

Scottish Draft Budget 2018/19 on a page



KPMG Comment

- Derek Mackay's second draft budget unveiled major changes to income tax for Scottish taxpayers from April 2018
- There will be 5 income tax rates in Scotland, 2 more than elsewhere in the UK, including a new Starter Rate and Intermediate Rate
- The Scottish Higher Rate threshold has been increased to £44,273 (compared to £46,350 elsewhere in the UK), and 1% has been added to the Scottish Higher Rate and Scottish Additional Rate

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Income tax



From 6 April 2018 the full Standard Personal Allowance (SPA) increases to **£11,850** for **all** individuals who are UK taxpayers

Proposed tax rates on relevant income of Scottish taxpayers from 6 April 2018:

- **19%** Scottish Starter Rate (on **£2,000** of earnings between the SPA and **£13,850**)
- **20%** Scottish Basic Rate (on earnings between **£13,851** and **£24,000**)
- **21%** Scottish Intermediate Rate (on earnings between **£24,001** and **£44,273**)
- **41%** Scottish Higher Rate (on earnings between **£44,274** and **£150,000**; and
- **46%** Scottish Additional Rate (on earnings above **£150,000**)

LBTT



A relief from the Land and Buildings Transaction Tax (LBTT) will be introduced for first time buyers

The relief will raise the nil rate threshold from £145,000 to **£175,000**. Those buying a property for over £175,000 will also benefit from the relief on that portion of the purchase price below £175,000

The relief should provide a saving of up to **£600** for first time buyers

A consultation will be launched before the relief is introduced for 2018-19

The 2017/18 rates of LBTT will be maintained for 2018/19

SLfT



Proposed rates of Scottish Landfill Tax (SLfT) from 1 April 2018

Chargeable disposals to landfill from 1 April 2018 expected to be subject to SLfT at:

- **£88.95 per tonne** of waste taxable at the standard rate; and
- **£2.80 per tonne** of waste taxable at the lower rate

The tax credit for contributions to the Scottish Landfill Communities Fund will remain capped at **5.6%** of an operator's total SLfT liability

Other taxes



Air Departure Tax (ADT) was intended to replace Air Passenger Duty (APD) on flights departing from Scottish airports from 1 April 2018

However, the Scottish and UK Governments have agreed APD will continue to apply in Scotland until it has been confirmed that the current exemption from APD for Highlands and Islands airports can be transferred to ADT

The timing of the proposed devolution of Aggregates Levy to the Scottish Parliament remains unclear

Business rate increases for 2018/19 to be capped at Consumer Price Index (3%) rather than Retail Price Index (3.9%)