[Awareness article – employer to employee]

[This template is designed to help you create your own letter / email to let employees aware of tax rate and band changes.]

**YOUR INCOME TAX RATE AND BAND HAS CHANGED**Everyone has a 'personal allowance'. This is set by the government and is the amount you can earn each year before you pay any income tax. Anything you earn above your personal allowance will be taxed at your normal rate. The personal allowance for the 2018/19 tax year is £11,850.

The tax bands and rates for Scottish income taxpayers changed from 6 April 2018.

**What does this mean for me?**

Scottish income tax is only payable by Scottish taxpayers. You’re classed as a ‘Scottish taxpayer’ by HM Revenue and Customs (HMRC) because your main place of residence is in Scotland.

How much tax you pay depends on how much taxable income you earn. The table below shows the new tax bands and rates and what this means for you.

**Tax band name**

**Rate**

**Income range**

Start rate\*

19%

£11,850 - £13,850

Basic rate

20%

£13,851 - £24,000

Intermediate rate\*

21%

£24,001 - £43,430

Higher rate

41%

£43,431 - £150,000

Additional rate

46%

£150,000 – rest
of income

**\*New tax bands introduced for the 2018/19 tax year.**

**Key points**

* A new tax system has been introduced for Scottish income tax payers from 6 April 2018.
* You are classed as a Scottish income tax payer if your main residence is in Scotland.
* Personal pension and group personal pension plan holders receive tax relief of 20% on all contributions even though the first £2k of taxed income is only taxed at 19%. Tax treatment depends on individual circumstances and could change in future.
* Intermediate rate tax means that those earning over £24k will now need to claim additional tax relief for the first time.
* The level at which higher rate tax relief applies is lower in Scotland than in the rest of the UK, meaning that more Scottish tax payers will have to claim tax relief.

**Where can I find out more?**

For more information on the Scottish rate of income tax please see the [Scottish Government website](http://www.gov.scot/Topics/Government/Finance/scottishapproach/Scottishincometax2018-2019).