What could the Scottish election mean for taxpayers?

With the ever-increasing tax gap between Scotland and the rest of the UK, the tax rates you pay may be on your mind ahead of the election on Thursday 7 May. We've looked at each party's manifesto to show what the election could mean for Scottish taxpayers and business owners.

If you have any queries in relation to your income tax or LBTT position ahead of the election, please reach out to see if we can offer advice and limit your tax exposure. Though we don't have certainty over future tax rates and legislation, we can help support you and ensure today's rates are locked in ahead of any new proposals either by a new Scottish Government or in the next UK Budget later this year.

The UK Government reserves powers over capital gains tax and inheritance tax, both of which have seen significant reform in recent years, and it's not too early to consider tax planning needs and objectives.

Contact us if you have any questions:

Michael Jamieson
Tax Director
michael.jamieson@ct.me

Brona MacDougall
Tax Director
brona.macdougall@ct.me

Eilidh McCormick
Tax Manager
eilidh.mccormick@ct.me

	Income tax	Property	Business	Inheritance tax	Misc
Conservatives	Increase the tax-free personal allowance in line with inflation to £13,892 by 2031 (currently £12,570) Lower the 21% tax bracket to 19% by 2031 Increase the higher rate tax band from £43,662 to £50,270 to align with the rest of the UK Introduce a pension tax relief scheme for pensioners Introduce a “taxpayer dividend” of £200 per household by way of a return on any unspent tax revenue	Land and Buildings Transaction Tax (LBTT) to be scrapped on purchases of main residences Additional Dwelling Supplement (ADS) halved from 8% to 4%	Merging of Scottish Enterprise, Skills Development Scotland and Scottish National Investment Bank under one organisation called “Growth Scotland”		“Scottish Business Zones” introduced to encourage growth and employment in underfunded areas which will offer LBTT exemptions for companies investing in the SBZ, possible NIC exemptions, and extended relief for capital expenditure
Green	Retain a progressive income tax system Introduce a higher rate of tax for landlords with rental controls to avoid cost being passed on to tenants Push for dividend taxes to become devolved (rates currently set by UK Government) with a view to increasing rates	Reform the LBTT system to raise more funds for public services Introduction of a mansion tax of 15% on properties worth over £1m Introduce a surcharge on purchases of large land holdings of more than 500ha Surcharge imposed on businesses buying residential property Increase ADS to 10% (currently 8%) Introduce a new rate of LBTT at 20% for overseas buyers Increased ADS for multiple property purchases	Introduce a new band of non-domestic rates for premises worth over £1m Reform the Small Business Bonus to limit scope of relief to smaller businesses	Develop proposals for a new Scottish Wealth Tax	

	Income tax	Property	Business	Inheritance tax	Misc
Labour	Commitment to freeze income tax rates with ambitions to lower the tax burden as economy grows, no particulars provided	Increase the LBTT threshold for first-time buyers to £200,000 Tackle the scale of empty and second homes by closing tax loopholes	Abolish current business rates system and replace with new local business levy		Creation of a Scottish Treasury within Government
Lib Dem	Increase tax thresholds in line with inflation with a view to closing the gap with the rest of the UK Instruct a review of the tax system as a whole in conjunction with the Hunter Foundation	Assess the need for LBTT reform to tackle key housing objectives		Work with UK Government to scrap £2.5m cap on Agricultural Relief	
Reform	Align Scottish rates and bands with those in the UK (20%, 40% and 45%), removing the three additional bands (19%, 21% and 48%) in Scotland Reduce tax in each band by 1p on the £1 Within 5 years, reduce tax in each band by a further 2p on the £1. Income tax rates would reduce to 17%, 37% and 42% by 2031	A phasing out of LBTT over 10 years, together with business rates, with it eventually being replaced with an Annual Property Tax Cancel the planned mansion tax due to take effect from 2028			
SNP	Commitment to retain the number of income tax bands and to simplify the Scottish tax system by the end of Parliament, no particulars provided	Mansion tax to be introduced from 2028 – additional bands introduced for properties valued at over £1m and over £2m	Establish a “high growth unit” to identify high growth businesses to benefit from additional support with facilitating access to investment and international markets A rebalance of the non-domestic rate system to make it fairer and a pledge to retain the Small Business Bonus		