



The Scottish Parliament
Pàrlamaid na h-Alba

Jim Harra
Director General Customer Strategy
and Tax Design
HMRC

By e-mail only

**Public Audit and Post-legislative
Scrutiny Committee**

Room T 3.60
The Scottish Parliament
EDINBURGH
EH99 1SP

Direct Tel: (0131) 348 5390
Email: papls.committee@parliament.scot

2 February 2018

Dear Mr Harra

Scottish Rate of Income Tax

At its meeting on 11 January 2018, the Committee took evidence from Sir Amyas Morse, Comptroller and Auditor General, on his report '[The administration of the Scottish Rate of Income Tax 2016-17](#)'¹. The Official Report of the meeting can be found [here](#)².

The Committee agreed to invite your written response to the following points—

1. Given the Scottish Government's proposals in the 2018-19 Draft Budget to alter the number of income tax bands, what scope is there for people in higher income groups to avoid paying higher rates of income tax?
2. How could the Scottish Government's tax proposals alter the administrative costs of collecting taxes in Scotland?
3. Does self-reporting on residency potentially enable people to undertake tax planning in a way that enables them to avoid paying a higher rate of income tax?
4. Are your IT systems sufficiently flexible to cope with any further changes that might be made to Scottish income tax bands?
5. HMRC has adapted its standard risk model to cover Scottish-specific tax risks. Do you plan to revisit the risk model to account for the proposed changes to the Scottish tax system?

¹ <https://www.nao.org.uk/wp-content/uploads/2017/11/The-administration-of-the-Scottish-rate-of-Income-Tax-2016-17-1.pdf>

² <http://www.parliament.scot/parliamentarybusiness/report.aspx?r=11301&mode=pdf>

6. We understand that changing the law to require people to notify HMRC of a change in address would be a reserved issue. However, how could such an approach impact on HMRC's systems for collecting taxes and identifying Scottish taxpayers?

I would be grateful if you could provide a response by 2 March 2018. I should add that the Committee may agree to take further oral evidence from you on the audit report.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Jenny Marra', with a long horizontal flourish extending to the right.

Jenny Marra MSP
Convener