

SCOTTISH RATE OF INCOME TAX (SRIT) TO BE INTRODUCED FROM APRIL 2016

The Scottish Parliament has the power to set an annual rate of Income Tax for Scottish taxpayers which will be effective from April 2016. This is known as the Scottish rate of Income Tax (SRIT).

The SRIT will apply to non-savings income of those determined to be Scottish taxpayers and will introduce Scottish basic, higher and additional rates which will be equal to:

- the corresponding UK main rates for the relevant tax year (currently 20%); less
- 10% points – (i.e. UK tax will be 10%); plus
- the SRIT

The Scottish government is due to announce the SRIT in November 2015. Basic, higher and additional earnings bands are to remain the same for both rest of UK and SRIT for the tax year 2016-17. Beyond that is unknown at this stage.

HMRC will issue PAYE codes with 'S' prefixes (for Scottish Tax Payers) before 6 April 2016.

Determining whether SRIT applies

A Scottish taxpayer is defined as someone who is resident in the UK for tax purposes and who has their sole or main place of residence in Scotland for all or most of the tax year, rather than in another part of the UK. The employer's location is of no relevance, it is the individual's location that determines tax status. HMRC will identify those individuals who will be Scottish taxpayers from 'Real Time Information (RTI)' returned by employers which includes address information.

For the majority of people it will be relatively straightforward to establish taxpayer status - if an individual has one place of residence and this is in Scotland, they will be a Scottish taxpayer.

Individuals who have more than one place of residence in the UK need to determine which of these has been their main place of residence for the longest period in a tax year - if this is in Scotland, they're a Scottish taxpayer. For example, if an individual with a single place of residence moves house into or out of Scotland part way through a tax year, whether they'll be a Scottish taxpayer in that year will depend upon which house is their main place of residence for the longer amount of time.

Individuals who cannot identify a main place of residence will need to count the days they spend in Scotland and elsewhere in the UK - if they spend more days in Scotland, they'll be a Scottish taxpayer.

Further guidance is available at:

<https://www.gov.uk/government/publications/scottish-rate-of-income-tax-technical-guidance-on-scottish-taxpayer-status/scottish-rate-of-income-tax-technical-guidance-on-scottish-taxpayer-status>.

Please ensure that your address details are up to date and correct on your personal record as this is how HMRC will determine who is a Scottish Taxpayer.

To update your address details please contact 01224 273500 or email HRESC@abdn.ac.uk