

# Comment on...

## Scottish Income Tax

### Q1. What is the Scottish rate of income tax?

On 20 February 2018 The Scottish Parliament set the following income tax rates and bands for 2018/19.

Band Name	Bands	Rates
Starter rate	£11,850-£13,850	19%
Basic rate	£13,850-£24,000	20%
Intermediate rate	£24,000-£43,430	21%
Higher rate	£43,430-£150,000	41%
Top rate	Over £150,000	46%

Future changes to tax bands and rates will be put forward in the Scottish Budget each year.

### Q2. What income does this apply to?

It applies to a taxpayer's total income with the exception of dividends and savings income, such as bank interest. Therefore, earnings from employment and self-employment, pensions and rental income will all be subject to the SRIT.

### **Q3. Who will the Scottish rate of income tax apply to?**

This will apply to individuals who:

- I. Are resident in the UK for income tax purposes, and:
- II. “Belong” to Scotland.

Any individual belongs to Scotland if he/ she lives in Scotland. If someone has a residence in Scotland and one elsewhere in the UK that individual will be regarded as belonging to Scotland if he/ she has closer ties to the Scottish home. This will be a question of fact and in certain cases the facts will have to be looked at very closely in determining whether a taxpayer is resident in Scotland or somewhere else in the UK. Where somebody works will be one factor to take into account, but it is not necessarily the overriding one; for example, it would be possible to work in London during the week but have the main home in Scotland and therefore belong to Scotland for the purposes of income tax. If someone lives in Scotland for part of the year and elsewhere for the remaining part of the year, then they will be regarded as belonging to Scotland for that tax year if they have stayed in Scotland for the longest period of time in that year.

### **Q4. How will I know if HMRC considers me a Scottish taxpayer?**

For those in employment or receiving a pension, HMRC will be issuing tax codes with a prefix “S” to identify a Scottish taxpayer, others will receive a letter. Any taxpayer disagreeing with HMRC’s decision should contact them immediately.

For further information, please contact:

Gavin Morton at [gavin.morton@chiene.co.uk](mailto:gavin.morton@chiene.co.uk)  
Hazel Gough at [hazel.gough@chiene.co.uk](mailto:hazel.gough@chiene.co.uk)  
Helen Mackenzie at [helen.mackenzie@chiene.co.uk](mailto:helen.mackenzie@chiene.co.uk)  
Moirá McMillan at [moira.mcmillan@chiene.co.uk](mailto:moira.mcmillan@chiene.co.uk)

➤ Information correct at May 2018