Scotland update

Employment Tax | Indirect Tax | Personal tax

01 May 2016

A round-up of recent events in Scotland

Consultation on a Scottish replacement for air passenger duty

The Scottish government launched a public consultation on arrangements for a new tax to replace Air Passenger Duty (APD) in Scotland from 1 April 2018. This follows the agreement on a revised fiscal framework for Scotland, and the Scottish parliament giving its legislative consent to the passing of the Scotland Bill by the UK parliament, The Bill, which became the Scotland Act 2016 on 23 March, gives the Scottish parliament the power to charge a tax on air passengers from airports in Scotland. The Scottish government intends to introduce a replacement to APD in Scotland from 1 April 2018. It also proposes to halve the level of APD by the end of the next parliament and abolish the tax when finances allow.

There are two consultation papers, both of which close to responses on 3 June 2016:

- 'A consultation on a Scottish replacement to APD' – this seeks views on how a replacement should be structured and operated to help generate sustainable growth through improving Scotland's international air connectivity.
- 'A Scottish replacement to APD: strategic environmental assessment screening and scoping report' – this seeks views on the initial findings and proposed scope and methodology of the strategic environmental assessment (SEA) that the Scottish government is undertaking, in recognition of the important environmental issues that need to be considered.

There is information on how to access the consultation papers and how to contribute to the CIOT response on the Institute's website.

Scottish taxpayers – S code problems

In April's edition of Technical Newsdesk (Scotland update, page 46), we drew attention to a problem encountered by Scottish taxpayers – some of whom have received 2016/17 tax codes that do not include the S prefix.

We also received indications of a problem whereby employers and payroll operators could not see the prefix when downloading the S codes to third-party software.

HMRC identified that this was an IT problem and implemented a fix. Employers should now have access to the correct tax codes for their employees. It did, however, require the reissue of all P9s for schemes that contain any Scottish tax codes and were accessed through the Data Provisioning Service (DPS). Due to the reissue, employers that had previously downloaded the P9 data should do so again to ensure they have the correct tax codes. However, we have received reports that the reiusse may not have been entirely successful, so please let us know if the P9 data is still incorrect.

For further information, refer to the news items (1 and 2) on the CIOT website, published both at the outset of the problem and after the fix was implemented.

If you encounter any other issues concerning the Scottish rate of income tax or Scottish taxpayer status, let us know at technical@ciot.org.uk or atttechnical@att.org.uk.