
STATUTORY INSTRUMENTS

2015 No. 1810

**The Scottish Rate of Income Tax
(Consequential Amendments) Order 2015**

Amendments to the Income Tax (Trading and Other Income) Act 2005

9.—(1) Section 539(1) (relief for deficiencies) is amended as follows.

(2) In subsection (1)(b) for “the higher rate or the dividend upper rate (or both)” substitute “one or more of the higher rate, the Scottish higher rate or the dividend upper rate”.

(3) In subsection (5)—

- (a) after the opening sentence, insert “If the individual is a Scottish taxpayer, instead of Step 3 carry out Steps 3A and 3B.”;
- (b) after Step 3 insert—

“Step 3A

If there is an amount of deficiency remaining after Step 1, attribute to the remaining amount of the deficiency an amount of the individual’s income for the tax year which is liable at the higher of the Scottish higher rate and the higher rate, so far as is possible.

Step 3B

If there is an amount of deficiency remaining after Step 3A, attribute to the remaining amount of the deficiency an amount of the individual’s income for the tax year which is liable at the lower of the Scottish higher rate and the higher rate, so far as is possible.”;

(c) in Step 5—

- (i) for “Assume that any income attributed to the deficiency at Step 3 is liable at the basic rate” substitute—

“Assume that any income liable at the higher rate and attributed to the deficiency at Step 3, Step 3A or Step 3B is liable at the basic rate”; and

- (ii) at the end insert—

“Assume that any income liable at the Scottish higher rate and attributed to the deficiency at Step 3A or Step 3B is liable at the Scottish basic rate.”.