

Scottish Rate of Income Tax COMPARISON

From April 2018 everyone in Scotland will pay different tax rates from the rest of the UK. This document outlines what rates of tax people in Scotland will pay. The Scottish Rate of Income Tax applies to employment income, self-employment income, pension income and rental income. UK rates of income tax will continue to apply to savings income and dividend income. Scottish business owners may be in a position to choose whether to take a salary, and pay the Scottish Rate of Income Tax, or take a dividend, and pay income tax at UK rates.

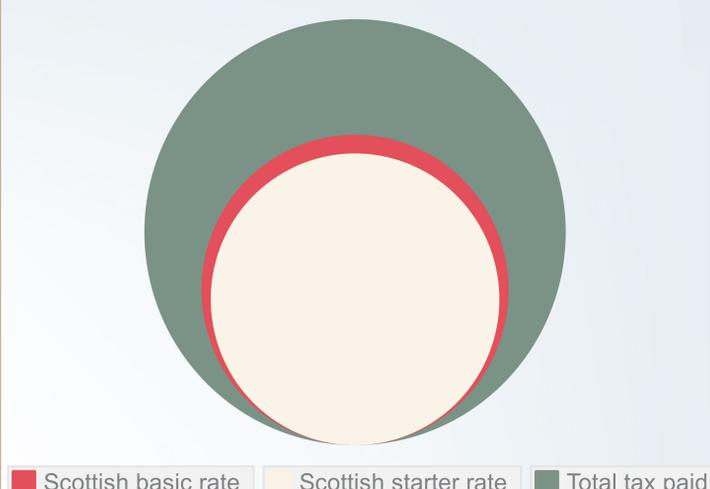
Lower Earners

If you earned a salary of £16,000 in 2018/19 and had no other income, the personal allowance of £11,850 would be deducted and £4,150 is taxable.

As a Scottish resident, your income tax liability would be calculated as follows:

- Scottish starter rate - £2,000 at 19% = £380
- Scottish basic rate - £2,150 at 20% = £430
- Total tax = £810

We calculate that a resident of Scotland pays £20 less tax compared to the rest of the UK.



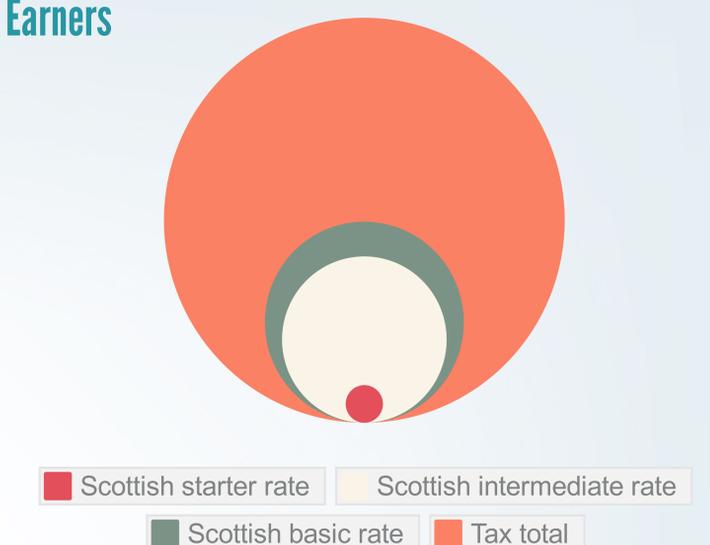
Medium Earners

A salary of £32,000 would, after deducting the personal allowance leave taxable income of £20,150.

As a Scottish resident, your income tax liability would be calculated as follows:

- Scottish starter rate - £2,000 at 19% = £380
- Scottish basic rate - £10,150 at 20% = £2,030
- Scottish intermediate rate - £8,000 at 21% = £1,680
- Total tax = £4,090

We calculate that a resident of Scotland pays an additional £60 in tax compared to the rest of the UK.



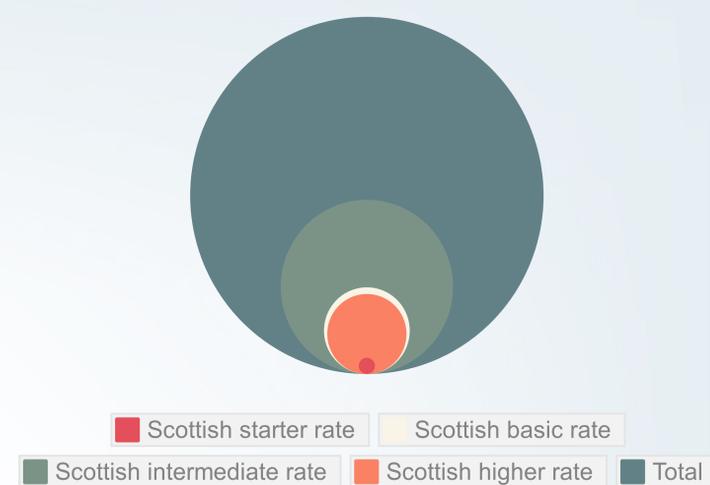
High Earners

A salary of £48,000, would after deducting the personal allowance, leave taxable income of £36,150.

As a Scottish resident, your income tax liability would be calculated as follows:

- Scottish starter rate - £2,000 at 19% = £380
- Scottish basic rate - £10,150 at 20% = £2,030
- Scottish intermediate rate - £19,430 at 21% = £4,080
- Scottish higher rate - £4,570 at 41% = £1,874
- Total tax = £8,364

We calculate that a resident of Scotland pays an additional £804 in tax compared to the rest of the UK.



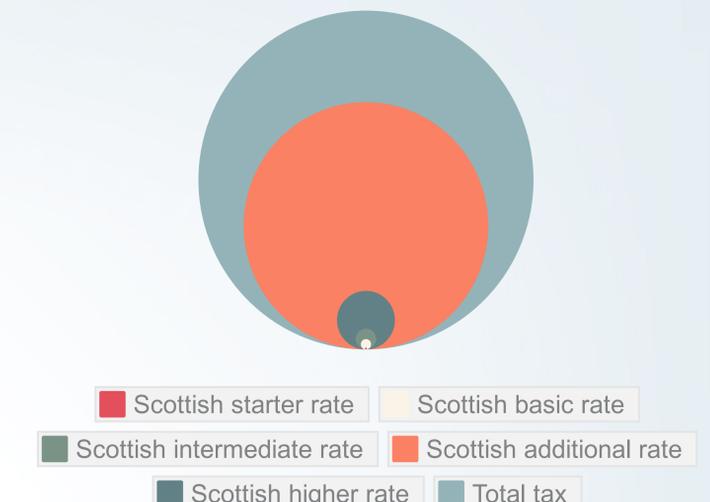
Higher Earners

A salary of £175,000 means the individual loses their entitlement to the personal allowance and so the taxable earnings are £175,000.

As a Scottish resident, your income tax liability would be calculated as follows:

- Scottish starter rate - £2,000 at 19% = £380
- Scottish basic rate - £10,150 at 20% = £2,030
- Scottish intermediate rate - £19,430 at 21% = £4,080
- Scottish higher rate - £118,420 at 41% = £48,552
- Scottish additional rate - £25,000 at 46% = £11,500
- Total tax = £66,543

We calculate that a resident of Scotland pays an additional £2,193 in tax compared to the rest of the UK.



Need help?

If you need help with your tax liability, please feel free to contact our team today on 0131 558 5800 or email mail@chiene.co.uk



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