Scottish rate of income tax

Employment Tax | Personal tax

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An update on the HMRC and Scottish Government preparations

HMRC and the Scottish government continue with their preparations for the Scottish rate of income tax (SRIT), which will take effect from 6 April 2016.

HMRC

HMRC published their first set of guidance in June – this is draft technical guidance on Scottish taxpayer status aimed at HMRC officials and tax advisers. Comments were invited on whether the guidance provides clarity on how HMRC will interpret the legislation. The ATT, CIOT and LITRG are submitting comments and attending stakeholder meetings arranged by HMRC.
HMRC have indicated that they are preparing a range of simpler, general guidance products for the public. In addition, they are working with the Ministry of Defence on the creation of specific guidance for service personnel.

The guidance on Scottish taxpayer status is available on GOV.UK.

HMRC have also used recent editions of their *Agent Update* and *Employer Bulleti*n to raise awareness of the SRIT.

In late autumn 2015, Scottish taxpayers can expect to receive letters from HMRC, indicating that HMRC believes the SRIT will apply to them. HMRC will start to send out 'S' codes to PAYE Scottish taxpayers in early 2016 as part of the normal tax code cycle.

Scottish parliament

The Finance Committee of the Scottish parliament has issued a call for evidence on the Holyrood government's proposals in relation to the SRIT.

This is in view of the fact that the Scottish government will propose its initial SRIT when it publishes its draft budget for 2016/17 in the autumn. The Finance Committee is seeking views on what the rate should be, how additional funding should be allocated and how a reduction should be funded. These are questions of policy on which CIOT and LITRG would not normally offer comment. The final question concerns whether the introduction of SRIT has been sufficiently publicised to employers and taxpayers. The CIOT and LITRG responses will focus on this issue.

The call for evidence is available on the website of the Scottish parliament.