Scottish Budget reaction

Briefings

03 February 2026

The limited tax changes in January's Scottish Budget retain a system that is more generous to those on lower incomes and increasingly less so for those higher up the income scale, said CIOT.

'Ministers were limited by their commitment to leave income tax rates and bands unchanged before the Scottish elections,' observed Ellen Milner, the Institute's Director of Public Policy. 'Changing the thresholds at which different tax rates kick in was the most we could have expected to see.'

'Increasing the thresholds for the basic and intermediate rates means the point at which taxpayers start paying more income tax than someone on the same salary elsewhere in the UK will increase to £33,493,' she added.

Milner noted that the National Insurance anomaly, whereby taxpayers with earnings between the Scottish and UK higher rate thresholds pay a marginal rate of tax of 50%, compared to 28% elsewhere in the UK, remains unaddressed.

ATT noted that the Scottish Budget said little about the proposal for a new Scottish rate of property income tax, but warned that its eventual introduction could be a further complication for Scottish taxpayers.

Senga Prior, ATT Technical Officer, said: ‘People in Scotland who earn money from renting properties already pay different, and sometimes higher, income tax rates because of the Scottish income tax system. Another set of tax rates will make it harder for people to understand the tax rules that apply to them, particularly if they have different types of income and need to work out whether Scottish or UK tax rates apply.’