

Income Tax Policy Proposal: Scottish Budget 2022-23

- The Starter and Basic Rate bands will increase by inflation.
- The Higher and Top Rate thresholds will remain frozen in cash terms at £43,662 and £150,000, respectively.
- We propose no changes in rates.
- The UK Government confirmed in the 2021 Autumn Budget that the UK-wide Personal Allowance will remain frozen at £12,570.
- The Scottish Fiscal Commission have forecast that Income Tax will raise £13,671 million in 2022-23 in Scotland.

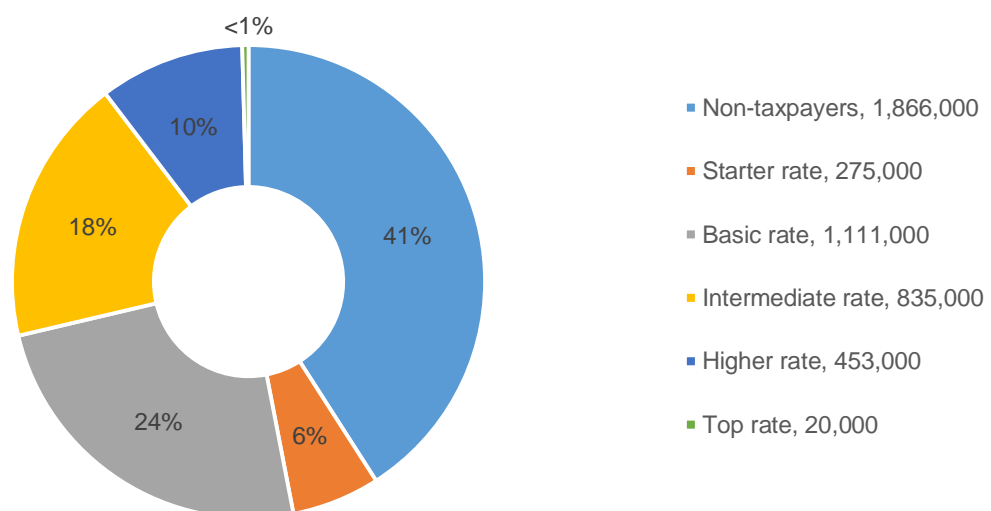
Proposed Income Tax Rates and Bands

	2021-22		2022-23	
	Band	Rate	Band	Rate
Starter	Over £12,570* - £14,667	19%	Over £12,570* - £14,732	19%
Basic	Over £14,667 - £25,296	20%	Over £14,732 - £25,688	20%
Intermediate	Over £25,296 - £43,662	21%	Over £25,688 - £43,662	21%
Higher	Over £43,662 - £150,000**	41%	Over £43,662 - £150,000**	41%
Top	Above £150,000	46%	Above £150,000	46%

*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.

Expected number and proportion of Scottish taxpayers by marginal rate, 2022-23



Impact on individual taxpayers of changes to Scottish Income Tax

- Those earning less than £27,850 – which is 54% of Scottish taxpayers (1.5 million people) - will pay slightly less Income Tax in 2022-23 than if they lived elsewhere in the UK.
- No taxpayer will pay more Scottish Income Tax in 2022-23 than they did in 2021-22 on their current income.

The table below compares the change in take home pay for individuals earning different levels of income. Two different comparisons are provided:

- The second column sets out the impact of the proposed changes to Scottish Income Tax in 2022-23, compared to 2021-22;
- The third column sets out the difference in Scottish Income Tax payments compared to the rest of the UK in 2022-23.

Example income	Impact of Scottish income tax changes in 2022-23 compared to 2021-22	Scottish taxpayers relative to the rest of the UK, 2022-23
£15,000	£0.65	£21.62
£17,000	£0.65	£21.62
£19,000	£0.65	£21.62
£20,000	£0.65	£21.62
£30,000	£4.57	-£21.50
£40,000	£4.57	-£121.50
£45,000	£4.57	-£439.10
£50,000	£4.57	-£1,489.10
£60,000	£4.57	-£1,643.10
£100,000	£4.57	-£2,043.10
£120,000	£4.57	-£2,343.10
£150,000	£4.57	-£2,668.80



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St Andrew's House
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ISBN: 978-1-80201-820-2 (web only)

Published by The Scottish Government, December 2021

Produced for The Scottish Government by APS Group Scotland, 21 Tennant Street, Edinburgh EH6 5NA
PPDAS993838 (12/21)

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