

# Scottish Rate of Income Tax (SRIT)

This Bulletin contains information about recent changes that the Scottish Government have announced regarding Scottish Income Tax rates and allowances for the 2018/19 tax year.

## What's changing

On 14 December 2017 the Scottish Government announced new Scottish Income Tax rates and allowances to apply for 2018 to 2019 tax year.

For 6 April 2018 to 5 April 2019 the Scottish Government has announced the following rates for people who live in Scotland:- starter rate, basic rate, intermediate rate, higher rate, top rate

These rates and allowances are different to the rates and allowances for the rest of the UK.

So for the 2018 to 2019 tax year

Income Tax rate	Proposed Scottish rate	Rest of UK rate
Starter rate	<b>19%</b> (if you earn between £11,850 and £13,850)	N/A
Basic rate	<b>20%</b> (if you earn between £13,851 and £24,000)	<b>20%</b> (if you earn between £11,851 and £46,350)
Intermediate rate	<b>21%</b> (if you earn between £24,001 and £43,430)	N/A
Higher rate	<b>41%</b> (if you earn between £43,431 and £150,000)	<b>40%</b> (if you earn between £46,351 and £150,000)
Top rate	<b>46%</b> (if you earn over £150,000)	<b>45%</b> (if you earn over £150,000)

The tax bands shown assume that you're in receipt of the full personal allowance, (which is reduced by £1 for every £2 of income over £100,000).

The Scottish Parliament agreed these rates and thresholds on 20 February 2018, and they are due to apply from 6 April 2018.

## Pension contribution tax relief

The amount of the pension tax relief you get depends on how much you contribute to your pension scheme and on the rate of Income Tax that you pay.

If you're a Scottish taxpayer who gets tax relief on your pension savings, this guidance explains what the changes to the rates and allowances mean for you.

## How you get pension tax relief

If you're a member of a registered pension scheme, you can get tax relief on pension contributions of up to 100% of your annual earnings.

We operate "Relief at Source" and claim basic rate tax relief of 20% and add this to your pension pot.

If you pay tax at a rate higher than 20% you are entitled to claim your additional relief by contacting HMRC if you don't already complete a Self Assessment return, or through your return if you do. You can do this whether you live in Scotland or elsewhere in the UK.

As the tax rates and allowances that the Scottish Government has announced are different if you live in Scotland from those that apply for the rest of the UK, you may be entitled to a different rate of tax relief on your pension contributions (you can read more in the next section regarding this).

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## How you'll get the right amount of pension tax relief for 2018 to 2019

### Basic rate (for both Scottish taxpayers and taxpayers elsewhere in the UK)

HM Revenue & Customs (HMRC) have advised us to claim your tax relief at the basic rate of 20%.

We will do this for all scheme members so it doesn't matter where you live, you'll get 20% tax relief directly into your pension scheme.

### Scottish starter rate

If you live in Scotland and you pay the Scottish starter rate of Income Tax at 19% HMRC have advised us to still give you tax relief at 20% into your pension scheme and HMRC won't ask you to repay the difference. So you don't need to take any action or pay anything back to HMRC relating to pension tax relief.

### Scottish intermediate rate

If you live in Scotland and you pay the Scottish intermediate rate of Income Tax at 21%, we will automatically claim your tax relief at 20%.

As you're entitled to an additional 1% of tax relief on your pension contributions, you'll be able to claim this from HMRC. We won't be able to put this into your scheme but HMRC will adjust your tax code so that you get this tax relief through your pay. You can claim this by contacting HMRC if you don't already complete Self Assessment returns, Self Assessment tax return if you do.

### Higher or top rate (for both Scottish taxpayers and taxpayers elsewhere in the UK)

If you pay higher or top rate of Income Tax, you can continue to claim this additional tax relief from HMRC as you do now in your Self Assessment tax return or by contacting HMRC. You can do this whether you live in Scotland or elsewhere in the UK.

## About this document

This Update is based on our understanding of the recent changes to pension's law and regulation.

Every care has been taken to ensure that it is correct. It is issued by DP Pensions Ltd for use by Pension clients and their advisers.

Please note that DP Pensions Ltd and D A Phillips & Co Ltd are not authorised to give financial advice. We do not know all of your circumstances or details of any other pension schemes of which you are a member. You

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No responsibility to any third party is accepted if this information is used for any other purpose. The legislation and HMRC practice may change in the future.

If you have any queries regarding the information in this Bulletin and how it affects your circumstances then please contact your financial adviser.

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