



## Tax information sheet

Fact sheet no. BDL38 SCOT Tax information sheet

April 2019

This fact sheet tells you about the current tax rates and allowances. Use this fact sheet to find out about:

- personal allowances for income tax;
- income tax rates and bands;
- National Insurance contributions for sole traders;
- National Insurance contributions for directors of limited companies and employees;
- corporation tax; and
- value added tax (VAT).

### Information:

#### Scottish income tax

This fact sheet is for Scottish taxpayers **only**.

## Income tax allowances

Personal allowances	2018/19	2019/20
Personal allowance (1)	£11,850	£12,500
Income limit for personal allowance (2)	£100,000	£100,000
Income limit for married couple's allowance (3)	£28,900	£29,600
Married couple's allowance (maximum amount) (4)	£8,695	£8,915
Married couple's allowance (minimum amount) (5)	£3,360	£3,450
Blind person's allowance	£2,390	£2,450

### Notes

(1) and (2) Since **2016/17** everyone is entitled to the same personal allowance and income limit, no matter when they were born.

(3) Where income is above £29,600, the allowance is reduced by £1 for every £2 above the limit.

(4) and (5) The relief for married couple's allowance is given at 10%.



## Income tax rates and bands

	2018/19	2019/20
<b>Scottish starter rate 19%</b>	Personal allowance - £2,000	Personal allowance - £2,049
<b>Scottish basic rate 20%</b>	£2,001 - £12,150	£2,050 - £12,444
<b>Scottish intermediate rate 21%</b>	£12,151 - £31,580	£12,445 - £30,930
<b>Scottish higher rate 41%</b>	£31,581 - £150,000	£30,931 - £150,000
<b>Scottish top rate 46%</b>	Over £150,000	Over £150,000

- From **6 April 2017** the bands and rates for Scottish income tax are set by the Scottish Government. These differ from those set in England and Wales.
- From **2018/19** the Scottish Government introduced the Scottish starter rate and Scottish intermediate rate.
- Your personal allowance goes down by £1 for every £2 that your adjusted net income is above £100,000. This means your allowance is zero if your income is £125,000 or above for **2019/20**.
- From **2017/18** tax relief for finance costs for landlords of residential properties will be restricted to the basic rate only. See HM Revenue and Customs guidance on [Changes to tax relief for residential landlords](#) for more information.

## National Insurance contributions

	2018/19	2019/20
<b>Class 2</b>	£2.95pw	£3.00pw
<b>Class 2 - Small profits threshold</b>	£6,205pa	£6,365pa
<b>Class 4 - Lower profits limit</b>	£8,424pa	£8,632pa
- Upper profits limit	£46,350pa	£50,000pa
- Rate between upper and lower profits limit	9%	9%
- Rate above upper profits limit	2%	2%



## Example calculation of estimated monthly income tax and National Insurance contributions 2019/20

- If you are under retirement age and either a sole trader or a partner in a partnership, this example will help you work out the monthly income tax and National Insurance you should pay on your profit from your business.
- You will then be able to work out your **Available drawings from business**. This will help you work out your **household budget** to show you what you have available to pay your creditors.
- In this example, the figure worked out on the **business budget sheet** for **Drawings** (what your profit is before tax and National Insurance) is £4,250 per month.
- This example should not be used for income from residential properties.

### Estimated monthly income tax

1.	Figure from <b>Drawings</b> box (top box on page 4 of <b>Your business and household budget</b> )sheet	£4,250	A
2.	Multiply by 12 to get the annual figure	£51,000	B
3.	Tax allowance (refer to <b>personal allowances</b> )	£12,500	C
4.	Taxable amount = B - C	£38,500	D
5.	First £2,049 of D multiplied by 19%	£389.31	E
6.	Next £10,395 of D multiplied by 20%	£2,079	F
7.	Next £18,486 of D multiplied by 21%	£3,882.06	G
6.	D - £30,930 (if answer is greater than 0) multiplied by 41%	£3,103.70	H
7.	Estimated yearly tax liability = E + F + G + H	£9,454.07	I
8.	Estimated monthly tax liability = I divided by 12	<b>£787.84</b>	<b>J</b>

Use **J £787.84** as the **Estimated tax** figure on **Your business and household budget sheet**.



## Estimated National Insurance contributions

### Class 2 National Insurance contributions

Use a flat-rate of **£13.00** per month (£3.00 per week) as the **National Insurance class 2** figure on **Your business and household budget sheet**.

### Class 4 National Insurance contributions

1.	Use Figure B from above (if figure is more than the maximum of £50,000 insert £50,000)	£50,000	K
2.	K - £8,632	£41,368	L
3.	Rate payable between upper and lower limits = L multiplied by 9%	£3,723.12	M
4.	Figure B from above minus £50,000 (if answer is less than 0 insert 0)	£1,000	N
5.	Rate payable above upper limit = N multiplied by 2%	£20.00	O
6.	Yearly class 4 contributions = M + O	£3,743.12	P
7.	Monthly class 4 contributions = P divided by 12	<b>£311.93</b>	<b>Q</b>

Use **Q £311.93** as the **National Insurance class 4** figure on **Your business and household budget sheet**.



## Corporation tax

	2018/19	2019/20
Main rate	19%	19%

From 1 April 2015, there is a single corporation tax rate for non-ring fence profits.

## Value added tax (VAT)

	2018/19	2019/20
Standard rate	20%	20%
Reduced rate	5%	5%
Zero rate	0%	0%
Registration level	£85,000	£85,000
De-registration level	£83,000	£83,000

Making Tax Digital for VAT was introduced on 1 April 2019 for businesses with a taxable turnover above the VAT threshold of £85,000. For more information, go to [www.gov.uk](http://www.gov.uk) and search for 'Making Tax Digital for VAT'.

## National Insurance contributions class 1

Directors and employees	2018/19	2019/20
Lower earnings limit primary class 1	£116pw	£118pw
Upper earnings limit primary class 1	£892pw	£962pw
Primary threshold	£162pw	£166pw
Secondary threshold	£162pw	£166pw



Rates	2018/19	2019/20
Class 1 rate between primary threshold and upper earnings limit	12%	12%
Class 1 rate above upper earnings limit	2%	2%
Class 1A rate on employer provided benefits	13.8%	13.8%

Employers' rates	2018/19	2019/20
Secondary class 1 rate above second threshold	13.8%	13.8%

The information shown above for the employer's secondary class 1 rate does not apply to employees aged under 21 or apprentices aged under 25 who are in an approved UK government apprenticeship. See [www.gov.uk](http://www.gov.uk) for more information.



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