



FSB SCOTLAND
PRESS & PARLIAMENTARY OFFICE
74 Berkeley Street
Glasgow
G3 7DS

Tel: 0141 221 0775
Fax: 0141 221 5954
e-mail: scotland.policy@fsb.org.uk
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Kenny Gibson MSP
Convener
Finance Committee
Scottish Parliament
Edinburgh
EH99 1SP

Dear Kenny

Scrutiny of the Draft Budget 2016-17 – Scottish Rate of Income Tax

Further to the Committee's call for evidence regarding implementation of the Scottish Rate of Income Tax (SRIT), I thought it would be helpful to provide some brief comments from the small business perspective.

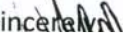
The FSB has been involved in a number of discussions with HMRC regarding implementation of SRIT. These commenced shortly after the passing of the Scotland Act 2012 with the FSB attending several roundtable meetings to discuss the technical aspects of introducing a Scottish rate of income tax. In the intervening period, most discussions were largely technical in nature and have therefore been more appropriately attended by payroll and tax specialists. However, more recently discussions have turned to implementation and communication. In January 2015 the FSB hosted a roundtable discussion for the main Scottish business organisations and HMRC to discuss communications with the business community.

Thus far, from a stakeholder perspective, we have found the level and nature of cooperation between HMRC, the Scotland Office and the Scottish Government to be excellent. HMRC have been both helpful and responsive to our requests for information and clarification.

While we have not conducted any survey work on SRIT with our membership to date, informal discussions suggest that most small businesses are unaware of the change. With most responsibility for change falling on both HMRC and individual employees, this is perhaps unsurprising. However, we have highlighted to HMRC that we believe all employers

will require information about the introduction of SRIT prior to their employees being notified of their new Scottish tax code (scheduled for November 2015 onwards). This is to support employers who may face questions from employees unsure about what is changing.

At present we have not expressed a view on the best tax rate for small businesses but are likely to consult with our members on the matter nearer the budget.

Yours sincerely 

Andy Willox OBE
Scottish Policy Convenor 