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Dear Bruce,

I wanted to let you know about an issue regarding the taxpayer status of Members of the Scottish Parliament and confirm the action HMRC is taking as a result.

All MSPs and Scottish MPs and MEPs should be treated as Scottish taxpayers by default. Unfortunately, HMRC incorrectly issued 2019/20 tax code notices without a Scottish residency identifier to 45 MSPs. This issue was swiftly identified and corrected. Updated, correct tax code notices have now been issued to all affected MSPs. HMRC has also written to these MSPs to apologise and clarify that the UK tax code was issued in error and they have been correctly identified as a Scottish taxpayer on our systems.

The incorrect tax code notices were for 2019/20 and corrected well in advance of the start of the new tax year. No-one will pay an incorrect amount of tax because of this.

HMRC has also double checked the 2019/20 tax codes for all other Scottish parliamentarians and I can confirm that they are correct. In addition, we have reviewed the tax records of former Scottish parliamentarians and identified 17 customers who had, incorrectly, been issued with a UK tax code for 2019/20. These have been corrected. This means HMRC has double checked the tax records of all current and former Scottish parliamentarians (MSPs and MPs and MEPs for Scottish constituencies) since the introduction of Scottish income tax.

In future, HMRC will adopt a rolling programme of assurance for all Scottish parliamentarians. At key points in the year we will review all records and ensure that the Scottish status identifier is correctly set for all parliamentarians. Checking at intervals will enable us to assure tax codes for the current and future tax year.

HMRC also has a robust process for calculating Scottish income tax receipts, including comparing residency status against our address records, to ensure that the correct revenue goes to the Scottish Government.

I am copying this letter to Alyson Stafford, Director General Scottish Exchequer at the Scottish Government.

I hope this is helpful.

A handwritten signature in cursive script, appearing to read "Harra".

Jim Harra
DEPUTY CHIEF EXECUTIVE AND SECOND PERMANENT SECRETARY