

SCOTTISH BUDGET

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THOMSON COOPER
ACCOUNTANTS

Scottish Budget- higher earners face increase in income tax rates

19 December 2023 | Government Announcements

The rates of income tax for those tax resident in Scotland earning more than £75,000 will increase for the 2024/25 tax year. From 6 April 2024, there will be an “Advanced” rate of 45% for those earning between £75,000 and £125,140, representing an additional 3%. The top rate of tax increases 1% to 48%.

There are inflationary adjustments to the thresholds for starter, basic, intermediate, and higher rates but all rates in these bands stay the same.

The measures were announced by the Scottish Finance Secretary, Shona Robison, who delivered her first Scottish Budget to Holyrood on 19 December 2023.

	Current rates 2023-24		Proposed rates 2024-25	
	Band	Rate	Band	Rate
Starter	£12,571* - £14,732	19%	£12,571* - £14,876	19%
Basic	£14,733 - £25,688	20%	£14,877 - £26,561	20%
Intermediate	£25,689 - £43,662	21%	£26,562 - £43,662	21%
Higher	£43,663 - £125,140**	42%	£43,663 - £75,000	42%
Advanced	N/A	N/A	£75,001 - £125,140**	45%
Top	Above £125,140	47%	Above £125,140	48%

*Assumes individuals are in receipt of the standard Personal Allowance.

**Those earning more than £100,000 will see their Personal Allowance reduced by £1 for every £2 earned over £100,000.

Example Income of Scottish taxpayers in 2024-25	Impact on take home pay (2024-25)		
	From all policy decisions excluding Higher rate threshold freeze in 2024-25	From freezing the Higher rate threshold in 2024-25	From all policy decisions including Higher rate threshold freeze in 2024-25
£15,000	£0	£0	£0
£19,400 (25 th percentile)	£0	£0	£0
£23,400	£0	£0	£0
£28,200 (Median Income)	£0	£0	£0
£35,000	£0	£0	£0
£42,600 (75 th percentile)	£0	£0	£0
£50,000	£0	-\$610	-\$610
£60,000	£0	-\$610	-\$610
£70,000	£0	-\$610	-\$610
£80,000	-\$150	-\$610	-\$760
£90,000	-\$450	-\$610	-\$1,060
£100,000	-\$750	-\$610	-\$1,360
£130,000	-\$1,930	-\$610	-\$2,540
£140,000	-\$2,030	-\$610	-\$2,640
£700,000	-\$7,630	-\$610	-\$8,240

Source: Scottish Government

Land & Buildings Transaction Tax (LBTT)

There were no changes to LBTT announced. Rates and bands in 2024/25 remain as before and are as follows:

LBTT Rates and Bands for Residential Conveyances*

Band	Relevant Consideration	Rate
Nil rate band	Up to £145,000	0%
First tax band	Above £145,000 to £250,000	2%
Second tax band	Above £250,000 to £325,000	5%
Third Tax Band	Above £325,000 to £750,000	10%
Fourth Tax Band	Above £750,000	12%

*If the first-time buyer relief applies, the effect is to increase the nil rate band to £175,000.

For relevant transactions, in addition to these rates and bands the ADS may apply at a rate of six per cent.

LBTT Rates and Bands for Non-Residential Conveyances

Band	Relevant Consideration	Rate
Nil rate band	Up to £150,000	0%
First tax band	Above £150,000 to £250,000	1%
Second tax band	Above £250,000	5%

LBTT Rates and Bands for Non-Residential Leases*

Band	Net present value of rent payable	Rate
Nil rate band	Up to £150,000	0%
First tax band	Above £150,000 to £2 million	1%
Second tax band	Above £2 million	2%

*LBTT on lease premiums is payable at the same rates and bands as non-residential conveyances.

Non-Domestic Rates

Rates and bands in 2024-25 are as follows:

Basic Property Rate ('poundage') (properties with a rateable value up to and including £51,000)	49.8p
Intermediate Property Rate (properties with a rateable value between £51,001 and £100,000)	54.5p
Higher Property Rate (properties with a rateable value above £100,000)	55.9p

Other taxes

- Landfill tax: both the standard and lower rates will increase, in line with UK-wide increases
- The Government will be exploring the reintroduction of a non-domestic rates Public Health Supplement for large retailers in advance of the next Budget
- Council tax will be frozen for 2024-25

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