

SP2026 Manifesto Analysis

Increasing tax revenue

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Purpose, scope and method

Scope

This analysis examines what the six main parties contesting the 2026 Scottish Parliament election say about increasing tax revenue. It covers income tax, business rates, property taxes (council tax, LBTT), proposed new levies and each party’s broader fiscal approach to funding public services.

Purpose

Rather than look at individual manifestos or the differences between them, I have taken what might be an unconventional approach and looked at commonalities: where might the parties set aside ideological and tribal politics to work together in the interests of Scotland?

After all, even if the SNP get a majority it may be a fragile one. The probability remains that throughout or at some point in the parliament, two or more parties will have to work together. That is exactly how the parliament was intended to work. It does on many occasions, but not nearly enough.

There are also a skint public sector and a stagnant economy. We aren’t going to solve those issues without more collegiate working.

Method – please read these important notes

I have not done this as paid or even unpaid work for any client. It has been for my own interest and as a contribution to reframing the conversation between the worlds of politics, business and society.

It would not have been humanly possible – for your author at least – to read, digest and cross-reference all of the manifesto content and produce a timely report. Therefore I have used a sophisticated AI tool to help before doing a light-touch review and edit of the most important points. Both AI and human may have made mistakes!

Talking points represent my view and are designed to support further discussion and enquiry.

All page references cite the published PDF page number. Page references are not definitive of a party’s whole position – that is, they are just signposts to one or more places where policy points are mentioned, not a comprehensive index.

Parties covered: Scottish Conservatives, Scottish Labour, SNP, Scottish Liberal Democrats, Scottish Greens and Reform UK Scotland. They are listed in no particular order.

Cross-party consensus

On the question of how to increase tax revenue, the parties are more divided than on almost any other policy area. The ideological differences run deep: some parties want to cut taxes to stimulate growth, others want to defend the current system, and one wants to raise taxes substantially on wealth and 'harmful' businesses.

Broad agreement (four or more parties)

Council tax is broken and needs replacing. Four parties clearly acknowledge the system is outdated, based on 1991 valuations. The SNP, Labour and Lib Dems defer to securing cross-party agreement in the next parliament. The Greens want to scrap it entirely and replace with a Residential Property Tax (although it's hard to tell how this differs from what's in place already). It is also hard to see what the Conservatives and Reform want to do. The consensus on what replaces it is non-existent. (SNP p.29; Labour p.94; Lib Dems p.59; Greens p.20)

Business rates need fundamental reform. This overlaps with the economic growth report but has a direct revenue dimension. All six parties propose changes. The Conservatives want zero rates under £20,000 rateable value; Labour wants to abolish and replace with a local business levy; the SNP wants to rebalance the system to ensure online giants pay their fair share; the Lib Dems want to move towards a land value element; Reform wants to phase rates into a single Annual Property Tax; and the Greens want a suite of surcharges on 'harmful' businesses. The common ground is reform; the revenue implications diverge sharply. (Conservative p.27-28; Labour p.28; SNP p.29; Lib Dems p.20-21; Reform p.6-7; Greens p.20-21)

Economic growth is the primary route to fiscal sustainability. All six parties claim that growth will solve or substantially reduce the pressure on public finances (although clearly the Greens would characterise the term 'economic growth' very differently from the others). No party proposes to close Scotland's fiscal deficit through spending cuts or tax rises alone. The differences lie in how to generate that growth: tax cuts (Conservatives, Reform), industrial strategy (Labour, Lib Dems), continuity and refinement (SNP), or green transition (Greens). (Conservative p.23; Labour p.93; SNP p.19; Lib Dems p.13; Reform p.7; Greens p.19)

Income tax rates should not rise in the next parliament. Five parties commit to not increasing income tax rates: the SNP will not increase bands or rates (p.29); Labour commits to no rate rises for five years (p.10); the Lib Dems prioritise lifting thresholds not raising rates (p.15); the Conservatives want to cut rates (p.19-21); and Reform wants radical cuts (p.5-6). Only the Greens leave open the possibility of higher rates on unearned income (p.20).

Narrower agreement (two to three parties)

Mansion tax on properties over £1 million. The SNP and the Greens both propose two new council tax bands for properties valued at over £1 million and £2 million. The SNP would implement from 2028 with revenue going directly to local authorities (p.29). The Greens propose it as an interim measure pending full replacement of council tax with a Residential Property Tax (p.20). All other parties either oppose (Conservatives, Reform) or do not address mansion tax.

A private jet tax. The SNP and the Lib Dems both propose a private jet tax. The SNP would also explore taxing 'ghost flights' and seek devolution of the powers to do so if necessary (p.29). The Lib Dems include it alongside implementing Air Departure Tax (p.16). The Greens go further, proposing to ban private jets from public airports entirely (p.22). Revenue potential is modest – likely £1-5 million annually – but the symbolic value is significant.

First-time buyer relief on property transactions. Labour proposes raising the LBTT first-time buyer relief threshold from £145,000 to £200,000, saving buyers up to £1,100 and ensuring 40% pay nothing. The cost would be partly offset by increasing the rate paid by non-UK residents (p.71). The Lib Dems propose an assessment of how LBTT reform could help free up housing stock (p.16).

Reducing government waste and quango spending. Labour would cut quangos by one-third and create a Scottish Treasury to control waste (p.82, 94). The Lib Dems would halve government consultancy spending and review the quango landscape (p.15-16). The Conservatives propose £1.5 billion in corporate function savings across public bodies (p.10). Reform claims £6.5 billion is spent on 132 unaccountable quangos – which is a deeply misleading statement (p.7). Public sector efficiency savings merit their own report, and I'll do that; for now, suffice to say that the idea this policy area can plug the fiscal gap is for the birds.

Talking points

The growth-versus-taxation divide

The most significant, and entirely predictable, dividing line in these manifestos is between those who believe tax cuts will generate growth-driven revenue increases (Conservatives, Reform) and those who believe progressive taxation is necessary to fund public services (SNP, Labour, Lib Dems, Greens).

Council tax: the reform that never happens

If the parties continue to do what they've always done they'll keep getting what they've always got, which in this case will be the Council Tax continuing with the existing 1991 valuations, when your author was performing very badly in his Highers, Nirvana's Nevermind was released, Silence of the Lambs was in the cinema, and the first website went live.

Business rates: consensus on the problem, not the solution

As with the economic growth theme, every party agrees business rates need fixing, but no two parties agree on the replacement. The revenue implications are significant: the Conservatives and Reform propose changes that would reduce the overall business tax take; the Greens propose changes that would increase it through new surcharges; and Labour, the SNP and Lib Dems propose revenue-neutral redistribution.

Income and wealth tax

The implication is that Scotland's tax system will continue to be based primarily on a tweaked income tax regime, and possibly major revisions to business and property taxes. Only the Greens explicitly propose a comprehensive wealth tax, and even they acknowledge that it requires independence powers not currently devolved. The SNP distances itself from wealth taxation within devolved powers, citing constitutional limits (p.29).

The £26 billion question

There is a fiscal gap of £26 billion according to [Scottish Government figures](#). Virtually nothing in the manifestos adequately and honestly addresses the implications of this in terms of tax rises or public service spending cuts, or both.

At a glance

The table below summarises each party's headline approach to increasing tax revenue.

Theme	Conservatives	Labour	SNP	Lib Dems	Reform	Greens
Overall fiscal approach	Cut tax to stimulate growth; fund services from efficiency savings and economic expansion	Freeze income tax; grow economy to increase tax base; efficiency savings from waste reduction	Defend progressive system as fairest in UK; modest additions (mansion tax); independence as route to full fiscal powers	Fiscal discipline first; conditional tax cuts once finances improve; growth-led approach	Radical tax cuts funded by quango closures and growth dividend; supply-side economics	Progressive wealth taxation; new environmental and social levies; redistribute from wealth to services
Income tax	Cut higher/top rates towards UK levels; raise thresholds with inflation; pension income relief	No rate rises for five years; ambition to lower as economy grows	No increase in bands or rates; aim to simplify by end of parliament	Lift thresholds with inflation; begin closing differential with England where funds allow	Align to three UK bands then cut by 1p each; target 50% maximum marginal rate	Retain progressive system; higher rates on rental income; challenge UK on dividend tax powers
Business rates	Zero rate under £20k; cap revaluations at RPI; moratorium on new barriers	Abolish and replace with new local business levy; Chief Assessor for accountability	Protect Small Business Bonus; rebalance to ensure online giants pay fair share; tourism rates review	Reform revaluations; hospitality relief (£178m); move towards land value element	Phase out into single Annual Property Tax over 10 years; reverse 2026 revaluation	Devolve rate-setting to councils; end exemptions; surcharges on harmful businesses (Amazon tax, gambling, alcohol)
Property taxes	Oppose mansion tax; £100 energy rebate per household from Crown Estate	Raise first-time buyer LBTT relief to £200k; surcharge on non-UK buyers; defer council tax reform to cross-party process	Mansion tax from 2028 (£1m/£2m bands); defer wider council tax reform to cross-party consensus	Assess LBTT reform; restart cross-party council tax process proposing land value system	Abolish LBTT; fold into Annual Property Tax; cancel mansion tax	Scrap council tax for Residential Property Tax; 15% mansion tax on £1m+ LBTT; ADS to 10%; 20% overseas buyer rate
Other tax proposals	Taxpayer dividend from underspend (£200/household); scrap international climate budget; reduce foreign aid	Scottish Treasury; cut quangos by one-third; £200m efficiency savings by 2030/31; £100m Community Energy Fund from ScotWind	Private jet tax; ScotWind Wealth Fund; food price ceilings; close online retailer loopholes	Air Departure Tax; private jet tax; support UK-level digital services tax and bank windfall tax	Scrap net zero spending (£1bn); close quangos (£6.5bn claimed); department of government efficiency	Frequent flyer levy; private jet tax; infrastructure levy; demolition levy; building safety levy; wealth tax (with independence)
Key risk	Revenue-negative: tax cuts rely on unproven	Growth projections (2.1-2.4%) are	Mansion tax deferred to 2028; cross-	Conditional language ('where funds	£8bn growth claim is mathematically	Cumulative surcharges risk capital flight;

Theme	Conservatives	Labour	SNP	Lib Dems	Reform	Greens
	growth to recover revenue	optimistic; efficiency savings unquantified in detail	party consensus approach likely to produce no reform	allow') defers most changes to future parliaments	questionable; quango savings figure (£6.5bn) overstated	wealth tax requires independence; legal risk from UK Internal Market Act

Scottish Conservatives

General thrust

The Conservatives frame increasing tax revenue as a problem to be solved through efficiency and economic growth, not rate increases. The party explicitly opposes raising taxes and commits to a 'taxpayer dividend' from government underspend (p.19). The philosophy is that government waste, not inadequate taxation, is the problem. By cutting bureaucracy, eliminating what they consider unnecessary spending, and raising thresholds in line with inflation, they claim to provide tax relief while maintaining fiscal sustainability. (p.19-21)

Key proposals

- **Income tax cuts:** raise the basic rate threshold in line with inflation, creating a personal allowance of £13,892 by 2031. Reverse the SNP's additional bands; raise the 42p higher rate threshold to match England's £50,270. Estimated savings: £251 for basic rate taxpayers, up to £2,483 for highest earners. Introduce pension income tax relief on first £500, triple-locked. (p.19-21)
- **Business rates restructure:** zero rates for all properties under £20,000 rateable value; marginal rates above that threshold; cap maximum revaluation increases at RPI; lower rates for retail, hospitality and leisure; 100% relief for pubs up to £100,000. (p.27-28)
- **Taxpayer dividend:** annual payment funded by Scottish Government underspend, estimated at £200 per household based on last year's outturn. (p.19)
- **Energy bill discount:** £100 per household funded from Crown Estate revenues, with at least £251 million available by end of 2027-28. (p.20)
- **Public body efficiency:** cut £1.5 billion in corporate function and operating costs across public bodies. Zero-based budgeting. Reduce grants to campaigning organisations. (p.10)

How they propose to fund it

The Conservatives rely on three mechanisms: reallocation of existing spending (cutting corporate functions, foreign aid, international climate budget); reducing the government footprint (quango rationalisation); and tax base growth through economic expansion. No specific costings are published for the income tax threshold uplifts or pension relief. The overall fiscal approach is revenue-negative in the short term, with growth assumed to recover the revenue loss over time.

Scottish Labour

General thrust

Labour frames increasing tax revenue as a function of economic growth, not rate increases. The party commits to an income tax freeze for five years, arguing that growth from better industrial strategy, business support and public sector efficiency will increase the tax base without raising rates. Labour proposes efficiency and reallocation rather than net revenue increases: a Scottish Treasury to control waste, quangos cut by one-third, and reformed procurement. Only if growth targets are met will tax cuts be considered. (p.10, 28, 82, 93)

Key proposals

- **Income tax freeze:** no increase in rates for five years, with the ambition to lower the burden as the economy grows. This is a freeze on rates, not thresholds. (p.10)
- **Abolish business rates:** replace with a new local business levy designed with business, incentivising local investment, supporting town centres, tackling empty properties. Appoint a Chief Assessor for accountability. (p.28)
- **LBTT first-time buyer relief:** raise threshold from £145,000 to £200,000, saving up to £1,100 per transaction. Ensure 40% of first-time buyers pay nothing. Partly offset by surcharge on non-UK residents. (p.71)
- **Government efficiency:** create Scottish Treasury to control waste. Cut quangos by one-third. Establish government efficiency team. Estimated savings of £200 million by 2030/31. (p.82, 94)

- **Council tax:** progressive reforms required but any transition needs buy-in from across the parliament. No unilateral plan. (p.94)
- **Community Energy Fund:** £100 million from ringfenced ScotWind revenue. (p.95)

How they propose to fund it

Labour projects that its economic proposals could increase Scottish GDP by 2.1-2.4% over five years, delivering £600-700 million more for public services by 2030/31 (p.93). Efficiency savings of £200 million are expected from public sector reform and quango reduction. Revenue raised through growth or savings is earmarked for policy commitments. The approach is contingent and growth-dependent, with no new taxes proposed.

SNP

General thrust

The SNP defends Scotland's income tax system as the fairest and most progressive in the UK, where the majority of taxpayers pay less than they would elsewhere in the UK (p.19, 29). The party commits to stability: no increase in bands or rates over the parliament, with simplification as an aim. Revenue-raising is focused on base-broadening (closing loopholes for online retailers) and modest new levies (mansion tax, private jet tax). Independence is positioned as the route to full fiscal powers including wealth taxation and corporation tax. (p.29-30)

Key proposals

- **Income tax stability:** no increase in bands or rates over the parliament. Aim to simplify the system by the end of the parliament. Any changes to put low and middle income earners at their heart. (p.29-30)
- **Mansion tax:** two new council tax bands for properties over £1 million and £2 million, from 2028. All revenue to local authorities for service delivery. (p.29)
- **Non-domestic rates rebalancing:** protect the Small Business Bonus supporting over 100,000 businesses. Rebalance to ensure online giants like Amazon pay their fair share. Commission independent review of tourism sector rates by end of 2026. (p.29, 39)
- **Private jet tax:** including exploration of taxing ghost flights and seeking devolution of powers if necessary. (p.29)
- **Council tax reform:** cross-party consensus approach. High priority for early agreement in next parliament. No unilateral plan. (p.29-30)
- **ScotWind Wealth Fund:** offshore wind leasing revenue directed into a sovereign wealth fund for future generations. (p.9, 63)
- **Food price ceilings:** legal price ceilings on a basket of 20-50 essential items including bread, milk and eggs. (p.30)

How they propose to fund it

The SNP relies on stability and base-broadening: income tax rates frozen but thresholds updated, closing loopholes on online retailers, and modest new levies (mansion tax estimated at £30-100 million annually; private jet tax at £1-5 million). The party does not commit to new major tax initiatives beyond these. The approach is defensive: maintain the current high-tax system but not expand it further, pending independence for access to full fiscal powers.

Scottish Liberal Democrats

General thrust

The Lib Dems frame fiscal policy as conditional on demonstrating value for money and fiscal discipline. The party will not make 'reckless unaffordable promises' (p.13) and will prioritise getting Scotland's finances in shape before cutting taxes. This is a holding-pattern approach: maintain current revenue levels, eliminate

waste, and prepare the ground for future tax cuts and reforms. The party is critical of both SNP waste and Conservative tax-cut ideology. (p.11-13, 15)

Key proposals

- **Income tax thresholds:** lift in line with inflation where funds are available. Begin to close the differential with England in a balanced way that protects public services. (p.15)
- **Business rates reform:** ensure revaluations do not produce unfair bills. Build on £178 million hospitality relief (secured in 2026/27 budget). Move towards a new system with a land value element. (p.20-21)
- **Council tax replacement:** restart the cross-party process, proposing a switch to a land value system that does not penalise homeowners for improvements. (p.59)
- **Air Departure Tax and private jet tax:** implement Air Departure Tax. Introduce private jet tax. (p.16)
- **UK-level tax measures:** support windfall tax on banks, increase in Digital Services Tax on tech giants, and replacement of Energy Profits Levy. (p.16)
- **Efficiency measures:** halve government consultancy spending. Review quango landscape for value and duplication. Link senior public sector pay and bonuses to success. (p.13, 15-16)

How they propose to fund it

The Lib Dems' approach is explicitly cautious and deferred. Repeated use of conditional language ('where funds are available,' 'in a balanced way') suggests the party is unwilling to commit to specific fiscal changes in this parliament. Most transformative proposals (council tax reform, business rates overhaul) are deferred to cross-party processes. Revenue expectations from devolved measures are modest; the party advocates for UK-level fiscal changes outside Holyrood's control.

Reform UK Scotland

General thrust

Reform frames increasing tax revenue as the ultimate outcome of cutting taxes to stimulate growth. The party argues that Scotland's £30 billion fiscal deficit (GERS figures, p.6) is fundamentally a growth problem, not a revenue problem. State spending has risen from 43% to 55% of GDP since devolution, compared with 42% in New Zealand, which has a similar population but higher GDP per capita. The prescription is radical: cut income tax, phase out business rates and LBTT, scrap net zero targets, and restructure around 10 business clusters. (p.5-8)

Key proposals

- **Income tax cuts:** align Scotland's six bands to the UK's three (cost £1.2 billion), then cut by 1p per band (cost £850 million per 1p). Total cost approximately £2 billion for initial alignment plus 1p cut. Medium-term objective of 3p below UK rates. (p.5-7)
- **Marginal rate reform:** minimise marginal tax rates with an objective of keeping at least half of every extra pound earned. Addresses cliff edges of 60-80% marginal rates caused by interaction of tax, NI, student loans and benefit withdrawal. (p.6)
- **Phase out business rates and LBTT:** consolidate into a single Annual Property Tax over 10 years. Immediately reverse the 2026 revaluation. Cancel the planned mansion tax. (p.6-7, 11)
- **Government efficiency:** department of government efficiency to cut waste. Claims £1 billion on net zero projects and £6.5 billion on 132 quangos can be redirected. (p.5, 14)
- **Energy costs:** scrap net zero targets and subsidies. License North Sea oil and gas. End moratorium on nuclear. Scotland's energy costs are seven times China's and four times the US's. (p.9)

How they propose to fund it

Reform's fiscal logic rests on the growth dividend: every 1% of growth delivers £8 billion in cumulative tax revenues over 10 years (p.7). The £2 billion upfront cost of income tax cuts is positioned as self-financing.

Government efficiency savings from quango closures and welfare reform are presented as additional sources. The £6.5 billion quango figure is highly contentious – much of it represents core delivery mechanisms (NHS boards, colleges, enterprise agencies) whose functions would have to be delivered elsewhere. The Laffer curve assumption (that lower rates increase total revenue) is asserted without evidence specific to Scotland.

Scottish Greens

General thrust

The Greens are the only party proposing comprehensive new taxation. Their approach uses tax policy as an incentive mechanism: higher taxes on fossil fuels, short-term lets, second homes, out-of-town retail and gambling are deliberate attempts to reshape the economy, not neutral revenue measures. The party frames Scotland as ‘a wealthy country, but it doesn’t feel that way for most people’ (p.29), with the solution being wealth taxation and progressive reform of property taxes. (p.19-22)

Key proposals

- **Residential Property Tax:** scrap council tax entirely and replace with RPT based on property value, with reliefs for low-income households and deferral options for hardship. Mandatory revaluations at least every five years. (p.20)
- **LBTT mansion tax:** new 15% rate on properties over £1 million, on top of existing LBTT structure. (p.20)
- **Additional Dwelling Supplement:** increase from 7% to 10%. Introduce multiplying multiplier where rate increases for each additional property. Higher rates in areas of acute housing pressure. (p.20)
- **Overseas buyer surcharge:** starting rate of 20% to crack down on global super-rich buying holiday homes. Surcharge on overseas owners of second and empty homes. (p.20)
- **NDR surcharges:** Amazon tax on large online distributors; public health surcharge on alcohol and tobacco retailers; gambling surcharge; out-of-town retail surcharge; disqualify socially harmful businesses from Small Business Bonus. (p.21)
- **Environmental and social levies:** frequent flyer levy replacing Air Departure Tax; private jet tax; infrastructure levy on developers; demolition levy; building safety levy; increased landfill and aggregates taxes. (p.22)
- **Wealth tax:** develop proposals for a Scottish wealth tax, acknowledging this requires either independence or further devolution of powers. (p.19, 22)
- **Income from rent and dividends:** higher income tax rate on rental income (after rent controls are in place). Challenge UK Government on devolution of power to tax dividend income. (p.20)

How they propose to fund it

The Greens are the most explicit about revenue generation. The suite of NDR surcharges, reformed LBTT rates, increased ADS, overseas buyer rates and environmental levies would collectively raise substantial sums. However, the cumulative burden risks capital flight and legal challenge under the UK Internal Market Act. The 15% mansion tax combined with 10% ADS and existing LBTT rates would create effective marginal rates of 20-27% on high-value property transactions, likely deterring activity and reducing actual revenue below projections. The wealth tax remains aspirational given devolution constraints.