and its ownership, is perhaps the most obvious and shocking example of wealth concentration in Scotland: an estimated 67% of Scotland's private rural land is owned by just 0.025% of the population.<sup>15</sup>

But it is property that is the single most valuable type of wealth held by households in Scotland. In fact, median household property wealth is 10 times greater than median household financial wealth, and the distribution of property wealth is significantly skewed towards the wealthiest home-owning households.<sup>16</sup> As such, property wealth is one of the key drivers of wealth inequality within Scotland. Furthermore, rising house prices have led to dramatic divergences between incomes and housing costs, particularly for low-income households. UK wide, housing costs accounted for 9% of average disposable incomes for the poorest households in the late 1960s, but this had risen to 21% by 2021.<sup>17</sup> This ever-increasing share of household income spent on housing costs further fuels wealth inequality. At the same time, in Scotland, housing wealth grew by more than 350% between 1994-2017, compared to 151% for real incomes.<sup>18</sup>

More broadly, recent analysis by IPPR<sup>19</sup> has shown that the taxation system across the UK actively contributes to a widening wealth gap between those who have it and those who don't. This is primarily because people's incomes from work are taxed much more heavily than incomes derived from wealth. Many of the levers to change this reside at Westminster, and Oxfam urges the UK Government to improve the taxation of wealth in a range of ways. One such measure would involve applying just a 2% tax on those with assets over £10 million, a move that estimates suggest could raise up to £24 billion a year. This, alongside a range of other reforms on existing taxes advocated for by Tax Justice UK, such as Capital Gains Tax, and the closure of loopholes, could raise up to £60 billion annually and make big inroads into tackling extreme wealth inequality.<sup>20</sup>

However, there are also opportunities to better tax wealth using the powers of the Scottish Parliament, particularly through wide-ranging devolved powers over local taxation. Perhaps the biggest and most visible opportunity relates to the taxation of property wealth via Council Tax. However, despite long-standing promises of reform, this tax remains deeply unfair and does little to tackle the deep inequalities we have laid out above.



### 3 COUNCIL TAX: DEEPLY UNFAIR AND OUTDATED

Council Tax is the closest thing to a tax on a stock of wealth that exists in the current tax system, as opposed to taxes on the gains from wealth or on the transfer of wealth. This, and the fact that the power to tax the gains from or the transfer of wealth are largely reserved to Westminster whereas power over local taxation of devolved to the Scottish Parliament<sup>21</sup>, makes it a natural starting point for efforts to improve wealth taxation in Scotland.

However, Council Tax is not only outdated, but also deeply unfair and gendered in its impacts. Around three quarters of all homes in Scotland are now in bands A-D (the lowest value bands), including more than a third of the homes occupied by the richest 10 per cent of people. This means that people with some of the highest incomes in Scotland pay the least in Council Tax. In contrast, while higher income households are more likely to live in bands E-H (the highest value bands), a sizeable share of lower income households – and therefore a disproportionate number of women and single-parent families<sup>22</sup> – also live in these homes. This means that many people with the lowest incomes, particularly women, are paying some of the highest Council Tax bills.<sup>23</sup>

Moreover, the relatively small differences between Council Tax rates for each band, also means that the highest value properties have a tax liability of at most 3.5 times more than the lowest value properties, despite being – on average – 15 times more valuable by 2014<sup>24</sup>, with this differential certainly even more now. This means Council Tax bills are lowest as a proportion of home value for those in the highest value properties and as a proportion of income for the highest income households – which can only serve to widen inequality.

While the Council Tax Reduction (CTR) scheme plays an important role in shielding the lowest-income households from the worst impacts of Council Tax<sup>25</sup>, it does not go nearly far enough. CTR is a means-tested benefit that can reduce bills by up to 100% for those on very low incomes, and it includes some adjustments for carers, disabled people, and single adults. However, it leaves many low-income households just above the eligibility threshold still paying disproportionately high bills. Women – who are more likely to be in part-time or low-paid work, to be unpaid carers, or to head single-parent households – are particularly likely to be disadvantaged by the cliff edge and by the limited recognition of care responsibilities in the scheme's design. Moreover, take-up of CTR remains lower than it should be, due to stigma, administrative complexity, and lack of awareness.<sup>26</sup>

Yet, if the inherent unfairness of the existing system wasn't enough of a reason to replace Council Tax with something fairer, the rates at which the tax is paid are based on property valuations undertaken in 1991. Whatever relationship may have existed between bands and households' resources when bands were set, has long since moved on. Moreover, given house prices have not uniformly increased at the same rate across Scotland over the past 34 years, more than half of houses now sit in the wrong band.<sup>27</sup> This means some properties with vastly different current price tags are paying the same amounts, and many properties with similar valuations are paying wildly different bills.

These perverse outcomes of the current system make it simply unacceptable to let the system continue any longer. Ensuring a fairer and more progressive approach to property wealth taxation is simply common sense. As we discuss below, this common-sense rationale for change also sits alongside a clear need to allow local authorities to raise more revenue to deliver vital local public services, something alternative systems could do much more progressively and efficiently than simply increasing rates for Council Tax.

### Why do we still use 1991 property valuations for Council Tax?

A full national revaluation of properties has been repeatedly avoided by successive Governments in Scotland. This is primarily because it has been perceived as a difficult thing to achieve without expending significant political capital in the process, since revaluation would see most households moving up or down bands and inevitably result in tax increases for a significant number of households (albeit mostly better off households). It is feared that the voices of the 'losers' in this transition would crowd out those of the 'winners', damaging the political prospects of political parties supporting the legislative changes to begin a revaluation process.

In evidence provided to the Commission on Local Tax Reform back in 2014/15<sup>28</sup>, there were also concerns that revaluation could increase the administrative burden for local authorities and Scottish Assessors, given the likelihood of a high volume of appeals from households disputing their new bands. Finally, the process of revaluation itself is also often cited as being both costly and complex.

While these barriers are not insignificant, they are by no means insurmountable. Many countries elsewhere in the world undertake property or land revaluation processes at the national level at regular intervals<sup>29</sup>, proving that with the right administrative systems in place, there is nothing preventing this approach in Scotland.

Furthermore, the cost and complexity of a revaluation would likely be much cheaper and simpler now than it once was given improvements in computing technology that would allow assessors to bypass mass manual assessments. Some have also pointed out that most property titles recording ownership are now on the Land Register of Scotland anyway and the current values can be assessed by reference to the last year of purchase and applying house price inflation indices.<sup>30</sup> Others have also pointed out that new approaches to valuation using algorithmic computing could also be done much more frequently and at a lower cost.<sup>31</sup>

Crucially, if regular revaluation – however it is carried out – became part and parcel of a new approach to property taxation, many of the perceived political barriers would dissipate, as changes to bills for individual households would become less contentious and likely reduce over time, as revaluation becomes routine.<sup>32</sup>

## 4 WHY TWEAKS ALONE WON'T FIX COUNCIL TAX

In 2023, the Scottish Government launched a joint consultation with COSLA on a tweak to Council Tax that would have seen progressively higher increases to rates for properties in the higher bands (E to H).<sup>33</sup> This proposal was ultimately not implemented. Instead, another ill-thought through freeze to rates was introduced, a move that disproportionately benefitted the better off and did little to help those on low incomes.<sup>34</sup> However, the proposed change went some way towards recognising the inherent unfairness built into the existing system, and particularly so, the standard approach of applying flat increases across all bands, regardless of their value, which we have seen across Scotland for 2025-26. The Accounts Commissions says annual increases across Scotland's 32 councils range from 6 per cent to 15 per cent, with an average increase of 9.5 per cent.<sup>35</sup>

However, the changes proposed within the 2023 consultation could only ever have offered a short-term and limited improvement to the existing system and, given the skewed make-up within and across bands, they wouldn't have addressed the inherent issues we outline above. Analysis from IPPR Scotland showed that while those on low incomes would have lost the least in cash terms from the proposed changes, those on the lowest incomes would still have seen the highest proportional impact on their disposable income, with the reverse true for those on higher incomes.<sup>36</sup> In other words, only increasing Council Tax for the higher bands does not translate into a progressive tax increase.

A similar issue presents itself if 'reform' to Council Tax were to be narrowly limited to updating the values of properties used as the basis for determining a property's Council Tax band, rather than a broader set of

changes to the way the tax itself is designed. Under this scenario, while many households would see their bills change as a result of a nationwide revaluation, it is thought that a similar number of households would move up and down bands (across different income levels), thereby resulting in little change to the inherent unfairness of the system.<sup>37</sup> This would mean that most lower-income households currently paying more than they should would continue to do so under a system using updated property values. The same is true in reverse for those higher-income households paying less than they should currently, as they would also continue to do so using updated valuations.

That said, pretty much all campaigners and experts alike agree that a national revaluation of properties to bring them up-to-date with current market value (with regular updates required thereafter) is a vital stepping stone to achieve virtually any proposed reform.<sup>38</sup> This step is also endorsed by supporters of Tax Justice Scotland, a campaign pushing for fair tax reforms which is supported by more than 50 diverse civil society organisations, trade unions, think tanks and academics.<sup>39</sup>

A national revaluation is not only needed because it is non-sensical to use 1991 valuations in and of itself, but also because not revaluing properties will make any attempt to make the tax fairer impossible and can only result in increasingly arbitrary banding as property values continue to diverge between and within places around the country.

## 5 WHY ALL SENSIBLE ROADS LEAD TO A PROPORTIONAL PROPERTY TAX

Proposals to reform local taxation are not thin on the ground. There has been a plethora of well researched, feasible proposals over a period of decades. Many, if not most of these, have focused on the need to tax property ownership in some shape or form, as opposed to property occupancy, like Council Tax. At the most fundamental level, Oxfam Scotland is supportive of a direct tax on property, and more specifically on property ownership, due to the inherent relationship between property wealth distribution and wealth inequality in Scotland, as we outline above.

However, as we discuss in Section 6 entitled “Creating a basket of local taxes”, this shouldn’t preclude the use of other local taxes in addition to a property tax. We recognise that fair taxes levied on those who reside in a specific place and use local services (rather than only on those who own property in that place) is important to promote local democratic accountability. Moreover, as explored in Section 6, there is also a clear need to raise additional revenue for local public services, something a property tax alone is unlikely to sufficiently do.

The way in which a tax levied on property is designed and, crucially, how any potential knock-on consequences for more economically marginalised groups are resolved are also important considerations. We take the view that fairness – defined in terms of progressivity and ensuring low-income groups are protected from negative impacts to their already pressured financial circumstances – is a vital component of any replacement property tax. This requires intersectional gender analysis, recognising that women – particularly lone parents, carers, and older women – are overrepresented among low-income groups and may be more vulnerable to poorly designed reforms. Consideration of wider equalities impacts is also essential.

The need for fairness is also widely accepted with recent proposals from campaigners and thinktanks alike all settling on the need to build a system of property taxation that has progressivity and fairness built in, and some form of proportional property tax is the most common proposition. A proportional property tax – a tax levied at a fixed, or varied, percentage of property value – has variously been proposed by the Fairer Share Campaign<sup>40</sup>, Common Weal<sup>41</sup>, Future Economy Scotland<sup>42</sup> and IPPR, both in Scotland<sup>43</sup> and at UK<sup>44</sup> level. Views vary on the exact rate at which a proportional property tax should be set, by whom, and how this would interact with or replace other existing property taxation, namely the devolved Land and Buildings Transactions Tax and Non-Domestic Rates. However, there is broad consensus that it would be

implementable, in some shape or form, following revaluation of properties across Scotland. A key tenet of proportional property taxation is that regular revaluations would be essential on a rolling basis.

There is also broad consensus that moving to a proportional property tax would ensure that lower value properties pay less than the current system and higher value properties pay more. Additionally, such a system could – depending on the rate applied – also raise more revenue than the Council Tax does. While this would ensure progressivity, most proposals for a proportional property tax also acknowledge some important issues that would need to be resolved, such as how to manage water and sewage charges (currently bundled together with Council Tax), and crucially, how to ensure broader fairness, particularly for tenants and ‘asset rich, cash poor’ households.

### **Preventing unintended consequences from Council Tax replacement**

From a gender perspective, both tenants and ‘asset-rich, income-poor’ homeowners include significant numbers of women. For example, women are more likely than men to live in social housing or in private rented accommodation, and older women are overrepresented among lower-income homeowners.

For tenants, given a proportional property tax would shift the tax liability from occupiers to owners, there are risks that the tax could then simply be passed on in-full through increased rents, thus not really helping to support improved wealth taxation on landlords. A clear plan to mitigate this risk must be developed as part of any future proportional property tax mechanism. This might include a complimentary rent control system, discount schemes for social rent landlords and/or those property owners who invest to make their homes more energy efficient.

For ‘asset rich, cash poor’ households who own their property, there is also a risk that higher tax liability for owners of higher value properties under a proportional system could become unaffordable, as their tax bill inevitably grows to a bigger share of their income. There are several proposals to address this, including deferring payment to the point at which the property is sold.

There is also broad agreement that the transition to a new proportional property tax should be done in a way that protects households from drastic and sudden changes in tax liabilities following the first revaluation process. Options include phasing in the new system alongside the existing Council Tax, and applying the new system to new property purchases only. Alternatively, any increase in tax liabilities could be capped for a set period, smoothing the transition.

Finally, an important point often raised in relation to a proportional property tax is that once it is up and running, it would make it more straightforward to move to a system that also proportionally taxes land ownership. We recognise that this offers another important route to improving wealth taxation in Scotland, given we know that land is the most valuable asset in the UK.<sup>45</sup> As with property wealth, land ownership in Scotland is also deeply unequal and likely highly gendered.<sup>46</sup> Yet, there remain big gaps in information on land ownership in Scotland, so increasing transparency around who owns land and ensuring future land taxes are designed to reduce rather than exacerbate inequality – including gendered patterns of wealth – is essential.

Some propose that a Land Value Tax could ultimately replace the currently separate systems of property taxation and Non-Domestic Rates, and also embed a ‘green’ component through discounts for both residential property with high Energy Performance Certificate (EPC) ratings, and large rural landholdings that actively cut their emissions (negating the need for a separate Carbon Emissions Land Tax<sup>47</sup> – something Oxfam Scotland also supports in the short term).<sup>48</sup> Others have suggested simply extending a proportional property tax to land, using the market value of land and developments on it, rather than basing a land tax on its true productive value.<sup>49</sup>

However, proposals in this area are also wide ranging.<sup>50</sup> And while it’s clear that the necessary groundwork to make a land tax possible – like enhancing public awareness of how the tax would work, establishing up to date information on all land ownership<sup>51</sup>, developing a robust methodology for valuing land for tax purposes, and adapting the planning system – is not insurmountable, a proportional property tax remains the most appropriate initial replacement for Council Tax.<sup>52</sup>



## 6 CREATING A BASKET OF LOCAL TAXES

Back in 2015, the Commission on Local Tax Reform explored various alternatives to Council Tax and analysed an extensive range of evidence in relation to local taxation more broadly. It concluded that while replacing Council Tax with a fairer property-based tax was important, the replacement should not be limited to one single tax. Instead, it asserted that “a well-designed local taxation system that draws on revenue from multiple sources would provide more options for local democracy, delivering greater financial accountability and autonomy to Local Government”.<sup>53</sup> We agree with this assertion.

While replacing Council Tax must first and foremost be about addressing its inherent unfairness and helping to combat a key driver of wealth inequality, there is also a clear need for local taxation to: raise more revenue to support local services; do more to shape positive social and environmental behaviours; and promote local democratic accountability while rejuvenating local democracy more widely. While a proportional property tax could contribute to achieving these aims, taken together, these other objectives cannot all be achieved through one single form of taxation.<sup>54</sup>

Modelling for the STUC suggests that, depending on the percentage rate applied, a proportional property tax has the potential to raise much more revenue than Council Tax.<sup>55</sup> However, it is important to remember that Council Tax only represents a small proportion of councils’ overall revenue budget, making up around 19 per cent of total council income across Scotland.<sup>56</sup> At the same time, land and property currently represent a very small proportion of the total tax base in Scotland, with just 12% of all public sector revenue across reserved and devolved taxes in Scotland raised through taxes that are fully or partially levied on land and property.<sup>57</sup>

Despite a real-terms increase of 6% in Scottish Government funding to local governments in 2025/26, and average rises in Council Tax of 9.6%, the Accounts Commission has warned<sup>58</sup> that communities face “a growing expectation gap”, with councils facing a budget shortfall of £647 million in 2025/26. This is due to rising costs from intensifying service demands, including for social care due to an ageing population, inflation, wage increases and higher employer National Insurance contributions. The Commission says that, to date, councils have dealt with rising costs through “service savings and increased charges for services, continuing to use reserves and make one-off savings”, but warns this “isn’t sustainable”. It says the cumulative budget gap to 2027/28 is nearly £1 billion. COSLA also says that the additional central funding allocated to local authorities in 2025-26 “will not solve the crises being faced by our councils and our communities” nor “reverse the impact of years of budget cuts on vital local services and facilities”.<sup>59</sup>

Ensuring local authorities have access to adequate revenue is therefore vital to tackling poverty and broader inequalities, particularly gender inequality. Local government services – such as social care, housing support, childcare, and employability schemes – are lifelines for many low-income households.<sup>60</sup> These services not only help people to stay afloat during difficult times, but they also create the foundations for people to thrive and live well. For example, nearly a quarter of councils’ revenue budget in 2025/26 related to social care services.<sup>61</sup> Importantly, cuts or underfunding in local services often hit those with the least the hardest, deepening poverty and inequality – and these impacts are often gendered. Women, who are more likely to be in low-paid or part-time work, carry out unpaid care, and rely on social infrastructure, are especially impacted by the quality and availability of these services.

A stronger and fairer local tax base is, therefore, not just a financial necessity, but one that’s critical to narrowing inequalities and ensuring local services – like social care – can expand as demand increases. Usefully, a wide variety of local taxation options have already been proposed.<sup>62</sup> Some options, like a local income tax<sup>63</sup>, would require a wholesale rethink of central government funding to local authorities to ensure those with lower tax bases don’t lose out relative to others, but this is likely to be necessary under any pathway to a fairer future for local government funding.

The way we tax businesses locally could also do much more to incentivise fair work and climate action – with existing tax reliefs, like the Small Business Bonus Scheme, currently failing to achieve this, resulting in an over-reliance on largely voluntary schemes, like Living Wage Scotland and Carers Positive, to encourage improved practice. Integrating gender-sensitive business incentives into local tax policy – for

example, rewarding employers that provide quality part-time work, pay the real Living Wage, and close their gender pay gaps – could also be an important lever for promoting gender justice. Similarly, businesses could be incentivised to develop and implement their own action plans to reduce their emissions – thereby contributing more to national climate targets. Further work should be undertaken to consider how the local system could be harnessed to incentivise positive social and environmental behaviours.

Ultimately, the exact make up of a future basket of local taxes should be openly explored as a matter of urgency, and a clear set of options should be presented to the people of Scotland alongside a clear and time-bound roadmap to replacing Council Tax with a fairer, proportional property tax to better tax this important category of wealth.

## 7 CONCLUSIONS

Given the vast levels of wealth locked up in property in Scotland, and the undeniable and shameful levels of wealth inequality that currently exist, addressing how we tax property wealth more fairly, efficiently and effectively should be a national priority.

The new engagement process announced by the Cabinet Secretary for Finance and Local Government, Shona Robison MSP in March 2025 comes extremely late in the Parliamentary-term.<sup>64</sup> It also falls well short of the Scottish Government's previous commitment to undertake an "effective deliberative engagement on sources of local government funding, including Council Tax, that will culminate in a Citizens' Assembly".<sup>65</sup> This roll back of ambition ultimately shows a lack of political will to do anything meaningful to replace Council Tax this side of the next Scottish Election.

A review of successful and unsuccessful attempts to reform property taxes internationally<sup>66</sup> shows that we already know much about what needs to be done to remove barriers to change. Clearly, many of the practical things discussed in this paper, like deferred payments and protections for low-income groups will be important, but so is combining tax reform with demonstrable improvements to local services, educating taxpayers about how services are funded and communicating clearly and honestly about the need for reform, as well as the best options for replacement.

That's why all political parties must go into the next Scottish Election in May 2026 with a clear vision for the future of local government more broadly, but particularly how it is financed. This must include a clearly articulated proposal for the replacement of Council Tax, setting out what this would be and a clear, time-bound roadmap for getting there. This cannot be delayed any longer.

It's our view that the best replacement for Council Tax is some form of proportional property tax sitting within a wider basket of local taxes that actively seeks to address wealth inequality in Scotland, while also – importantly – increasing the overall revenues available to local authorities across the country.

# 8 RECOMMENDATIONS

We urge all political parties seeking election to the Scottish Parliament in May 2026 to put forward a concrete plan for local government funding that includes:

## 1. Delivery of a Time-Bound Property Revaluation and Valuation System Overhaul

- Commit to a full, up-to-date revaluation of all domestic properties in Scotland, to be completed within a defined timeframe early in the next Parliament.
- Establish a modern administrative system capable of supporting frequent, ongoing property revaluations to maintain fairness and responsiveness over time.

## 2. Replace Council Tax with a Proportional Property Tax

- Make a clear and time-bound commitment to replace Council Tax with a proportional property tax by the end of the next Parliament.
- Publish a fully costed plan for the transition, including clear detail on tax design, phasing, protections for low-income households (including deferral mechanisms), and integration with reforms to Council Tax Reduction Scheme.

## 3. Build a Progressive Basket of Local Taxes

- Commit to developing a broader suite of local tax powers aimed at raising more revenue fairly and sustainably to support local services.
- Ensure that the design of new or enhanced local taxes contributes to:
  - Tackling wealth inequality;
  - Incentivising fair work and climate action;
  - Supporting local democratic accountability;
  - Strengthening financial autonomy for local government.

## 4. Centre Poverty Reduction and Gender Justice in Local Tax Reform

- Design the new system to actively reduce poverty and inequality, particularly for women, single parents, disabled people, and others more likely to be disadvantaged under the current system.
- Publish impact assessments showing how the new tax system will affect different income groups, genders, and household types, including by race, age and disability.

## 5. Engage the Public and Build Political Consensus

- Commit to open, meaningful and well-resourced public engagement – building on, rather than watering down, previous commitments to Citizens' Assembly processes.
- Provide clear public communications on how revenue raised locally will be used to improve essential services and reduce inequalities.

# NOTES

- <sup>1</sup> Scottish Government, Building consensus on Council Tax reform (March 2025): <https://www.gov.scot/news/building-consensus-on-council-tax-reform/>
- <sup>2</sup> The SNP's 2007 manifesto committed to replacing council tax with a local income tax, but the proposal failed to secure enough support in the Scottish Parliament: <http://news.bbc.co.uk/1/hi/scotland/7882302.stm>. In 2015, the Commission on Local Tax Reform, published proposals across property, land value and local income taxes in Just change: a new approach to local taxation: <https://web.archive.org/web/20160119001400/http://localtaxcommission.scot/download-our-final-report/>. In response the Scottish Government made minor changes to Council Tax bands, see: [https://archive2021.parliament.scot/ResearchBriefingsAndFactsheets/S4/SB\\_16-28\\_Scottish\\_Government\\_proposals\\_for\\_Council\\_Tax\\_reform.pdf](https://archive2021.parliament.scot/ResearchBriefingsAndFactsheets/S4/SB_16-28_Scottish_Government_proposals_for_Council_Tax_reform.pdf). Most recently the Scottish government is consulting on further minor changes to council tax bands: <https://www.gov.scot/news/council-tax-consultation/>.
- <sup>3</sup> Poverty and Inequality Commission, How better tax policy can reduce poverty and inequality (October 2023): <https://povertyinequality.scot/publication/how-better-tax-policy-can-reduce-poverty-and-inequality/>
- <sup>4</sup> Accounts Commission, Local Government Budgets 2025/26 (May 2025): <https://audit.scot/publications/local-government-budgets-202526>
- <sup>5</sup> Oxfam Scotland, Billionaires' private jets emit more carbon pollution in just over one day than average Scot does in a year (October 2024): <https://scotland.oxfam.org.uk/latest-news/billionaires-private-jets-emit-more-carbon-pollution-in-just-over-one-day-than-average-scot-does-in-a-year/>
- <sup>6</sup> Joseph Rowntree Foundation, Changing the Narrative on Wealth Inequality (May 2024): <https://www.jrf.org.uk/narrative-change/changing-the-narrative-on-wealth-inequality>
- <sup>7</sup> IPPR, Supporting the Status Quo (August 2024): <https://www.ippr.org/articles/supporting-the-status-quo>
- <sup>8</sup> Oxfam International, Takers not Makers: The unjust poverty and unearned wealth of colonialism (January 2025): <https://www.oxfam.org/en/research/takers-not-makers-unjust-poverty-and-uneared-wealth-colonialism>
- <sup>9</sup> Scottish Government, Wealth in Scotland 2006-2020 (Feb 2022): [https://data.gov.scot/wealth/#Wealth\\_inequality](https://data.gov.scot/wealth/#Wealth_inequality)
- <sup>10</sup> Ibid. The 10% wealthiest households had on average, £1,651,700 in wealth, the least wealthy 10% had £7,600.
- <sup>11</sup> Scottish Government, Poverty and Income Inequality in Scotland 2021-24 (March 2025): <https://data.gov.scot/poverty/#working-age-adults>
- <sup>12</sup> Office for National Statistics, Total Wealth: Wealth in Great Britain, table 2.8 (January 2025): <https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/incomeandwealth/datasets/totalwealthwealthingreatbritain>
- <sup>13</sup> Women's Budget Group, Why taxation of wealth is a feminist issue: A gendered analysis of wealth in Great Britain (October 2023): <https://www.wbg.org.uk/publication/why-taxation-of-wealth-is-a-feminist-issue-a-gendered-analysis-of-wealth-in-great-britain/>
- <sup>14</sup> Scottish Land Commission, Land Value Tax (October 2018): [https://www.landcommission.gov.scot/downloads/5dd69d3b1fba6 LAND-FOCUS\\_Land-Value-Tax-October-2018.pdf](https://www.landcommission.gov.scot/downloads/5dd69d3b1fba6 LAND-FOCUS_Land-Value-Tax-October-2018.pdf)
- <sup>15</sup> Future Economy Scotland, Land Reform for a Democratic, sustainable and just Scotland (2023): <https://www.futureeconomy.scot/posts/45-land-reform-for-a-democratic-sustainable-and-just-scotland>
- <sup>16</sup> Scottish Government, Wealth in Scotland 2006-2020 (February 2022): [https://data.gov.scot/wealth/#Types\\_of\\_wealth](https://data.gov.scot/wealth/#Types_of_wealth)
- <sup>17</sup> Institute for Fiscal Studies, Housing costs and income inequality (November 2023): <https://ifs.org.uk/publications/housing-costs-and-income-inequality-uk>
- <sup>18</sup> Poverty and Inequality Commission, Housing Wealth Inequality in Scotland (July 2029): <https://povertyinequality.scot/wp-content/uploads/2019/07/Poverty-and-inequality-housing-wealth-inequality-summary-report.pdf>
- <sup>19</sup> IPPR, Supporting the Status Quo (August 2024): <https://www.ippr.org/articles/supporting-the-status-quo>
- <sup>20</sup> Tax Justice UK, Ten Tax Reforms (March 2025): <https://taxjustice.uk/wp-content/uploads/2025/03/Ten-tax-reforms-closed-loopholes-to-raise-over-60-billion-March-2025-1.pdf>
- <sup>21</sup> Scottish Government, Taxes [accessed 3 June 2025]: <https://www.gov.scot/policies/taxes/>
- <sup>22</sup> Joseph Rowntree Foundation, Poverty in Scotland (October 2022): <https://www.jrf.org.uk/poverty-in-scotland-2022>
- <sup>23</sup> Lalitha Try and Tom Clark, LSE Blogs, Council Tax rises will hurt Britain's lowest earners the most (March 2025): <https://blogs.lse.ac.uk/inequalities/2025/03/10/council-tax-rises-will-hurt-britains-lowest-earners-most/>
- <sup>24</sup> The Commission on Local Tax Reform, Just Change: A New Approach to Local Taxation (December 2015): <https://web.archive.org/web/20160119001400/http://localtaxcommission.scot/download-our-final-report/>
- <sup>25</sup> IPPR Scotland, Better than before: How local tax reform can help pay for recovery (April 2021): <https://www.ippr.org/research/publications/better-than-before-how-local-tax-reform-can-help-pay-for-recovery>

- <sup>26</sup> Policy in Practice, Missing out 2024: £23 billion of support is unclaimed each year (2024): <https://policyinpractice.co.uk/blog/missing-out-2024-23-billion-of-support-is-unclaimed-each-year/>
- <sup>27</sup> Institute for Fiscal Studies, Scottish Council Tax: ripe for reform (February 2025): <https://ifs.org.uk/publications/scottish-council-tax-ripe-reform>
- <sup>28</sup> The Commission on Local Tax Reform, Just Change: A New Approach to Local Taxation (December 2015): <https://web.archive.org/web/20160119001400/http://localtaxcommission.scot/download-our-final-report/>
- <sup>29</sup> Gibb, K. and Christie, L., International Literature Review for the Commission on Local Taxation (2015): <https://eprints.gla.ac.uk/118177/>
- <sup>30</sup> Andy Wightman, Scrapping the Council Tax is Straightforward (February 2025): <https://andywightman.scot/2024/02/scrapping-the-council-tax-is-straightforward/>
- <sup>31</sup> Common Weal, A Property Tax for Scotland (February 2021): <https://www.commonweal.scot/policy-library/a-property-tax-for-scotland>
- <sup>32</sup> Institute for Fiscal Studies, Scottish Council Tax: ripe for reform (February 2025): <https://ifs.org.uk/publications/scottish-council-tax-ripe-reform>
- <sup>33</sup> Scottish Government, Fairer Council Tax: consultation (2023): <https://www.gov.scot/publications/consultation-fairer-council-tax/>
- <sup>34</sup> IPPR Scotland, Freezing council tax will make virtually no difference to households in poverty (October 2023): <https://www.ippr.org/articles/freezing-council-tax-will-make-virtually-no-difference-to-households-in-poverty>
- <sup>35</sup> Accounts Commission, Council Tax rises in Scotland (March 2025): <https://audit.scot/publications/council-tax-rises-in-scotland>
- <sup>36</sup> IPPR Scotland & Oxfam Scotland, The case for fair tax reforms in Scotland (September 2023): [https://www.oxfam.org.uk/documents/829/The-case-for-fair-tax-reform-in-Scotland-Joint-briefing-FINAL\\_September-2023-1-2.pdf](https://www.oxfam.org.uk/documents/829/The-case-for-fair-tax-reform-in-Scotland-Joint-briefing-FINAL_September-2023-1-2.pdf)
- <sup>37</sup> Institute for Fiscal Studies, Scottish Council Tax: ripe for reform (February 2025): <https://ifs.org.uk/publications/scottish-council-tax-ripe-reform>
- <sup>38</sup> Scottish Parliament Local Government, Housing and Planning Committee, Public Paper 1 (February 2025): <https://www.parliament.scot/~media/committ/9881/PublicPaper1>
- <sup>39</sup> Tax Justice Scotland, A vision for tax transformation in Scotland (November 2024): <https://taxjustice.scot/wp-content/uploads/2024/11/TaxJusticeScotland-Report-Digital-Nov24.pdf>
- <sup>40</sup> Fairer Share, Fairer Share Manifesto (October 2021): [https://fairershare.org.uk/wp-content/uploads/2021/10/Fairer-Share\\_Manifesto.pdf](https://fairershare.org.uk/wp-content/uploads/2021/10/Fairer-Share_Manifesto.pdf)
- <sup>41</sup> Common Weal, A Property Tax for Scotland (February 2021): <https://www.commonweal.scot/policy-library/a-property-tax-for-scotland>
- <sup>42</sup> Future Economy Scotland, Land Reform for a Democratic, sustainable and just Scotland (2023): <https://www.futureeconomy.scot/posts/45-land-reform-for-a-democratic-sustainable-and-just-scotland>
- <sup>43</sup> IPPR Scotland, Better than before: How local tax reform can help pay for recovery (April 2021): <https://www.ippr.org/research/publications/better-than-before-how-local-tax-reform-can-help-pay-for-recovery>
- <sup>44</sup> IPPR, Supporting the Status Quo (August 2024): <https://www.ippr.org/articles/supporting-the-status-quo>
- <sup>45</sup> Scottish Land Commission, Land Value Tax (October 2018): [https://www.landcommission.gov.scot/downloads/5dd69d3b1fba6\\_LAND-FOCUS\\_Land-Value-Tax-October-2018.pdf](https://www.landcommission.gov.scot/downloads/5dd69d3b1fba6_LAND-FOCUS_Land-Value-Tax-October-2018.pdf)
- <sup>46</sup> Law Society of Scotland, Inside the gender gap in Scottish property ownership (February 2025): <https://www.lawscot.org.uk/members/journal-hub/articles/inside-the-gender-gap-in-scottish-property-ownership/>
- <sup>47</sup> John Muir Trust, Carbon Emission Land Tax [Accessed 3 June 2025]: <https://www.johnmuirtrust.org/support-us/take-action/982-carbon-emissions-land-tax>
- <sup>48</sup> Common Weal, Taxing Land in Scotland (March 2024): <https://www.commonweal.scot/policy-library/taxing-land-in-scotland>
- <sup>49</sup> Fairer Share, Leading LVT Campaigners | Fairer Share's Proportional Property Tax provides pathway to LVT (November 2021): <https://fairershare.org.uk/leading-lvt-campaigners-fairer-shares-proportional-property-tax-provides-pathway-to-lvt/>
- <sup>50</sup> Scottish Land Commission, Investigation of Potential Land Value Tax Policy Options for Scotland (July 2018): [www.landcommission.gov.scot/downloads/5dd6984da0491\\_Land-Value-Tax-Policy-Options-for-Scotland-FinalReport-23-7-18.pdf](http://www.landcommission.gov.scot/downloads/5dd6984da0491_Land-Value-Tax-Policy-Options-for-Scotland-FinalReport-23-7-18.pdf)
- <sup>51</sup> Poverty and Inequality Commission, How better tax policy can reduce poverty and inequality (October 2023): <https://povertyinequality.scot/publication/how-better-tax-policy-can-reduce-poverty-and-inequality/>
- <sup>52</sup> Future Economy Scotland, Land Reform for a Democratic, sustainable and just Scotland (2023): <https://www.futureeconomy.scot/posts/45-land-reform-for-a-democratic-sustainable-and-just-scotland>



- <sup>53</sup> The Commission on Local Tax Reform, Just Change: A New Approach to Local Taxation (December 2015): <https://web.archive.org/web/20160119001400/http://localtaxcommission.scot/download-our-final-report/>
- <sup>54</sup> The Scottish Land Commission, Land and property taxation in Scotland (December 2020): <https://www.landcommission.gov.scot/news-events/information/changes-to-the-land-and-property-tax-system-could-support-scotlands-recovery-and-renewal>
- <sup>55</sup> Scottish Trade Union Congress, Raising taxes to deliver for Scotland (November 2023): <https://www.stuc.org.uk/resources/scottish-tax-options.pdf>
- <sup>56</sup> Accounts Commission, Local Government Budgets 2025/26 (May 2025): <https://audit.scot/publications/local-government-budgets-202526>
- <sup>57</sup> Scottish Land Commission, Tax and Fiscal [accessed 3 June 2025]: <https://www.landcommission.gov.scot/our-work/tax-fiscal>
- <sup>58</sup> Accounts Commission, Local Government Budgets 2025/26 (May 2025): <https://audit.scot/publications/local-government-budgets-202526>
- <sup>59</sup> COSLA, What Does the 2025/26 Budget Mean for Councils? (accessed 4 June 2025): [https://www.cosla.gov.uk/\\_data/assets/pdf\\_file/0024/56229/COSLA-What-Does-The-Budget-Mean-For-Councils-Dec-2024-4.pdf](https://www.cosla.gov.uk/_data/assets/pdf_file/0024/56229/COSLA-What-Does-The-Budget-Mean-For-Councils-Dec-2024-4.pdf)
- <sup>60</sup> End Child Poverty In Scotland, Manifesto 2022 (April 2022): <https://opfs.org.uk/wp-content/uploads/2022/04/ECP-Manifesto-2022.pdf>
- <sup>61</sup> Accounts Commission, Local Government Budgets 2025/26 (May 2025): <https://audit.scot/publications/local-government-budgets-202526>
- <sup>62</sup> IPPR Scotland, Thinking bigger on tax in Scotland: Using Scotland's local tax powers to their full potential (2019): <https://www.ippr.org/research/publications/thinking-bigger-on-tax-in-scotland>
- <sup>63</sup> Institute for Fiscal Studies, Is a local income tax the best way to sustainability for local government? (March 2019): <https://ifs.org.uk/news/local-income-tax-best-way-sustainability-local-government#:~:text=Advantages%20of%20a%20'local%20income%20tax'%20text=Such%20sums%20would%20help%20councils,spending%20to%20local%20areas%20too.>
- <sup>64</sup> Scottish Government, Building consensus on Council Tax reform (March 2025): <https://www.gov.scot/news/building-consensus-on-council-tax-reform/>
- <sup>65</sup> Scottish Government, A Fairer, Greener Scotland, Programme for Government 2021-22 (7 Sept, 2021): <https://www.gov.scot/binaries/content/documents/govscot/publications/strategy-plan/2021/09/fairer-greener-scotland-programme-government-2021-22/documents/fairer-greener-scotland-programme-government-2021-22/fairer-greener-scotland-programme-government-2021-22/govscot%3Adocument/fairer-greener-scotland-programme-government-2021-22.pdf>
- <sup>66</sup> Institute on Municipal Finance and Governance, How to Reform the Property Tax: Lessons from around the World (2015): [https://imfg.org/uploads/325/1689\\_imfg\\_no.21\\_online\\_final.pdf](https://imfg.org/uploads/325/1689_imfg_no.21_online_final.pdf)

## Oxfam Discussion Papers

Oxfam Discussion Papers are written to contribute to public debate and to invite feedback on policy issues. They are 'work in progress' documents, and do not necessarily constitute final publications or reflect Oxfam policy positions. The views and recommendations expressed are those of the author and not necessarily those of Oxfam.

This discussion paper was written by Lewis Ryder-Jones and Jamie Livingstone.

For more information, or to comment on this paper, email [scotland@oxfam.org.uk](mailto:scotland@oxfam.org.uk).

© Oxfam GB 2025

Cover photo: Kirsten Drew/Unsplash

This publication is copyright but the text may be used free of charge for the purposes of advocacy, campaigning, education, and research, provided that the source is acknowledged in full. The copyright holder requests that all such use be registered with them for impact assessment purposes. For copying in any other circumstances, or for re-use in other publications, or for translation or adaptation, permission must be secured and a fee may be charged. Email [scotland@oxfam.org.uk](mailto:scotland@oxfam.org.uk).

The information in this publication is correct at the time of going to press.

Published by Oxfam Scotland (part of Oxfam GB) in June 2025.

Oxfam GB, Oxfam House, John Smith Drive, Cowley, Oxford, OX4 2JY, UK.

## OXFAM

Oxfam is an international confederation of 21 organizations, working with its partners and allies, reaching out to millions of people around the world. Together, we tackle inequalities to end poverty and injustice, now and in the long term – for an equal future. Please write to any of the agencies for further information or visit [www.oxfam.org](http://www.oxfam.org).

Oxfam America ([www.oxfamamerica.org](http://www.oxfamamerica.org))

Oxfam Aotearoa ([www.oxfam.org.nz](http://www.oxfam.org.nz))

Oxfam Australia ([www.oxfam.org.au](http://www.oxfam.org.au))

Oxfam-in-Belgium ([www.oxfamsol.be](http://www.oxfamsol.be))

Oxfam Brasil ([www.oxfam.org.br](http://www.oxfam.org.br))

Oxfam Canada ([www.oxfam.ca](http://www.oxfam.ca))

Oxfam Colombia ([www.oxfamcolombia.org](http://www.oxfamcolombia.org))

Oxfam France ([www.oxfamfrance.org](http://www.oxfamfrance.org))

Oxfam Germany ([www.oxfam.de](http://www.oxfam.de))

Oxfam GB ([www.oxfam.org.uk](http://www.oxfam.org.uk))

Oxfam Hong Kong ([www.oxfam.org.hk](http://www.oxfam.org.hk))

Oxfam IBIS (Denmark) ([www.oxfamibis.dk](http://www.oxfamibis.dk))

Oxfam India ([www.oxfamindia.org](http://www.oxfamindia.org))

Oxfam Intermón (Spain) ([www.oxfamintermon.org](http://www.oxfamintermon.org))

Oxfam Ireland ([www.oxfamireland.org](http://www.oxfamireland.org))

Oxfam Italy ([www.oxfamitalia.org](http://www.oxfamitalia.org))

Oxfam Mexico ([www.oxfammexico.org](http://www.oxfammexico.org))

Oxfam Novib (Netherlands) ([www.oxfamnovib.nl](http://www.oxfamnovib.nl))

Oxfam Québec ([www.oxfam.qc.ca](http://www.oxfam.qc.ca))

Oxfam South Africa ([www.oxfam.org.za](http://www.oxfam.org.za))

KEDV ([www.kedv.org.tr](http://www.kedv.org.tr))