

## **Scottish Rate of Income (SRIT) Tax FAQ's**

### **1. What is SRIT?**

The Scottish Parliament has the power to set an annual rate of Income Tax for Scottish taxpayers which will be effective from April 2016. This is known as the Scottish rate of Income Tax (SRIT).

### **2. Who does it affect?**

It potentially affects all employees of the University, but is applicable only to those deemed to be Scottish taxpayers.

### **3. Who is a Scottish tax payer?**

A Scottish taxpayer is someone who is resident in the UK for tax purposes and who has their sole or main place of residence in Scotland for all or most of the tax year, rather than in another part of the UK. The University's location is of no relevance, it is the individual's location that determines tax status so all employers will have to operate Scottish tax codes, irrespective of their location.

### **4. Will it apply to all my income?**

The SRIT will apply to non-savings income of those determined to be Scottish taxpayers and will introduce Scottish basic, higher and additional rates which will be equal to:

- the corresponding UK main rates for the relevant tax year; less
- 10% points; plus
- the SRIT

### **5. When will we know what the rate is?**

The Scottish government is due to announce the SRIT in November 2015. Basic, higher and additional earnings bands are to remain the same for both rest of UK and SRIT for the tax year 2016-17. Beyond that is unknown at this stage.

### **6. When will it start?**

It will be effective from April 2016.

### **7. How will the University decide if I am a Scottish taxpayer or not?**

The University does not determine this. HMRC will identify those individuals who will be Scottish taxpayers from 'Real Time Information (RTI)' returned by the University which includes address information. For the majority of people this will be relatively straightforward to establish - if an individual has one place of residence and this is in Scotland, they will be a Scottish taxpayer. It is therefore important that you advise HR of your current address. To update address details please call 01224 273500 or email HRESC@abdn.ac.uk.

### **8. How will I know if I am regarded as a Scottish Rate Income Tax Payer?**

HMRC will issue PAYE codes with 'S' prefixes before 6 April 2016.

### **9. My main residence is in England but I rent a property in Aberdeen will it apply to me?**

Individuals who have more than one place of residence in the UK need to determine which of these has been their main place of residence for the longest period in a tax year - if this is in Scotland, they're a Scottish taxpayer. For example, if an individual with a single place of residence moves house into or out of Scotland part way through a tax year, whether they'll be a Scottish taxpayer in that year will depend upon which house is their main place of residence for the longer amount of time.

Individuals who cannot identify a main place of residence will need to count the days they spend in Scotland and elsewhere in the UK - if they spend more days in Scotland, they'll be a Scottish taxpayer.

**10. I live part of the year in Aberdeen and part in England, will I only pay SRIT for the time I'm in Scotland?**

The definition of a Scottish taxpayer is focused on where an individual lives, or resides, in the course of a tax year. Scottish taxpayer status applies for a whole tax year - it's not possible to be a Scottish taxpayer for part of a tax year. Therefore an individual who meets the definition of a Scottish taxpayer will be a Scottish taxpayer for a whole tax year.

**11. How will it affect my pension contributions?**

Scottish Tax Payers will receive relief on pension contributions at their marginal Scottish Main rate of income tax.

Relief at the correct marginal rate will be given automatically for salary sacrifice schemes.

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