

KPMG Comment

'Given the restricted 'lock step' nature of the Scottish Rate of Income Tax (SRIT), the inaugural rate of 10 percentage points - which maintains parity between Scottish taxpayers and UK taxpayers generally - was expected'

Businesses



- Scottish Landfill Tax (SLT) rates from 1 April 2016:
 - £84.40 per tonne of waste taxable at the standard rate; and
 - £2.65 per tonne of waste taxable at the lower rate
- Land and Building Transaction Tax (LBTT) rates for non-residential property transaction from 1 April 2016:
 - 0% up to £150,000;
 - 3% on £150,000 - £350,000;
 - 4.5% above £350,000
- LBTT rates on Net Present Value (NPV) of rent payable on non-residential leases from 1 April 2016:
 - 0% on NPV up to £150,000;
 - 1% on NPV above £150,000

Employers



- Employers are not responsible for identifying 'Scottish taxpayers' when operating PAYE
- HM Revenue & Customs (HMRC) will issue PAYE codes with 'S' prefixes in respect of 'Scottish taxpayers' for 2016/17
- The proposed SRIT of 10 percentage points means that for 2016/17 'Scottish taxpayers' will be subject to PAYE on employment income on the same basis as other individual UK taxpayers
- Employers should bear in mind that the Scotland Bill currently before the UK Parliament is expected to devolve more extensive powers over income tax - perhaps from 6 April 2017
- Rates of income tax paid by 'Scottish taxpayers' on employment income might be more likely to diverge from those paid by other UK taxpayers once these additional powers have been devolved
- KPMG's briefing note for employers is available [here](#)

Individuals



- The proposed SRIT results in Scottish taxpayers being subject to the same rates of tax on relevant income as other UK taxpayers
- However, notwithstanding parity between the Scottish rates and UK main rates for 2016/17, individuals should still consider their status as 'Scottish taxpayers' and notify HMRC accordingly (see [HMRC's guidance](#))
- LBTT rates for residential property transactions from 1 April 2016:
 - 0% up to £145,000;
 - 2% on £145,001 - £250,000;
 - 5% on £250,001 - £325,000;
 - 10% on £325,001 - £750,000
 - 12% above £750,000
- 3% higher rates of LBTT from 1 April 2016 will be charged on purchases of additional residential properties above £40,000, such as buy-to-let properties and second homes.

Key rates



- SRIT set at 10 percentage points
- Income tax rates for Scottish taxpayers on relevant income for 2016/17 are therefore:
 - Scottish basic rate 20%
 - Scottish higher rate 40%
 - Scottish additional rate 45%
- No change to LBTT rates on principal residential properties.
- All other UK taxes paid by 'Scottish taxpayers' are 'reserved' taxes which operate on a UK wide basis
- No change to LBTT rates on non-residential property (including leases)
- SLT rates remain the same as UK Landfill Tax rates

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