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Mairi Gougeon MSP
Cabinet Secretary for Rural Affairs, Land Reform and Islands
Scottish Government

By email to: cabsecralri@gov.scot

August 23rd, 2023

Dear Cabinet Secretary,

CARBON EMISSIONS LAND TAX

Meeting Scotland's climate and nature goals will require significant changes in land use. It is important that all available policy mechanisms are considered to deliver this land use change in ways that are consistent with the principles of a Just Transition.

One potential tool is land taxation. Landownership is undertaxed in comparison to income and residential property. This encourages over-investment in land by the wealthy and forces up land prices. It thus reinforces Scotland's deeply unequal pattern of landownership, with considerable distributive implications.

Appropriate taxes on land could do much to rectify these distortions. Of equal value would be the role that they could play in promoting the public interest in the use of land by signalling clearly which land management practices are desirable from the public interest perspective and which are not. This is surely exactly what the land reform agenda should be trying to achieve. For that reason Scottish Environment LINK's Land Use and Land Reform Group believes that options for taxing land should be considered as part of the land reform process.

Though by no means confined to them, the environmental components of the public interest have at heart the twin and interlinked goals of nature recovery and combatting climate change. The John Muir Trust has proposed a Carbon Emissions Land Tax that would apply to large landholdings where their natural carbon sinks are in degraded condition. Such an approach would be consistent with the polluter



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pays principle and merits serious consideration, ideally alongside other measures with the potential to advance environmental objectives in the use of land.

Scottish Environment LINK's Land Use and Land Reform Group appreciates that the current devolution settlement limits severely the range of tax tools available to the Scottish Government to pursue this agenda. Despite this, we see the contribution that changes to the tax regime could make as so significant that we would urge Ministers to establish an expert group to consider the potential of land taxation to deliver our shared environmental and social goals. As part of this process, a Carbon Emissions Land Tax should be considered as an option.

Yours,

John Thomson

Convener, Scottish Environment LINK's Land Use and Land Reform Group