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 77: Accounting for additional Scottish tax

Purpose and Effect

This section applies where the basic rate of income tax is increased for Scottish taxpayers. It requires the Inland Revenue to pay into the Scottish Consolidated Fund (SCF) an amount equal to the estimated yield from the additional tax to be paid by Scottish taxpayers, and requires the Inland Revenue to make and maintain appropriate arrangements to determine the amount and frequency of payments into the SCF.

General

The section forms part of the set dealing with the tax-varying power of the Scottish Parliament.

Section 73 allows the Scottish Parliament to pass a resolution varying the basic rate of income tax for Scottish taxpayers by no more than 3 per cent. Section 74 makes further provisions with respect to tax-varying resolutions, and section 75 defines the term “Scottish taxpayer”.

Section 76 makes provision to take account of future changes to the structure of UK income tax. Sections 77 and 78 describe the accounting arrangements where income tax is increased or decreased for Scottish taxpayers. Section 79 permits the Treasury to make consequential subordinate legislation.

Parliamentary Consideration

Stage	*Date*	*Column*
CC	23-Feb-98	41
CC	23-Feb-98	124
Stage	**Date**	**Column**
LC	6-Oct-98	320
LR	28-Oct-98	2059

Details of Provisions

Subsection (1) provides that where the basic rate is increased by a resolution of the Scottish Parliament, the Inland Revenue must pay amounts into the Scottish Consolidated Fund (SCF).

Subsection (2) requires the Inland Revenue to determine and notify to the Scottish Ministers the amount to be paid over and the timing of such payments as soon as reasonably practicable after the resolution is passed.

Subsection (3) provides that any determination under subsection (2) above shall ensure that payments into the SCF properly represent the income tax receipts attributable to the resolution.

Subsections (4) and (5) provide for the Inland Revenue to make and maintain, and if necessary adjust, arrangements for estimating the total amount due to be paid into the SCF, and the amount and the frequency of individual payments in accordance with this section.

Subsection (6) requires the Inland Revenue to consult with the Scottish Ministers about those arrangements before making or modifying them.

Subsection (7) defines "income tax receipts" for the purposes of this section.

Subsection (8) provides that payments made under this section by the Inland Revenue shall be paid out of the gross revenues of that Department, and be deducted from the total amount of such revenues before they are paid into the Consolidated Fund.