

*These notes refer to the Scotland Act 1998 (c.46)
which received Royal Assent on 19th November 1998*

SCOTLAND ACT 1998

EXPLANATORY NOTES

SCHEDULES

Schedule 5

Part II: Preliminary paragraphs

Head A: Financial and Economic Matters

Section A1: Fiscal, Economic and Monetary Policy

Purpose and Effect

This Section reserves fiscal, economic and monetary policy, with the exception of local taxes.

Details of Provisions

Reservation

The reserved matters include the issue and circulation of money, taxes and excise duties (and the bodies which administer them), government borrowing and lending (including the issue of Government Securities), the exchange rate, the Bank of England and control over United Kingdom public expenditure. This last reservation does not affect the Scottish Parliament's ability to allocate resources, whether part of its assigned budget or raised through its tax-varying powers.

Exception

Local taxes to fund local authority expenditure are excepted from the reservation. Current examples of such taxes are the council tax and non-domestic rates.

Parliamentary Consideration

<i>Stage</i>	<i>Date</i>	<i>Column</i>
CC	30-Mar-98	939
CC	30-Mar-98	951
CR	19-May-98	812
LC	23-Jul-98	1040
LR	3-Nov-98	185

Executive Devolution

The following functions have been included in the Scotland Act 1998 (Transfer of Functions to the Scottish Ministers etc.) Order 1999 ([S.I. 1999/1750](#)).

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<p>The Taxes Management Act 1970 (c.9): (a) sections 2(3), 2(6) and 3(4); and</p>	<p>Section 2(3) - The function of the Secretary of State to appoint the General Commissioners for the divisions in Scotland and for determining their period of office. Section 2(6) - The function of the Secretary of State to create new divisions, abolish existing divisions or alter any divisions or their boundaries Section 3(4) - The function of the Secretary of State to dismiss clerks or assistant clerks of the General Commissioners</p>
<p>(b) sections 4(1) and (4), 4A(1), 46A(1) and 56B(1).</p>	<p>Section 4(1) and (4) - The function of the Secretary of State of being consulted by the Lord Chancellor on appointment of Commissioners for the special purposes of the Income Tax Acts and on removal of such persons. Section 4A(1) - The function of the Secretary of State of being consulted by the Lord Chancellor on appointment of a person to be a deputy Special Commissioner. Section 46A - The function of the Secretary of State of consenting to regulations made by the Lord Chancellor concerning jurisdiction in tax appeals. Section 56B - The function of the Secretary of State of consenting to regulations made by the Lord Chancellor concerning practice and procedure in tax appeals.</p>
<p>The Income and Corporation Taxes Act 1988 (c.1), sections 79(4) and 79(8).</p>	<p>Section 79(4) - The function of the Secretary of State to approve a body as an “approved local enterprise agency” for the purposes of section 79.</p>
<p>The Income and Corporation Taxes Act 1988 (c.1), sections 79(4) and 79(8) (cont.).</p>	<p>Section 79(8) - The function of the Secretary of State to make his approval of a body conditional upon compliance with certain requirements. The function of the Secretary of State, if it appears to him that certain circumstances apply, by notice to withdraw his approval from the body concerned with effect from such date as he may specify in the notice.</p>
<p>The Finance (No.2) Act 1992 (c.48), section 75(1).</p>	<p>The function of the Secretary of State of consenting to regulations by the Lord Chancellor providing for Commissioners to hold office by a different name.</p>
<p>The Value Added Tax Act 1994 (c.23):</p>	
<p>(a) Schedule 12, paragraphs 2, 3(2), (4) and (5) and 9; and</p>	<p>Schedule 12, paragraph 2 - The function of the Secretary of State of being consulted by the Lord Chancellor on</p>

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	<p>appointment of the President of VAT tribunals and also the terms and conditions of the appointment.</p> <p>Schedule 12, paragraph 3 - The function of the Secretary of State of being consulted by the Lord Chancellor on the retention of the President beyond normal retirement age, removal of the President from office and discharge of the President's functions by a nominated person.</p> <p>Schedule 12, paragraph 9 - The function of the Secretary of State of being consulted by the Lord Chancellor on procedural rules for VAT tribunals.</p>
(b) Schedule 12, paragraph 7(8).	Schedule 12, paragraph 7(8) - The function of the Lord Chancellor to pay salary and fees to a chairman or other member of a VAT tribunal.
The Social Security Contributions (Transfer of Functions etc.) Act 1999 (c.2) , section 13(1).	The function of the Secretary of State of concurring in regulations by the Board concerning appeals to the tax appeal Commissioners.