



# Scottish Budget 2024

**4 December 2024 Scottish Budget - pre-announced measures taking effect from 6 April 2025**

Earlier this month, in a move to help differentiate its 2025/26 budget from that of the UK, Finance Secretary Shona Robison delivered this year's Scottish Budget to the Scottish Parliament.

**What does it mean for taxpayers?**

While the Scottish Budget ultimately contained very little headline-grabbing tax news, it does offer some clues as to the Scottish government's spending priorities. The main initiatives included:

- No intention to increase income tax rates or introduce any new tax bands
- Universal winter payments for pensioners
- Plans to end the two-child limit on child tax credit or universal credit
- Record levels of funding for the NHS (a third of the total Scottish Budget), as well as councils

## **What does the Scottish Budget mean for income tax?**

Scottish government data states that over 34% of adults in Scotland will not be affected by changes in the 2025/6 year, as their salary is below the UK-wide Personal Allowance of £12,570.

The starter and basic income tax thresholds have been increased by 3.5% in the latest Scottish Budget, and this will increase in line with inflation for the rest of the parliament. Elsewhere, the higher, advanced and top rate thresholds will be frozen.

Scottish income tax thresholds

Income Tax Band	2024/25 Band	Rate	2025/26 Band	Rate
Starter	£12,570* - £14,876	19%	£12,571* - £15,397	19%
Basic	£14,877 - £26,561	20%	£15,398 - £27,491	20%
Intermediate	£26,562 - £43,662	21%	£27,492 - £43,662	21%
Higher	£43,663 - £75,000	42%	£43,663 - £75,000	42%
Advanced	£75,001 - £125,140**	45%	£75,001 - £125,140**	45%
Top	Over £125,140	48%	Over £125,140	48%

\* 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.

Source: The Scottish Government

What does the Scottish Budget mean for property tax?

The decision to raise the Additional Dwelling Supplement surcharge on second homes from 6% to 8% with immediate effect is forecast to boost revenue here from £784 million to an estimated £1 billion. Yet with tenancy rent caps also planned, the move is expected to reduce the desirable of landlords to acquire or hold onto rental properties.

Land and Buildings Transaction Tax (LBTT) rates

First time buyer		Buying and selling your main home	
Property purchase price band	LBTT rate	Property purchase price band	LBTT rate
£0 - £175,000	0%	£0 - £145,000	0%
£175,001 - £250,000	2%	£145,001 - £250,000	2%
£250,001 - £325,000	5%	£250,001 - £325,000	5%
£325,001 - £750,000	10%	£325,001 - £750,000	10%
Over £750,000	12%	Over £750,000	12%

Source: The Scottish Government

The Additional Dwelling Supplement surcharge on second homes - a flat rate in addition to the LBTT rates above - has been increased from 6% to 8%. This comes into effect immediately. For Scottish first-time buyers, the residential nil-rate band was increased from £145,000 to £175,000.

How has the Scottish Budget been received?

According to research by another independent group, the Scottish Fiscal Commission, spending on social security will form a growing share of the Scottish Budget. This means that spending on other areas is likely to fall in real terms by 0.3% between 2024-25 and 2025-26.

The public watchdog, Audit Scotland, has claimed that the new Scottish Budget is unsustainable. Ultimately, this suggests the need for reductions in spending, or for tax rises in a nation that – for higher earners – already has the highest income tax in the United Kingdom.



For UK-wide Budget news, you can also read our update on Rachel Reeves' Autumn Budget Statement:

[wealthandasset.handelsbanken.co.uk/knowledge-hub/latest-thinking/insight-autumn-budget-statement-2024/](https://wealthandasset.handelsbanken.co.uk/knowledge-hub/latest-thinking/insight-autumn-budget-statement-2024/)

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