

Income Tax and the Scottish Budget

As part of the devolution settlement the Scottish Parliament is able to vary both the individual tax rates which apply to Scottish taxpayers and the earnings thresholds at which each rate applies (although the personal allowance, the taxation of savings and dividend income, tax reliefs and the definition of income remain under the control of the UK Parliament).

For 2018/19 it has decided to set the following rates and bands:

Band	Taxable Income Range	Tax Rate
Starter	£11,850 – £13,850	19%
Basic	£13,850 - £24,000	20%
Intermediate	£24,000 - £43,430	21%
Higher	£43,430 - £150,000	41%
Top	Over £150,000	46%

This difference in taxation compared to the remainder of the UK should not involve significant changes for most occupational pension schemes. Pensioners with Scottish tax codes will automatically be taxed in line with the Scottish tax rates.

Contribution tax relief for employers will be unchanged whilst for members tax relief will continue to be received automatically at the correct rate through 'net pay arrangements'.