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## SCOTTISH INCOME TAX: UPDATED INTERGOVERNMENTAL ARRANGEMENTS

As you know, there are currently two intergovernmental arrangements which provide the governance framework for the implementation and administration of the Scottish Rate of Income Tax (SRIT). The Memorandum of Understanding (MoU) between the Scottish Government and Her Majesty's Revenue and Customs (HMRC) was signed in February 2013, and the Exchange of Letters agreeing the arrangements between the SG and the Department of Work and Pensions (DWP) was completed in December last year. Setting out the respective responsibilities of the signatories, these have allowed the Scottish Government to work effectively with both HMRC and DWP as they made (and continue to make) the changes wholly and necessarily required to implement SRIT.

Both sets of arrangements, however, have recently been reviewed and updated to take account of the Scotland Act 2016. The majority of revisions, therefore, simply confirm that the arrangements now cover both SRIT and the further Scottish income tax powers, as well as now aligning the dispute resolution processes with those set out in the Fiscal Framework. However, the provisions were also reviewed in light of experience and to ensure that they continued to be fit for purpose, with a particular attention given to the sections in the HMRC MoU on IT testing, costs, compliance, data sharing and rate notification dates.

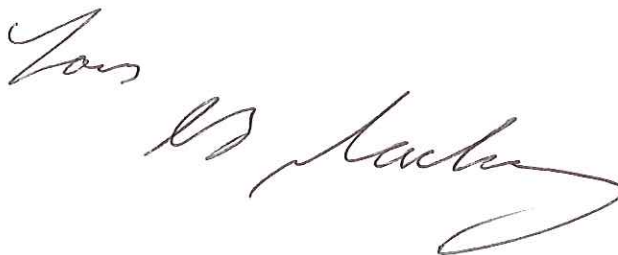
I attach copies of the updated MoU and DWP Exchange of Letters for the Committee's information and these will shortly be published on the Scottish Government website.

/I...



I can also confirm that additional work is underway at official level on an accompanying Service Level Agreement with HMRC for the administration of Scottish income tax.

I am writing in similar terms to the Convener of the Finance and Constitution Committee.



**DEREK MACKAY**

#### **Attachments**

- ***Memorandum of Understanding on the Scottish Income Tax Powers: Scottish Government and HM Revenue & Customs***
- ***Exchange of letters on the Arrangements between the Scottish Government and the Department of Work and Pensions for the Scottish Income Tax Powers***