Department of Finance
An Roinn Airgeadais
www.finance-ni.gov.uk

Consultation Response Report – Devolution of more fiscal powers

June 2023

Department of Finance

Introduction

The Independent Fiscal Commission for Northern Ireland was established on 12th March 2021 by the then Finance Minister, Conor Murphy MLA to:

"Review the case for increasing the fiscal powers to the NI Assembly, advising the Finance Minister on powers which could enhance the Assembly's fiscal responsibilities, increase its ability to raise revenues to sustainably fund public services, and provide additional policy instruments. As part of this, the Commission should consider the need for additional budgetary tools to manage any increased financial responsibility."

The Commission published its final report on 19th May 2022[1], which provided a comprehensive starting point for the debate on the additional fiscal powers that could be provided to a future Northern Ireland Executive.

Subsequently, the Finance Minister launched a public consultation[2] on 4th October 2022 to continue the conversation and enable individuals, businesses, political and civic society, the opportunity to share their views to inform an incoming Finance Minister's considerations on potential next steps around fiscal devolution, and where they would be responsible for bringing any recommendations to a future Executive.

Engagement and responses received

The Department sought views on the report's recommendations through an 8-week consultation period which ended on the 29th November 2022. The consultation was published on the Department of Finance website, promoted online via social media and emailed to key stakeholder groups.

The Department also held two engagement sessions on 24th and 25th October 2022 which fourteen organisations attended (Annex A) and provided their views. Respondents to the consultation were also able to submit their views and comments by email, or by filling out an online form on Citizen Space. This generated 59 responses in total, 25 from a range of business organisations, political parties, academics or community/voluntary organisations (listed at Annex B) and 34 responses from anonymous individuals.

The Department would like to express its thanks to all those who submitted responses to this consultation and participated in the engagement sessions.

[1] https://www.fiscalcommissionni.org/evidence/fcni-final-report-more-fiscal-devolution-northern-ireland
[2] https://www.finance-ni.gov.uk/consultations/devolution-fiscal-powers

Key Themes

The key themes which emerged from the consultation responses and engagements are set out below.

Opinions were mixed as to whether a future Executive should be provided with more fiscal powers. Arguments were put forward both in favour of some degree of further fiscal devolution, or that no further fiscal devolution should take place.

Fiscal devolution could be utilised as a tool to deliver Executive priorities by allowing an Executive to tailor local fiscal policy towards achieving Northern Ireland's societal and economic goals. It could also unlock the potential for the Executive to forge its own path in tackling local issues here; and that greater control over taxes could be used to incentivise behaviours, support policy outcomes and potentially raise revenue.

Further fiscal devolution could be complex and any moves down this path should be guided by clearly defined plans and strategies with public and sectoral engagement in order to ensure that there is greater understanding of, and buy-in for, any proposed fiscal changes.

The impact of further devolution on the block grant and negotiating an appropriate adjustment with UK Government were highlighted as important considerations before any further powers were devolved.

Concerns around the stability and capability of the Executive were raised. Some indicated their support for further fiscal devolution was conditional on the Executive returning and completing a mandate without a period of absence to build up trust and confidence. Others focused on the potential for greater political maturity in Northern Ireland arising from the granting of new powers and responsibilities.

Recognition that a gradual move towards fiscal devolution over a longer period of time would allow the Executive and officials to build up capabilities, expertise and infrastructure (such as a revenue collection system) which might not currently be sufficient. A timeframe of around six or more years was seen as realistic given the timescales for Scotland and Wales previously.

There was a wide variety of opinions on which specific taxes should be devolved. Corporation Tax was the most commonly cited as being potentially suitable for further fiscal devolution. Views were split on the possible devolution of Income Tax. In addition, Air Passenger Duty (APD), Stamp Duty Land Tax (SDLT), Landfill Tax and the Apprenticeship Levy were also discussed as taxes possibly suited for devolution. Value added tax (VAT) was included in responses, despite this not being recommended for devolution at this time by the Fiscal Commission.[3]

There was support for a new local revenue authority to administer newly devolved taxes, however respondents highlighted that the administration of any new taxes would need to be considered on a case-by-case basis and local tax data would need to be improved.

[3]The Commission concluded that although in their view there was a case in principle for the devolution of VAT to Northern Ireland, at this stage further work should prioritise consideration of options for income tax devolution. The Commission therefore did not consider VAT further in its second phase of work or in its Final Report.

Summary of Responses

This section provides a summary of the responses received as part of the consultation process for each of the six consultation questions. This covers a summary of all responses received through the online survey on Citizen Space and those consultation responses received directly by email; as well as the feedback received as part of the engagement events with business sector representatives and community and voluntary sector representatives.

Question 1

Do you think the Executive should be provided with more fiscal powers like the Scottish and Welsh administrations have? What are your reasons for saying that?

Overview

Responses to this question were mixed, with strong opinions both for and against further fiscal devolution being put forward, as well as a significant number who were unsure if being provided with further fiscal powers would be of benefit to an Executive. There was a notable difference between responses from anonymous individuals and response from larger representative groups (business organisations, political parties, academics or community/voluntary organisations). Around 80% of anonymous individuals were against further fiscal devolution, whereas amongst representative groups, support was much stronger with over 85% being broadly open to further fiscal devolution of some degree. From the stakeholder events, there was broad agreement that, with a stable Executive delivering effectively, the devolution of fiscal powers could provide opportunities for NI.

Arguments For Additional Fiscal Devolution

A number of responses argued in favour of granting an Executive additional fiscal powers, citing the need for Northern Ireland to tailor taxes more specifically to the needs of the region. These responses noted how further fiscal devolution could equip an Executive to use taxation as a policy tool in relation to specific environmental, economic or health objectives. Many respondents noted the unique economic landscape of Northern Ireland when compared with the rest of the UK, and some viewed further fiscal devolution as a means by which the Executive could better tailor tax policy in order to boost the economy and stimulate job growth. Enhancing the Executive's fiscal powers was also discussed regarding the ability to influence behaviour, for example promoting sustainability through environmental taxes or encouraging investment in businesses through reducing corporation tax.

Many believed that further fiscal devolution would give the Executive more ability to support the business sector, with issues like corporation tax, Air Passenger Duty (APD) and increasing revenue for government support, being highlighted. A common theme running through several responses in support was that further fiscal devolution could enhance the attractiveness of Northern Ireland as a place to do business and encourage investment, both internal and external.

A number of responses viewed increased fiscal powers as an opportunity to enhance local accountability and develop maturity within the political system of Northern Ireland. The rationale was that increased powers would warrant more discipline in considering how public funds are raised, as well as how they are spent. This in turn could lead to better long-term decision-making as the Executive would be more responsible for the economic outcomes resulting from fiscal changes.

Many responses pointed to the success of fiscal devolution in Scotland and Wales, both of whom are considerably further down the path than Northern Ireland with regard to the tax-raising powers they have. Some believed that there should be nothing prohibiting Northern Ireland from taking more fiscal control, and that this would strengthen the relationship between the Executive and the electorate whilst building the capacity to address key issues such as alleviating poverty or protecting the environment.

A number of responses were clear that their support for fiscal devolution was contingent on it being grounded in a well-thought-out strategy, and with a gradual approach to minimise risk whilst increasing capacity.

Arguments Against Additional Fiscal Devolution
The most common reason for arguing against additional fiscal devolution was due to the strong dissatisfaction with the Executive's record of instability and difficulty in delivering for the electorate. There were high levels of distrust regarding the ability of the Executive to be able to effectively manage any new fiscal powers in these responses; where they cited concerns around the competency and capacity of local political institutions to administer an enhanced suite of fiscal powers. Concerns were also raised regarding how Northern Ireland departments have sometimes operated in 'silos', with one participant arguing that more collective responsibility across the Executive is needed if they are to take control of new taxes. There was some discussion at the engagement events as to how Northern Ireland's mandatory coalition system of Government results in policy rarely being made on the basis of a single manifesto, and therefore additional fiscal powers may increase tensions in this area. The extended length of time taken in the past to agree a Programme for Government was also mentioned. Many were of the view that further fiscal devolution requires extensive planning and continuity which few were convinced was likely in the short-term as Northern Ireland remains without an Executive.

There were issues highlighted around how the devolution of additional fiscal powers could affect the local economy, with one respondent expressing concern that an enhanced suite of tax powers could make Northern Ireland a more expensive, less attractive place to work, visit or invest if tax increases were not managed effectively. A number of responses pointed to the delays in the full implementation of corporation tax powers as evidence that the Fiscal Commission's timelines on when further fiscal devolution could be achieved are not, in their view, realistic.

Concerns were also raised around how the devolution of additional tax powers could affect the block grant and public spending in Northern Ireland. There was general consensus that the mechanism for adjusting the block grant in the event of any further fiscal devolution would need to be agreed well in advance. One response wanted assurance that there would be no sudden 'shock' to the Executive's budget, the local economy or the provision of public services in Northern Ireland. One participant at an engagement event was of the view that additional fiscal powers could represent a 'distraction' to local policymakers, who in their view should be focused on moving towards a more sustainable public spending model for Northern Ireland. Another participant said that the Executive's priority should be securing a 'Barnett floor' similar to that in Wales, rather than having a focus on using additional fiscal powers to raise revenues.

Whilst seen by some as an important opportunity to reshape our local economy in a manner more tailored to the unique context in Northern Ireland, further fiscal devolution was also seen by others as a risk potentially too great to take on at present.

Question 2

Which taxes that the Commission recommends for devolution do you think that the Executive should seek to prioritise? Why do you say that?

Overview

Devolution of corporation tax was the most frequently mentioned fiscal power suitable for devolution by respondents, with the belief that devolving this tax would help to boost the competitiveness of Northern Ireland's economy, especially when compared to the Republic of Ireland. Some respondents also mentioned VAT as a potential means of growing the economy and supporting specific goals such as supporting the business sector, encouraging healthy lifestyles and promoting greater environmental protection, despite the Fiscal Commission not recommending VAT for devolution at this time. A small number of responses proposed devolving the full suite of Air Passenger Duty (APD) powers to help boost competitiveness in comparison to the Republic of Ireland, particularly due to the lack of any similar tax there. Other taxes highlighted as being suitable included the Apprenticeship Levy, Excise duties, and Stamp Duty Land Tax. Detail on the taxes discussed by respondents is outlined below. It is also worth highlighting that before discussing specific taxes, a number of respondents (80% of responses from anonymous individuals but under 20% of responses from representative groups) maintained that no additional taxes should be devolved; and where they did, responses focused almost solely on new powers being used to reduce tax rates in Northern Ireland.

Corporation Tax

The tax most commonly cited as being potentially suitable for further fiscal devolution was corporation tax. The UK Parliament passed the 'Corporation Tax (Northern Ireland) Act 2015' in March 2015, allowing for the devolution of corporation tax rate setting powers to the Northern Ireland Assembly; and where these powers could potentially be commenced. There was some division amongst responses around what the Executive should do if the devolution of corporation tax is completed fully. Respondents in favour of completing the devolution of corporation tax noted that it would allow Northern Ireland's business environment to be more competitive with the Republic of Ireland, particularly in light of the UK Government's decision at Budget 2021 to increase its corporation tax rate to 25% from April 2023. One response discussed the particular challenges for the North-West in this regard, where cross-border activity is extensive.

Further, some responses detailed how they believed that a reduction in corporation tax would facilitate an increase in employment and skilled labour in Northern Ireland, and that a higher rate of corporation tax is threatening business survival in an already difficult economic environment. Nevertheless, most responses thought that a demonstration from the Executive on how it would maintain sustainable finances would be a fair requirement prior to full devolution.

There were also a smaller number of responses that were not supportive of completing the devolution of corporation tax powers. There were concerns around how a reduction in corporation tax might affect the block grant, and that this is something which would have to be carefully considered in advance of any changes to the rate. With this in mind, one participant at an engagement event commented that with the UK corporation tax rate rising to 25% in April 2023, the cost of devolving this tax would increase significantly. Another participant also expressed concerns around the devolution of corporation tax because they saw it as a cut for businesses whilst other sectors may lose out.

A number of responses suggested that reducing corporation tax alone would not necessarily be a ‘silver bullet’ or a ‘game-changer’. One response in particular pointed to one example of previous research which indicated that potential benefits may not be realised if the wider policy environment is not also conducive to delivering the required skills, infrastructure and marketing. The same response also cited that the international context has changed significantly in recent years, and that previous arguments in favour of reducing the corporation tax rate, when this was the prevailing global trend, no longer hold the same weight with the introduction of the OECD minimum global rate of 15% from 2023 for large companies.

Income Tax

Respondents were split on whether or not they supported the devolution of income tax at present. One response contended that behavioural effects should always be given careful consideration based on the experiences in Scotland and Wales, especially when devolving such a key tax power. Another referred back to the Fiscal Commission’s recommendation on improving tax data, noting the importance of having robust data for the devolution of income tax. One participant stated that income tax was not a good candidate for devolution at this time due to the difficulties in administering such a broad fiscal lever. They said it represented a ‘high risk’, particularly given Northern Ireland’s different income structure when compared with the rest of the UK. The Fiscal Commission recommended that income tax should be partially devolved here, with the Executive devolving revenues, rates and band-setting powers in full as is the case in Scotland, being preferable. There was no disagreement with the consultation’s recommendation that powers over the income tax base and administration of the tax should remain under HMT’s control at this time.

There were also a number of responses which supported the devolution of income tax, with conditions, or would support further exploration of its devolution. It was pointed out that income tax is one of the largest revenue raisers amongst all taxes, and therefore its devolution would offer the greatest potential to make an impact upon economic and societal growth. One pointed to Wales (where income tax is partially devolved) and Scotland (where income tax is more substantially devolved) as evidence that Northern Ireland was also a suitable candidate for at least partial devolution. Scotland was used as an example where they had used newly devolved income tax powers to mitigate income inequality by modifying their rate bands.

Nevertheless, one response again suggested that the tax should only be devolved if the Executive proves it can be maintained for a long period of time, for example 10-15 years. Another response also suggested that the change would be so significant it could warrant a referendum amongst the Northern Ireland electorate. This was originally the case elsewhere, with the Wales Act (2014) requiring a ‘yes vote’ in a referendum for income tax powers to be devolved. However, this requirement was removed in subsequent legislation with the agreement of the Welsh Assembly, and devolved income tax powers have applied since 2019.

VAT

Although not recommended for devolution at this time by the Fiscal Commission[4], a number of respondents also mentioned VAT as a potential candidate for further fiscal devolution, believing it offered the potential to stimulate economic growth whilst influencing societal behaviour. Its ability to target certain goals was also mentioned, with the example of supporting struggling businesses throughout the pandemic via VAT reductions. It was again pointed out that Northern Ireland's economic framework is different to that in the rest of the UK, with a greater reliance on tourism and hospitality here. The comparison was made with the Republic of Ireland, in which VAT on tourism and hospitality was 9% at the time of this consultation. Conversely, the UK has a 20% VAT rate for the same sector. Like corporation tax, the discussions here were focused on Northern Ireland's ability to compete with the Republic of Ireland.

VAT was also raised in the context of energy with one response highlighting that if VAT was already devolved, the Executive may have had more leverage to reduce household energy bills through cutting VAT. A number of responses discussed how the devolution of VAT could be used to encourage more responsible environmental behaviour – the plastic bag levy was used as an example of how taxes have been used in the past to kickstart societal changes in this area.

There were also a number of other responses that outlined suggestions for how devolved VAT powers could be used. One response stated that VAT could be an agile tool used to influence Northern Ireland's economic trajectory and support vulnerable industries. Another response laid out how they believed VAT could be used to promote greater health and wellbeing through changing sport and recreation bodies' tax treatment. Examples were; removing VAT on sports ticket sales and the introduction of Sportsperson Relief Tax similar to the Republic of Ireland.

Other Taxes

In terms of other taxes outside of the three biggest revenue drivers, several responses mentioned **Air Passenger Duty (APD)**, with the majority in support of full devolution beyond long-haul APD which has already taken place. APD was viewed as being crucial to supporting the Northern Ireland economy, particularly in the North-West. The City of Derry Airport was seen as a key driver of economic activity in the area, but one respondent raised that it was often overlooked in favour of Dublin Airport (the Irish Government abolished their Air Travel Tax in 2014). It was contended that the full devolution of APD would allow an Executive to set a rate which would incentivise the greatest economic development, business connectivity and tourism opportunities.

There was some limited discussion of **Stamp Duty Land Tax (SDLT)** as a possible candidate for devolution. Respondents who mentioned the tax were generally in agreement with the Commission's report that SDLT should be fully devolved to the Executive. As it relates to property, making it a 'physical' tax, one respondent viewed it as easier to administer. As the revenues from this are lower, it could be seen as an appropriate pilot candidate and allow the Executive to analyse how reduced revenues are mitigated. One response argued that with the full devolution of SDLT, tax bands and rates could be more suited to the values of properties in Northern Ireland, and tax band thresholds could be raised to support first-time buyers.

[4]The Fiscal Commission stated that although there was a case, in principle, for devolution of VAT to Northern Ireland, the uncertainty regarding the significant additional compliance and administration burdens relative to income tax were sufficient that, in their view, further work at this stage should prioritise consideration of options for devolving income tax, rather than VAT.

Landfill Tax was another 'smaller' tax recommended for full devolution by the Fiscal Commission, and of those who favoured further fiscal devolution, all who mentioned Landfill Tax were supportive of powers being transferred to the Northern Ireland Executive. One respondent discussed that the devolution of Landfill Tax would allow the Executive to set policy in accordance with Northern Ireland's own environmental goals. Specifically, one response favoured tax policies tailored to reduce the volume of construction materials ending up at landfill sites.

There was strong support amongst a number of responses for the devolution of the **Apprenticeship Levy** in order to assist with addressing the skills gap in Northern Ireland by financing relevant vocational education schemes. This was seen as a means to improve social mobility and would grow the number of skilled workers in Northern Ireland benefitting the local economy. The Executive currently receives a Barnett consequential as a result of UK Government spending on apprenticeships in England and some concern was expressed that apprenticeship levy funds are not being used in Northern Ireland for their intended purpose.

Question 3

What are your views regarding the timing for devolution of the taxes as recommended by the Commission?

Overview

Most respondents believed that it was unrealistic to suggest that further fiscal devolution would be completed in the short to medium-term. One central point coming through in responses that were in favour of further fiscal devolution, particularly emailed responses, was that the Executive would need to demonstrate an extended period of stability. Responses generally saw the timescale for further fiscal devolution (if it were to happen) being around six or more years, and respondents were consistent in highlighting the sense of difficulty that further fiscal devolution would involve here when compared to the paths taken in Scotland and Wales. Most responses favoured a gradual move towards fiscal devolution so that it is able to be monitored and administered more effectively.

Stability is Key

Almost all responses to this question referenced that any timeline for the devolution of additional fiscal powers will be heavily influenced by the political context in Northern Ireland. Namely, that the Executive should be operating on a stable footing for an extended period of time before further powers are devolved. A number of responses said that a stable Executive would allow for fiscal powers to be managed much more effectively and reduce short-term planning in favour of effective long-term strategies. Responses generally agreed that the benefits from further fiscal powers would only be fully realised if there is political certainty and stability. Several responses also wished to see greater economic stability before giving the Executive additional fiscal powers, expressing concern of the volatility a recession or other economic crisis could have on the Executive's budget if there is more of a reliance on raising its own revenue rather than reliance on the block grant. In conclusion, almost no respondents were in favour of starting the process until the Executive is restored and can demonstrate its stability.

A Gradual Approach

As alluded to above, a key theme emerging from responses to this question was that if further fiscal powers were to be devolved, this should be done gradually. This was reflected across both stakeholder engagement events, where participants were in agreement that the order and timing of devolution are key, with regular assessments of how new fiscal powers were interacting with one another also suggested. A gradual approach was seen by some respondents as more likely to foster public support and understanding whilst also allowing the Executive sufficient time to plan ahead and consider any consequences (intended or unintended) of the devolution of additional fiscal powers. The effect of further fiscal devolution on the block grant was also mentioned on several occasions, with responses urging a well-thought-out procedure for mitigating any potential losses on this front. One response agreed with the Fiscal Commission's recommendation of also providing the Executive with more substantial borrowing powers alongside fiscal devolution and that this could be a way to help reduce the effects of budgetary fluctuations.

Question 4

What are your views as to how the Executive could best make use of any additional fiscal powers? Should the Executive be seeking such powers to raise or lower certain taxes? Where might the Executive use taxes as policy levers to change behaviours? And do you think increased local taxation should be used to better fund public services in line with local needs and circumstances?

Overview

Responses focused almost solely on new powers being used to reduce tax rates in Northern Ireland, should further fiscal powers be devolved. A large majority of responses in favour of greater tax powers expressed that they should be used to reduce various taxes in order to better support groups such as businesses, households and workers, or to reflect what they viewed as key policy priorities, for example, tackling inequality or protecting the environment. A small number of responses did advocate tax rises in in certain areas.

Developing a Framework

A number of responses set out that a framework, against which fiscal decisions should be adopted by the Executive, is needed. This is something which the devolved administrations in Wales and Scotland completed in the past before additional fiscal powers were devolved.

Open and transparent decision-making was seen by a number of respondents as an essential characteristic of further fiscal devolution in Northern Ireland; and that the Executive should have a clear plan for tax and spending plans which accurately reflects the local context and priorities.

A number of responses also cited that a realistic Programme for Government should be agreed as soon as possible by a newly formed Executive in order to set priorities for the years ahead which would, in turn, inform future fiscal decisions. Another response argued that devolution should only occur after a fundamental review of expenditure and local government structures has taken place.

What should the Executive's priorities be?

A number of responses outlined that taxes should be used to make Northern Ireland's business environment more conducive to growth and more competitive with the Republic of Ireland. This mainly involved discussions around corporation tax rates, and the disparities between Northern Ireland and the Republic of Ireland. Some responses also cited changes to existing business rates to ease the burden on local businesses.

There was some concern that this was also discouraging investment and jobs growth. Finally, APD and the apprenticeship levy were also seen by some as key taxes via which businesses could be more strongly supported.

One response suggested that taxes could be used to help create a better built environment in Northern Ireland, which enables healthier lifestyles, community connection, economic activity and reduction of carbon emissions. This could potentially include tax policies designed to protect greenfield sites, discourage demolition in favour of renovation, reduce the level of construction materials in landfill sites, and grow uptake of energy saving measures within buildings.

There was discussion at one of the stakeholder engagement events around the possibility for new fiscal powers to change behaviours such as corporation tax, APD and excise duties. One participant said there was a need to look at these taxes holistically and consider which other Executive policies could be deployed to complement and enhance the desired behavioural outcome.

It was also generally agreed that improved statistics, intelligence and data were essential to the successful operation of any new tax powers.

Whilst most respondents did not advocate increasing taxes, a number of responses did make suggestions as to how the Executive could best make use of any additional funds raised from any additional fiscal levers.

A number of responses suggested that any additional funds raised from fiscal powers should be used to improve public services and deal with the public service deficits which currently exist in health and education. One response outlined that the UK has one of the lowest levels of both public spending and government revenue in Western Europe at present and suggested that there would be headroom for the Executive to increase both tax and spending whilst still being broadly in line with European norms.

Another common answer given to this question was that any additional funds raised should be spent on tackling poverty and inequality. One response said that a key priority for the Executive with any new fiscal powers should be to ensure that those who have the most, pay the most tax and the example of Scotland's changes to income tax rates was used in this regard. Tied to inequality, one response suggested that the gender effects of any changes to fiscal policy should be considered at all stages to ensure fairer outcomes.

Question 5

What are your views on how any newly devolved fiscal powers might be administered?

Overview

Responses in favour of further fiscal devolution were generally supportive of the creation of a local revenue authority to administer any newly devolved taxes in Northern Ireland, but in many cases caveated this with the suggestion that administration of taxes should be considered on a case-by-case basis. For example, several responses noted that if income tax was to be devolved, it may be preferable to have it administered by HMRC. The general principle at play amongst respondents was that a local revenue authority would be best suited to administer newly devolved taxes except in cases where this would become inefficient or confusing for taxpayers.

A number of respondents believed that a local revenue authority would increase accountability, provide greater flexibility and build up local institutional capability and capacity. There was a general consensus that if a Northern Ireland revenue authority was to be formed, this would be better done before the devolution of any additional fiscal powers.

It was also put forward by several responses that if a Northern Ireland-specific revenue authority was to be established, tax data would need to be improved, in order to provide any new authority as much information as possible to manage revenue, ensure there is a sound basis for decision-making, and oversee the effects arising from the devolution of taxes. There was discussion at the stakeholder engagement events around the importance of having independent forecasting associated with any new fiscal powers. The Northern Ireland Fiscal Council and the Office for Budget Responsibility (OBR) were put forward as two potential candidates to take on this tax forecasting role.

Another point made by respondents was around what powers a local revenue authority would have. One respondent said, a form of ‘charter’ would need to be drawn up to describe in detail how any Northern Ireland revenue authority would operate in tandem with the Executive.

There was some scepticism around local revenue management from several responses, due to issues such as a lack of IT capabilities and expertise in tax administration; and that through HMRC maintaining responsibility for tax administration, this would result in economies of scale and save on administrative costs.

Question 6

Are there any other issues related to fiscal devolution, perhaps not covered in the Commission's Final Report or where you have a different opinion, which in your view should be considered by the Executive?

Overview

One respondent highlighted further issues regarding any devolution of alcohol duty and indicated that devolution would lead to further fragmentation and would require significant and onerous systems to accommodate the new complexity.

A number of responses highlighted issues which were not directly discussed by the Fiscal Commission in their Final Report.

One respondent highlighted that the Crown Estate in Northern Ireland (and its profits) should be devolved to the Northern Ireland Executive as has been done in Scotland. Another response suggested that special economic zones could be set up to benefit from new fiscal rules in order to boost the economy.

One response argued that the Executive should consider discussing with the UK Government the impact of tax changes to Section 24 of the Finance Act, including the withdrawal of tax relief on mortgage interest payments which was replaced with a 20% tax credit and the 10% wear and tear allowance. They believed that landlords have seen their personal costs increase at the same time as support available to them has been reduced. Several responses further discussed how the Executive budget should be financed. For example, one argued that an in-depth review of the Barnett Formula should be commenced to consider whether it remains an appropriate funding mechanism for the 21st century.

Note that a number of responses to this question were better related to the previous questions in the consultation and as such those responses are summarised in their respective sections.

Annex A – Attendees at Consultation Engagement Events

24th October 2022 Event
CBI Northern Ireland
Grant Thornton
Hospitality Ulster
Institute of Directors
PwC
Retail NI
Ulster Bank
Ulster University

25th October 2022 Event
CO3 (Chief Officers 3rd Sector)
Community Foundation NI
Disability Action
Falls Community Council
NICVA
Pivotal Thinktank

Annex B – List of respondents

Alliance Party of Northern Ireland
ASDA
Chartered Accountants Ireland
Chartered Institute of Taxation (CIOT)
CIPFA
Construction Employers Federation
ICAS
Institute of Revenues Rating and Valuation (IRRV)
Londonderry Chamber of Commerce
Mid Ulster District Council
Nevin Economic Research Institute (NERI)
NI Chamber of Commerce
NICVA
NI Drinks Industry Group
NILGA & SOLACE (Joint Response)
NIPSA
Northern Ireland Retail Consortium
Pivotal Thinktank
Propertymark
PwC
Royal Society of Ulster Architects
Sinn Féin
The Community Foundation of Northern Ireland
Ulster Rugby & NI Sports Forum (Joint Response)
Ulster University

In addition to the above organisations, 34 anonymous respondents also submitted responses to the consultation.