



In Scotland, 86.8% of taxpayers pay the basic rate, 10.6% pay the higher rate and 0.5% pay the additional rate

## To what extent can Holyrood alter income tax?

Every UK employee earning over £10,600 pays income tax at a basic rate of 20%. The Chancellor has committed to increase the personal allowance to £11,500 as of April 2017, and workers earning over £45,000 will pay the higher rate of 40%. An additional rate of 45% applies to those earning more than £150,000.

While income tax is reserved to the UK Government, Holyrood will have the power to set and receive the Scottish Rate of Income Tax (SRIT) as of April 2016, to alter income tax rates and set thresholds.



The Conservatives oppose rises to income tax. They want to avoid Scottish taxpayers paying more than British ones.

They support increasing the personal allowance to £11,500 from 2017/18 and raise the higher rate threshold to £45,000.

Labour want to raise income tax by 1% at every band to invest in education. They also propose a freeze on the 40p rate during the next parliamentary term, and to create a 50p rate of income tax for people earning more than £150,000 per year.

The Lib Dems state they would raise income tax by 1% at every band in order to invest £475m a year in education.

They would also create a new 0% band for low income earners, and will not raise the upper rate of income tax.

The SNP will freeze the first 10% of income tax during the next parliament. The rates across all bands will also be frozen, only increasing by inflation.

The party want to evaluate setting a 50p top rate of tax after 2017/2018.

The **Greens** want a new 0% band for those earning up to £11,000 and an 18% band for earners of £11,000-£18,000. They would raise the basic rate to 22% for those earning £19,000-£43,000; increase the higher rate to 43% and the additional rate to 60%.

**UKIP** would create a new 30p tax rate for those earning £45,300-£55,000.

## Further information

Income tax has become a key issue in the 2016 elections. After Chancellor Osborne announced plans to raise the 40p threshold to those earning £45,000 per year all the Scottish parties, with the exception of the Conservatives, said they would not implement this policy in Scotland.

## Important Updates

**What does North-east business want from the next Scottish government?**

Read it here <http://bit.ly/1Qy7WiG>

*These papers have been drafted by the AGCC policy team using the information publicly available on date. More information will be added as and when it becomes available.*