

As you may be aware, the 2017-2018 tax year marked the start of people in Scotland paying different taxes to the rest of the UK for the very first time.

From April 2018, the Scottish Rate of Income Tax will change again. Below is a table outlining the Scottish rates and bands for the 2018-2019 tax year:

Scottish Income Tax Bands from April 2018		
Tax Rate	Earnings	Rates (%)
Starter Rate	Over £11,850* - £13,850	19
Basic Rate	Over £13,850 - £24,000	20
Intermediate Rate	Over £24,000 - £43,430	21
Higher Rate	Over £43,430 - £150,000**	41
Top Rate	Above £150,000**	46
*Assumes person is in receipt of the standard UK personal allowance		
**Personal allowance is reduced by £1 for every £2 earned over £100,000		

These tax band changes will mainly benefit lower earners. Due to the introduction of the new “Starter Rate” band, along with the increase in personal allowance throughout the UK (rising from £11,500 to £11,850), the Scottish government states that every Scottish taxpayer earning less than £33,000 in the 2018-2019 tax year will pay less income tax than they did in the 2017-2018 tax year. Those earning above £33,000 will see a deficit in their pay of £10 for every additional £1,000 earned.

Higher earners will see a 1% increase to their income tax bill, and those earning more than £100,000 will also have their personal allowance reduced by £1 for every £2 earned over £100,000. This means that someone earning £120,000 will have their Personal Allowance reduced by £10,000, therefore reducing their Personal Allowance to £1,850. This means that they are liable to pay tax on a larger proportion of their income, as well as paying at a higher tax rate.

#### Who pays the Scottish Rate of Income Tax?


If your main home is in Scotland, you will pay the Scottish Rate of Income Tax.

If you move homes, either to or from Scotland, you will pay the Scottish Rate if you live in Scotland for more than half the year.

Whether you pay taxes on earnings or a pension through a Pay As You Earn scheme (PAYE) or complete a Self-Assessment Tax Return, you can identify if you are paying the Scottish rate of Income Tax as your tax code will begin with an S.

If you have any queries regarding this, please do not hesitate to contact the Payroll department on 01786 446 651.

Kind regards,



Anne Fotheringham  
Head of Finance