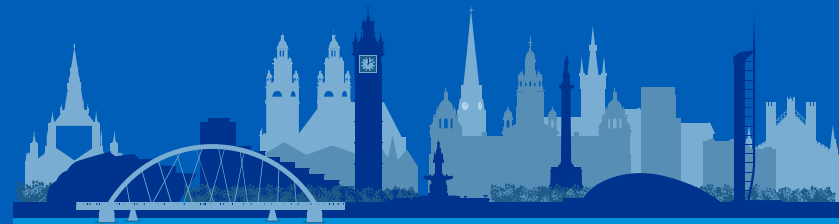


# Scottish Draft Budget 2017/18 tax on a page



## Jon Meeten

**“Derek Mackay’s first Draft Budget as Finance Secretary held few surprises, but saw the first – albeit modest – divergence between the income tax positions of Scottish and other UK taxpayers”**

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## Income Tax

- Proposed income tax rates for Scottish taxpayers on relevant income for 2017/18:
  - Scottish basic rate 20%
  - Scottish higher rate 40%
  - Scottish additional rate 45%
- As announced at the Autumn Statement, UK wide personal allowance to increase to £11,500 from 6 April 2017 and £12,500 by 6 April 2020 (with subsequent index link)
- Scottish higher rate threshold proposed to increase to £43,430
- Scottish additional rate threshold to proposed remain at £150,000
- Individuals should assess their status as ‘Scottish taxpayers’ in relation to each UK tax year and notify HMRC accordingly
- HMRC’s technical guidance is [available online](#)
- Employers should operate PAYE only on the basis of coding notices issued by HMRC, but may need to consider employees’ status for certain purposes

## LBTT

- Land and Building Transaction Tax (LBTT) bands and rates proposed to remain unchanged from 1 April 2017
- On non-residential property:
  - 0% up to £150,000;
  - 3% on £150,000 - £350,000; and
  - 4.5% above 350,000
- On Net Present Value (NPV) of rent on non-residential leases:
  - 0% up to £150,000; and
  - 1% above £150,000
- On residential property:
  - 0% up to £145,000;
  - 2% on £145,001 - £250,000;
  - 5% on £250,001 - £325,000;
  - 10% on £325,001 - £750,000; and
  - 12% above £750,000
- Additional Dwelling Supplement at 3%

## SLfT

- Rates of Scottish Landfill Tax (SLfT) proposed to rise in line with Retail Prices Index (RPI) and maintain parity with those for UK Landfill Tax
- Chargeable disposals to landfill from 1 April 2017 expected to be subject to SLfT at:
  - £86.10 per tonne of waste taxable at the standard rate; and
  - £2.70 per tonne of waste taxable at the lower rate

## APD

- UK Air Passenger Duty (APD) to cease to apply in Scotland from 1 April 2018
- Whilst not addressed during the Draft Budget speech, the Scottish Government has previously announced that it proposes to introduce a devolved tax to replace APD which:
  - Is intended to reduce by 50% by the end of the current Parliament; and
  - Be abolished when resources allow
- A bill for a devolved tax to replace APD will be introduced in the first year of the current Parliament

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