



Scotland Act 2016

2016 CHAPTER 11

PART 2

TAX, BORROWING AND FINANCIAL INFORMATION

Income tax

13 Power of Scottish Parliament to set rates of income tax

- (1) Section 80C of the Scotland Act 1998 (power to set a Scottish rate for Scottish taxpayers) is amended as follows.
- (2) In subsection (1) (power to set Scottish rate) for the words from “the Scottish rate” to the end substitute “the Scottish basic rate, and any other rates, for the purposes of section 11A of the Income Tax Act 2007 (which provides for the income of Scottish taxpayers which is charged at those rates)”.
- (3) For subsection (2) substitute—
 - “(2A) Where a Scottish rate resolution sets more than one rate it must also set limits or make other provision to enable it to be ascertained, for the purposes of that section, which rates apply in relation to a Scottish taxpayer.
 - (2B) But a Scottish rate resolution may not provide for different rates to apply in relation to different types of income.
 - (2C) In this Chapter a “Scottish rate” means a rate set by a Scottish rate resolution.”
- (4) Omit subsection (4).
- (5) In subsection (5) (Scottish rate to be a whole number or half a whole number)—
 - (a) for “The” substitute “A”, and
 - (b) at the end insert “, or zero”.
- (6) In the title for “rate” substitute “rates”.

Status: This is the original version (as it was originally enacted).

- (7) Other provisions of Part 4A of the Scotland Act 1998 are amended as follows.
- (8) In section 80A(1)(a) (overview of Part 4A) after “rate” insert “or rates”.
- (9) Section 80G (supplemental powers to modify enactments) is amended as follows.
- (10) In subsection (1) (power to modify section 11A of the Income Tax Act 2007)—
 - (a) in the words before paragraph (a) for “the Scottish basic, higher and additional” substitute “Scottish”, and
 - (b) in paragraph (a) for “the rates provided for under the section” substitute “Scottish rates”.
- (11) In subsection (1A) (power to modify references to certain rates of income tax in relation to Scottish taxpayers) for the words after “enactment” substitute “so as to make any provision that they consider necessary or expedient in consequence of or in connection with—
 - (a) the powers of the Parliament under section 80C;
 - (b) a Scottish rate resolution”.
- (12) In subsection (1B) (power to postpone effect of Scottish rate etc in relation to PAYE regulations) for paragraphs (a) and (b) substitute—
 - “(a) provision made by a Scottish rate resolution for a tax year,
 - (b) the absence of particular provision in a Scottish rate resolution for a tax year, or
 - (c) the absence of a Scottish rate resolution for a tax year.”.
- (13) In section 80HA(3)(b) (report by the Comptroller and Auditor General: meaning of “Scottish rate provisions”) for the words from “the Scottish basic rate” to the end substitute “a Scottish rate”.
- (14) This section comes into force on such day as the Treasury may by regulations appoint.
- (15) The amendments made by this section have effect in relation to the tax year appointed by the Treasury by regulations and subsequent tax years.
- (16) The tax year appointed under subsection (15) must begin on or after the day appointed under subsection (14).
- (17) Regulations under this section must be made by statutory instrument.

14 Amendments of Income Tax Act 2007

- (1) The Income Tax Act 2007 is amended as follows.
- (2) Section 6 (rates at which income tax is charged) is amended as follows.
- (3) In subsection (3) omit paragraph (za).
- (4) After that subsection insert—
 - “(4) See also section 80C of the Scotland Act 1998 which makes provision for the purposes of section 11A (income charged at Scottish rates).”
- (5) Omit section 6A (the Scottish basic, higher and additional rates).
- (6) In section 10(4) for “the Scottish basic, higher and additional” substitute “Scottish”.

- (7) Section 11A (income charged at the Scottish basic, higher and additional rates) is amended as follows.
- (8) For subsections (1) to (3) substitute—
- “(1A) Income tax is charged at Scottish rates on the non-savings income of a Scottish taxpayer.”
- (9) In subsection (6) for the words after “determining” substitute “which part of a Scottish taxpayer’s income consists of savings income”.
- (10) In the title for “the Scottish basic, higher and additional” substitute “Scottish”.
- (11) In section 13 (income charged at dividend rates)—
- (a) in subsection (1)(b) omit “or the Scottish basic rate,”,
 - (b) in subsection (2)(b) omit “or the Scottish higher rate,”,
 - (c) in subsection (2A)(b) omit “or the Scottish additional rate,”,
 - (d) in subsection (4) omit “or the Scottish basic, higher or additional rate”, and
 - (e) after subsection (4) insert—
- “(5) In relation to an individual who is a Scottish taxpayer, references in this section to income that would otherwise be charged at a particular rate are to be read as references to income that would, if the individual were not a Scottish taxpayer, be charged at that rate (and subsection (4) is to be read accordingly).”
- (12) For section 16(1)(za) (purposes for which section 16 has effect in relation to income tax of a Scottish taxpayer) substitute—
- “(za) which part of a Scottish taxpayer’s income consists of savings income.”
- (13) In section 989 (definitions for the purposes of the Income Tax Acts)—
- (a) omit the definitions of “Scottish additional rate” and “Scottish higher rate”,
 - (b) in the definition of “Scottish basic rate”, for the words after “Scottish basic rate” substitute “in relation to a tax year, means the Scottish basic rate set by a Scottish rate resolution for that year”, and
 - (c) at the appropriate place insert—
- ““Scottish rate” in relation to a tax year, means a rate set by a Scottish rate resolution for that year,”, and
- ““Scottish rate resolution” means a resolution of the Scottish Parliament under section 80C of the Scotland Act 1998.”
- (14) In Schedule 4 (index of defined expressions)—
- (a) omit the entries relating to the Scottish additional rate and the Scottish higher rate,
 - (b) in the entry relating to the Scottish basic rate for “6A (as applied by section 989)” substitute “989”,
 - (c) at the appropriate place insert—
- “Scottish rate | section 989”
- (d) at the appropriate place insert—

Status: This is the original version (as it was originally enacted).

“Scottish rate resolution | section 989”

- (15) The amendments made by this section—
- (a) come into force on the day appointed by the Treasury under section 13(14), and
 - (b) have effect in relation to the tax year appointed by the Treasury under section 13(15) and subsequent tax years.

15 Consequential amendments: income tax

- (1) In section 110(2) of the Scotland Act 1998 (Scottish taxpayers: rates of income tax for social security purposes) for the words from “the Scottish basic rate” to “Scottish taxpayers” substitute “a Scottish rate (within the meaning of the Income Tax Acts)”.
- (2) Section 4 of the Taxation of Chargeable Gains Act 1992 (rates of capital gains tax) is amended as follows.
- (3) In subsections (4) and (5) omit “, the Scottish higher rate”.
- (4) At the end insert—
 - “(10) For the purposes of the following references, an individual who is a Scottish taxpayer is to be treated as if the individual were not a Scottish taxpayer—
 - (a) the references in subsections (4) and (5) to income tax being chargeable at the higher rate;
 - (b) the reference in subsection (7) to the basic rate limit.
 - (11) Section 4A(5) is to be read accordingly.”
- (5) In section 4A(5) of that Act (section 4: special cases) omit “, the Scottish higher rate”.
- (6) In consequence of the amendments made by sections 13, 14 and this section omit the following provisions of Schedule 38 to the Finance Act 2014—
 - (a) paragraph 2(b);
 - (b) paragraph 3;
 - (c) paragraph 6(a) to (c) and (e);
 - (d) paragraph 7;
 - (e) paragraph 15(2) and (3);
 - (f) paragraph 16(2) and (8).
- (7) The amendments made by this section—
 - (a) come into force on the day appointed by the Treasury under section 13(14), and
 - (b) have effect in relation to the tax year appointed by the Treasury under section 13(15) and subsequent tax years.
- (8) The Treasury may by regulations make—
 - (a) such consequential provision as they consider appropriate in connection with any provision of section 13 or 14;
 - (b) such transitional or saving provision as they consider appropriate in connection with the coming into force of any provision of section 13 or 14 or subsections (1) to (6).

- (9) Regulations under this section may amend, repeal, revoke or otherwise modify an enactment, whenever passed or made (including this Act).
- (10) The following are subject to any provision made by virtue of subsection (8)(b)—
 - (a) subsection (7);
 - (b) section 13(15);
 - (c) section 14(15).
- (11) Regulations under this section must be made by statutory instrument.
- (12) A statutory instrument containing regulations under this section which includes provision amending or repealing a provision of an Act may not be made unless a draft of the instrument has been laid before and approved by a resolution of the House of Commons.
- (13) Any other statutory instrument containing regulations under this section, if made without a draft having been approved by a resolution of the House of Commons, is subject to annulment in pursuance of a resolution of the House of Commons.
- (14) In this section “enactment” includes an enactment contained in subordinate legislation (within the meaning of the Interpretation Act 1978).