These notes refer to the Scotland Act 1998 (c.46)
which received Royal Assent on 19th November 1998

SCOTLAND ACT 1998

EXPLANATORY NOTES

COMMENTARY

Part IV: the Tax Varying Power
SECTION 76: Changes to income tax structure

Details of Provisions

Subsection (1) describes the circumstances in which the section will apply. There must be a proposal, which is either published by the Treasury or the Inland Revenue or which appears to the Treasury to be likely to be enacted, to modify any income tax provision. The proposal must significantly effect the practical extent for any year of the Scottish Parliament's tax varying powers (i.e. the amount of tax which could be raised or foregone by the Scottish Parliament under any tax varying resolution it is allowed to pass under the Act).

Subsection (2) imposes a duty on the Treasury to indicate to the House of Commons as soon as is reasonably practicable whether an amendment of the tax-varying power is required as a consequence of such a proposal; and if they think an amendment is required, to make appropriate proposals for amending that power.

Subsections (3), (4) and (5) impose certain restrictions on the substance of any Treasury proposals for amending the tax-varying power. The proposals must only apply to income tax; they must provide that any amended power is broadly of the same practical extent (i.e. is capable of raising or foregoing broadly the same amount of tax) as the existing power; the proposed revised powers must, if exercised, have broadly the same impact on the after-tax income levels of individual tax payers as the existing powers; and the proposals must not include proposals to enable the Parliament to vary the rate of tax applying to income from savings or distributions.

Subsections (6) and (7) give definitions.