



KPMG comment

- Preceding the UK Budget, and so with an incomplete picture of Scotland’s budgetary position, the tax announcements in this year’s Draft Budget were relatively low key
- No change to Scotland’s established five income tax rates, and inflationary increases to the basic and intermediate thresholds
- A new 2% rate will be introduced on the net present value of rent payable on non-residential leases



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Income Tax



The income tax standard personal allowance set by the UK Parliament is expected to remain at **£12,500**

Proposed tax rates on relevant income of Scottish taxpayers from 6 April 2020:

- **19%** starter rate (between **£12,501** and **£14,585**)
- **20%** basic rate (between **£14,586** and **£25,158**)
- **21%** intermediate rate (between **£25,159** and **£43,430**)
- **41%** higher rate (between **£43,431** and **£150,000**); and
- **46%** top rate (above **£150,000**)

LBTT



No changes to Land and Buildings Transaction Tax (LBTT) on residential transactions

No changes to LBTT on non-residential conveyances

New 2% rate on LBTT on non-residential leases where net present value of rental income exceeds £2m

This applies to leases entered into **on or after 7 February 2020**, subject to transitional provisions

Additional Dwelling Supplement to **remain at 4%**

Consultations on LBTT reliefs for:

- ‘Seeding’ property transfers to Property Authorised Investment Funds; and
- Exchanges of units in Co-owned Authorised Contractual Schemes

Local Government Taxation



Uniform **Business Rates** system to be retained

The **basic property rate** ‘poundage’ increases to **49.8p**

A **new intermediate property rate of 51.1p** (i.e. the basic property rate ‘poundage’ plus 1.3p) will be introduced for properties with a rateable value between £51,000 and £95,000

Higher property rate of 52.4p

Environmental Taxes



Proposed rates of Scottish Landfill Tax (SLfT) from 1 April 2020:

- **£94.15 per tonne** of waste taxable at the standard rate; and
- **£3.00 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

Update on devolution of **Aggregates Levy** might follow after UK Budget on 11 March 2020

Air Departure Tax to replace Air Passenger Duty only once an exemption for flights taking off from Highlands and Islands airports can be secured