

Parliamentary Bureau – Budget (Scotland) (No.4) Bill

Procedures for Parliamentary consideration and Scottish Rate Resolution

Budget (Scotland) (No.4) Bill

1. The Budget (Scotland) (No.4) Bill was introduced in the Parliament on Thursday 18 December 2024 by Shona Robison MSP, Cabinet Secretary for Finance and Local Government.

2. The parliamentary timetable proposed by the Scottish Government for considering the Budget Bill is as follows:

Stage 1 debate: Tuesday 4 February 2025

Stage 2 proceedings: Tuesday 18 February 2025 (Finance and Public Administration Committee)

Stage 3 proceedings: Tuesday 25 February 2025

3. Rule 9.16.4 of Standing Orders provides that the usual rules regarding the minimum periods between Stages of a Bill do not apply to Budget Bills. Instead, Rule 9.16.5 provides that Stage 3 shall normally begin no earlier than 60 days after introduction of the Bill and be completed before the expiry of 70 days after the introduction of the Bill. The proposed timetable adheres to these timings and there is therefore no requirement to suspend or vary any Standing Order Rules.

4. Rule 9.16.6 provides that only the Scottish Government may lodge amendments to a Budget Bill and that notice of any amendment at Stage 2 or 3 shall be given no later than 4:30pm on the Friday immediately preceding the week in which the Stage is due to start. Rule 9.16.6A provides that, if the Friday immediately preceding the week in which the stage is due to start falls during a period when the Parliament is in recess, then the lodging deadline will be no later than 16:30 on the Friday which immediately precedes commencement of any such period of recess.

5. If Stage 2 proceedings are on 18 February, the deadline for lodging Stage 2 amendments under Rule 9.16.6 would be 4:30pm on Friday 7 February. If Stage 3 proceedings are on 25 February, the deadline for lodging Stage 3 amendments would be 4:30pm on Friday 21 February.

Scottish Rate Resolution

6. Under section 80C of the Scotland Act 1998, inserted by section 25(3) of the Scotland Act 2012 and amended by section 13 of the Scotland Act 2016, the Parliament may by resolution set the Scottish basic rate, and any other rates, for the purpose of section 11A of the Income Tax Act 2007. This means that the rate(s) set out in a Scottish rate resolution (rather than UK rates) will apply to the (non-savings) income of Scottish taxpayers.

7. The Parliament is not required to set Scottish rates of income tax by resolution but is permitted to do so. In practice, the Government's spending plans represented

by the Budget Bill are dependent on its assumptions about income tax revenue based on its proposal for rates and bands.

8. A rate resolution applies for one tax year only and must be agreed to before the start of that tax year (i.e. by 6 April).

9. The Cabinet Secretary for Finance and Local Government wrote to the Presiding Officer on 4 December 2024 to confirm the Government's view that the Budget Bill is dependent on the passing of a Scottish Rate Resolution (SRR) reflecting the rates and bands set out in the budget statement. The Government considers, therefore, that Rule 9.16.7 applies and Stage 3 cannot begin unless the Parliament has agreed to the SRR.

10. The lodging of a SRR is a matter for the Scottish Government and the scheduling of debate on the rate resolution is a matter for the Parliamentary Bureau.

11. This paper reminds the Bureau of procedural requirements in relation to a SRR motion and the Budget Bill.

Motion for a Scottish Rate Resolution

12. Section 80C of the Scotland Act 1998 and Rule 8.10 of Standing Orders together provide that a motion for a SRR—

- may specify a rate or rates;
- where it sets more than one rate, must also set limits or other provision to allow the rates of tax that apply to a Scottish taxpayer to be ascertained;
- must specify rates in terms of a whole number, half a whole number or zero;
- must specify the tax year to which it relates;
- applies for only one tax year and for the whole of that tax year;
- may be lodged and moved only by a member of the Scottish Government;
- may not be amended;
- must not be moved more than 12 months before the start of the tax year to which it relates;
- must be moved before the start of that tax year;
- must be moved before the commencement of Stage 3 proceedings on any associated Budget Bill.

The Budget Bill and the motion for a Scottish Rate Resolution

13. Rule 9.16.7 provides that, if a Budget Bill is dependent on the Parliament passing a particular SRR, Stage 3 proceedings on the Budget Bill must not commence unless the Parliament has agreed to the motion for that resolution.

14. The motion for a SRR must, therefore, be taken in the Chamber prior to Stage 3 proceedings on the Bill commencing. It requires to be agreed by a simple majority of members present.

15. If the motion for a SRR is not passed, another such motion can be lodged, provided that it is passed before the start of the tax year to which it relates.

16. Rule 9.16.7A requires that, if amendments to the Budget Bill have been lodged (which may only be lodged by a member of the Scottish Government), the Bill is to be treated as dependent only on the passing of a SRR which reflects the content of those amendments.

Recommendation

17. The Bureau is invited—

- to agree the proposed timetable for the Budget (Scotland) (No.4) Bill;
- to note the procedural requirements for handling a motion for a Scottish Rate Resolution.

Parliamentary Business Team
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