

## News story: Military personnel receive over £4million in extra cash to protect them from Scottish tax hikes

Over 7000 soldiers, sailors and airmen and women who were adversely affected by the Scottish Government's tax hikes last year will receive extra remuneration in their pay slip at the end of this month.

The payments total £4.1million with an average payment of £580. This is a one-off yearly payment, which is taxable, but with the net effect of raising the take-home pay of service personnel to the level set in the rest of the UK. Last year the MOD announced that to counter tax hikes by the Scottish Government, the MOD would provide financial mitigation to ensure that thousands of personnel would not be negatively affected.

Defence Secretary Penny Mordaunt said:

Scotland plays a vital role in the defence of the UK, attracting thousands of personnel with the type of skills we want to retain in our military.

It is right that we do everything we can to look after our people and their families. This extra cash will help ensure that Scotland continues to be an attractive place to serve.

The move came after concerns that income tax changes could result in Scotland becoming a less attractive place for military personnel to be posted. It will also help with recruitment and retention, particularly as many of those affected personnel in Scotland have specialist skills, such as aircraft and submarine engineers.

The payments will be made to all regular personnel who pay Scottish Income Tax, regardless of where in the world they are serving. The mitigation payments will cover all those affected by £12 or more, but payments will be capped for our highest paid officers impacted above £1,500.

In March of this year, the MOD announced that financial mitigation payments will continue to be made for the 2019/20 tax year. Decisions on financial mitigation for future tax years will be made on a yearly basis.

Scottish Secretary David Mundell said:

I welcome the MOD making these extra payments to our servicemen and women. Military personnel make a huge contribution to Scottish communities and our economy, and it is unfair for them to be hit in the pocket by the Scottish Government's decision to make Scotland

the highest taxed part of the UK.

It is right that the UK Government protects them from this Scottish Government-imposed penalty. The last Scottish Government budget in December 2018 confirmed further divergence between Scottish and UK tax rates and as a result the financial compensation cap for Armed Forces personnel liable for Scottish tax has risen from £1500 to £2200.

Scotland plays an important role in UK Defence supporting over 10,000 industry jobs and is renowned for building the world's finest warships including the UK's new aircraft carriers and the Royal Navy's state-of-art Type-26 frigates.

Minister for Defence People and Veterans Tobias Ellwood said:

Our Armed Forces serve the entire country and these payments ensure that our personnel are not disadvantaged as a result of their employment.

We will continue to provide mitigation payments for this financial year, in order to give military personnel the certainty that they will not be out of pocket as a result of being posted to Scotland.

Scotland also benefits from £1.6 billion of defence investment in local industry and an average of £290 expenditure per person each year. Scotland is also home to some of the most important national defence capabilities including HM Naval Base Clyde, home to Britain's nuclear deterrent and hunter-killer submarines, and RAF Lossiemouth, which defends the UK's airspace with its three Typhoon combat aircraft squadrons and 51st Infantry Brigade.