

Scotland's Economic and Fiscal Forecasts

February 2020

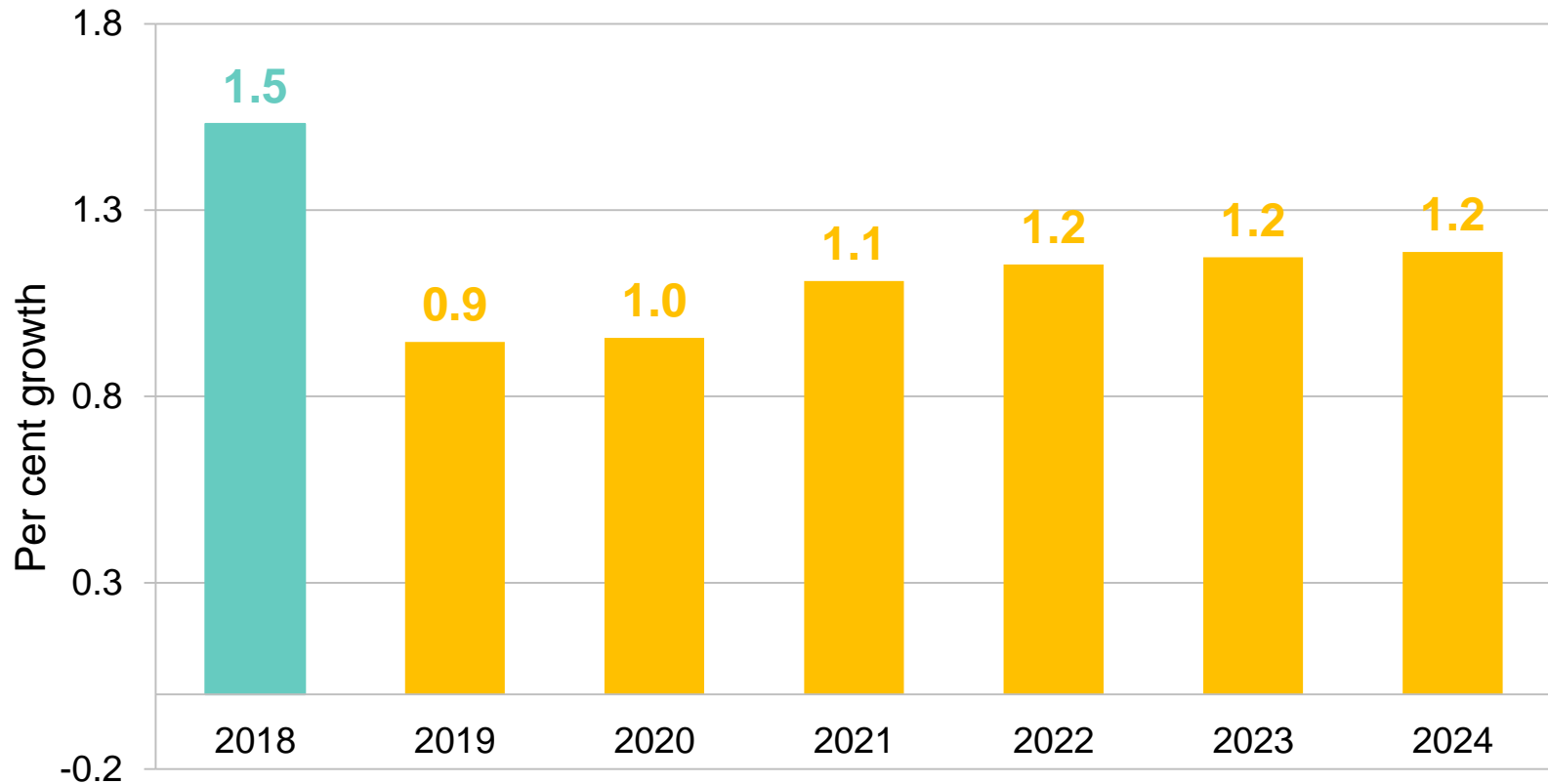
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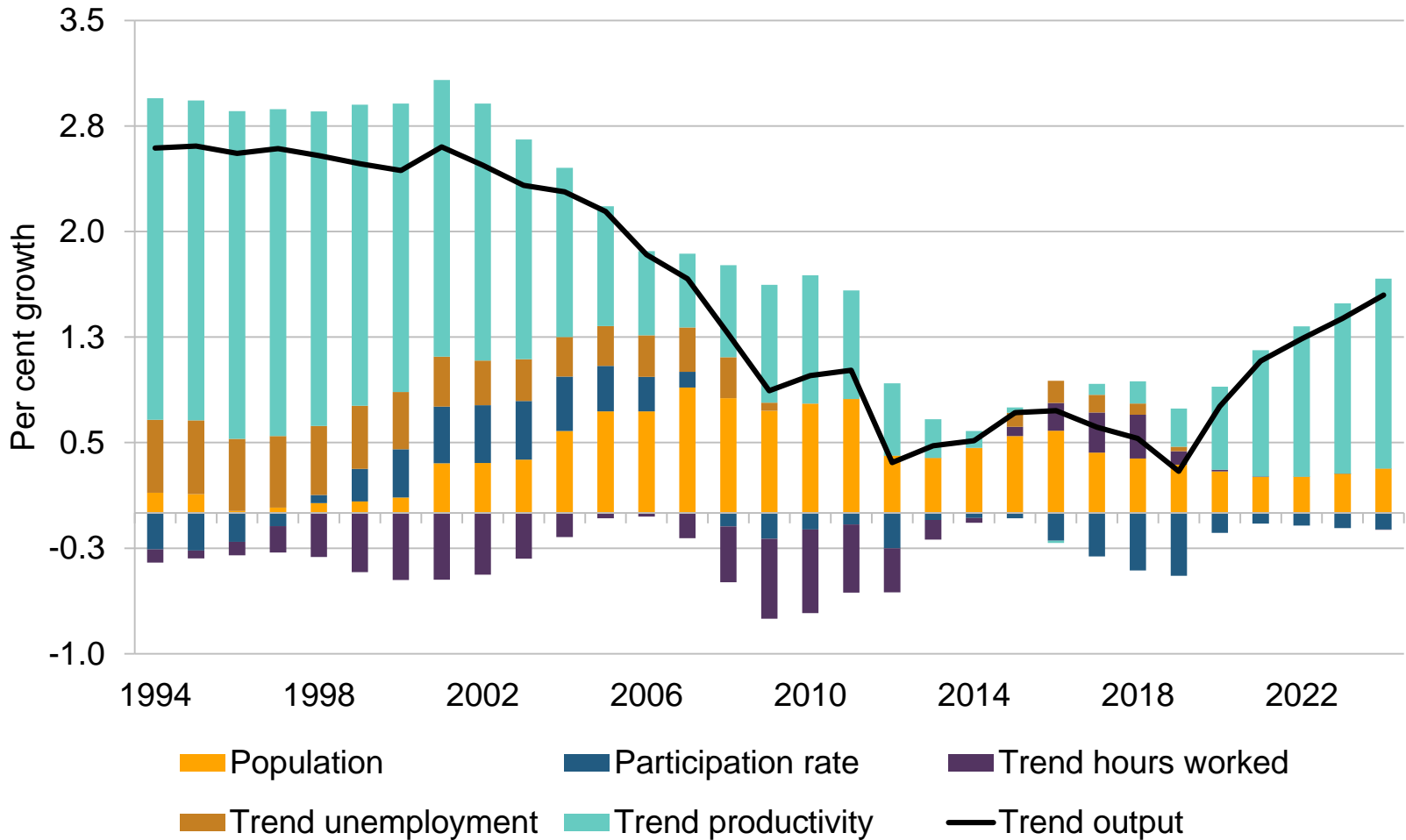
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Economy Forecasts





Economy – GDP growth



Economy – Trend GDP growth

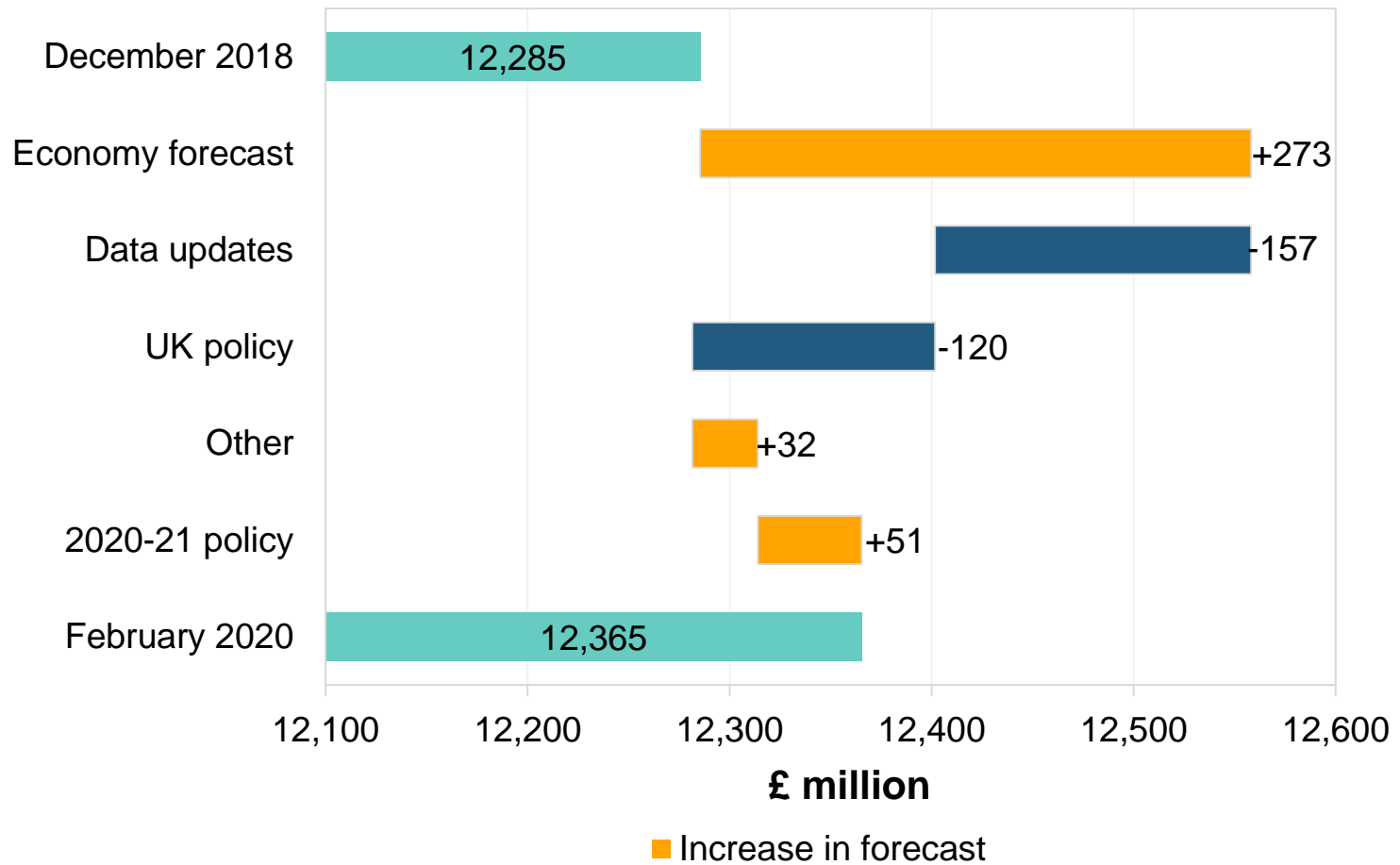


Economy Forecasts





Economy		2019	2020	2021	2024	% growth
	GDP	0.9	1.0	1.1	1.2	Growth in 2020 is supported by reduced Brexit uncertainty, while the long-term outlook remains subdued.
	Trend Productivity	0.3	0.6	0.9	1.3	Productivity growth remains low in the short term, then starts to gradually increase.
	Nominal Earnings	2.8	3.0	3.1	3.3	Nominal earnings growth forecasts revised up to reflect outturn data and the tight labour market.
	Real Earnings	1.0	1.1	1.0	1.2	Real earnings growth expected to be positive but still low by historic standards.

Tax Forecasts




Tax – Changes in income tax forecast



Tax Forecasts

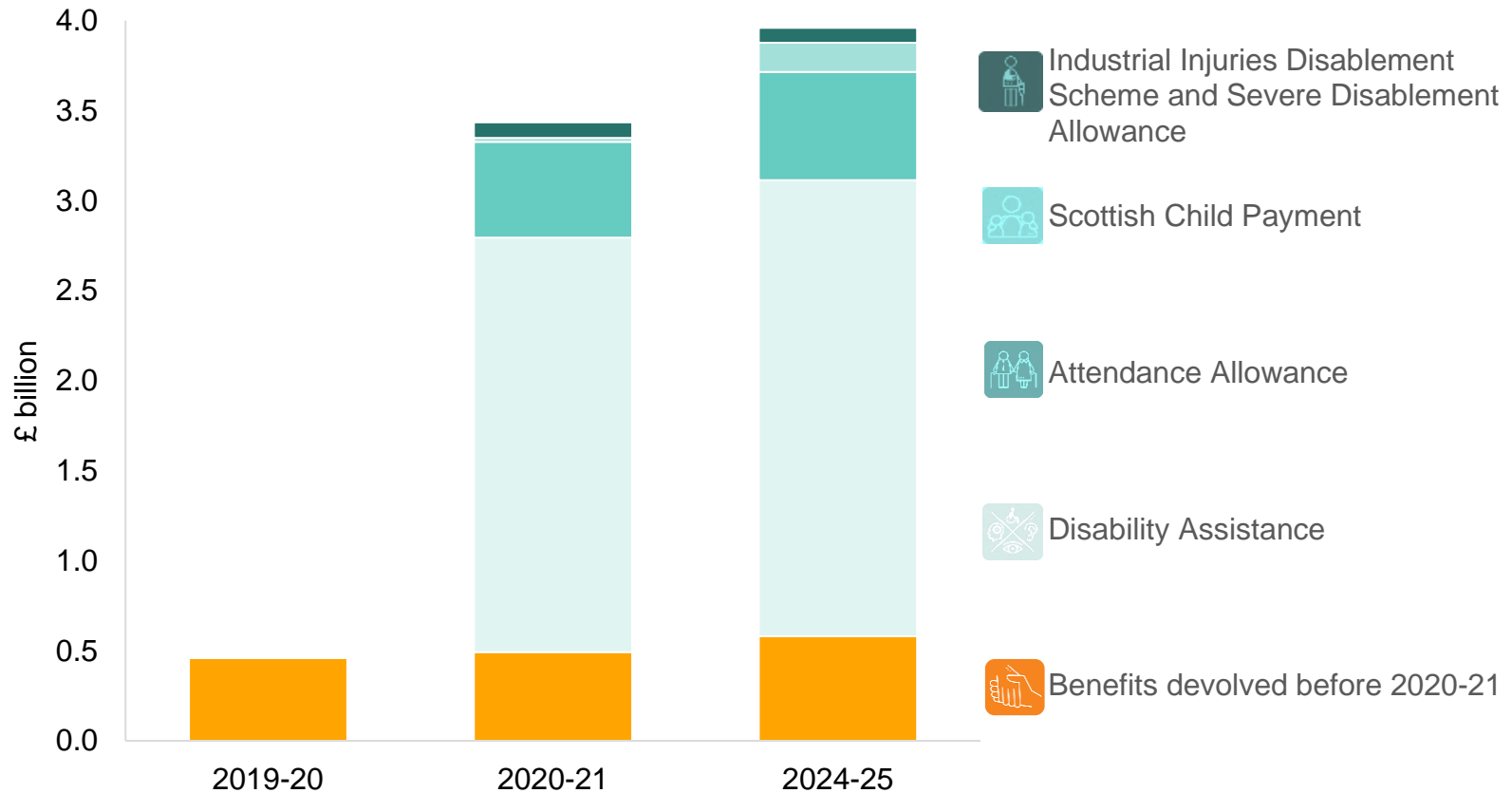
Tax		2019-20	2020-21	2021-22	2024-25	£ million
	Income Tax	11,677	12,365	12,897	14,722	In 2020-21, income tax revenue is expected to be £80 million higher than our December 2018 forecast.
	Non-Domestic Rates	2,806	2,749	3,012	3,590	New data reduced our forecast every year but measures in the NDR Bill increase the forecast from 2022-23 onwards.
	LBTT	613	641	666	749	In 2020-21, revenue from LBTT is expected to be £39 million lower compared to our December 2018 forecast.
	Scottish Landfill Tax	124	116	110	66	Delay to the ban on biodegradable municipal waste increases revenues until implemented in 2025.

Policy Announcements




	Income Tax		51	54	63	The higher rate threshold has been frozen at £43,430 in 2020-21.
	Non-Domestic Rates		-7	-7	0	New Intermediate Property Rate lowers the tax rate for properties with a rateable value between £51,000 and £95,000.
	LBTT		10	11	12	Non-residential leases above £2 million will pay 2 per cent on the portion above £2 million instead of 1 per cent.

Social Security

Devolution of social security

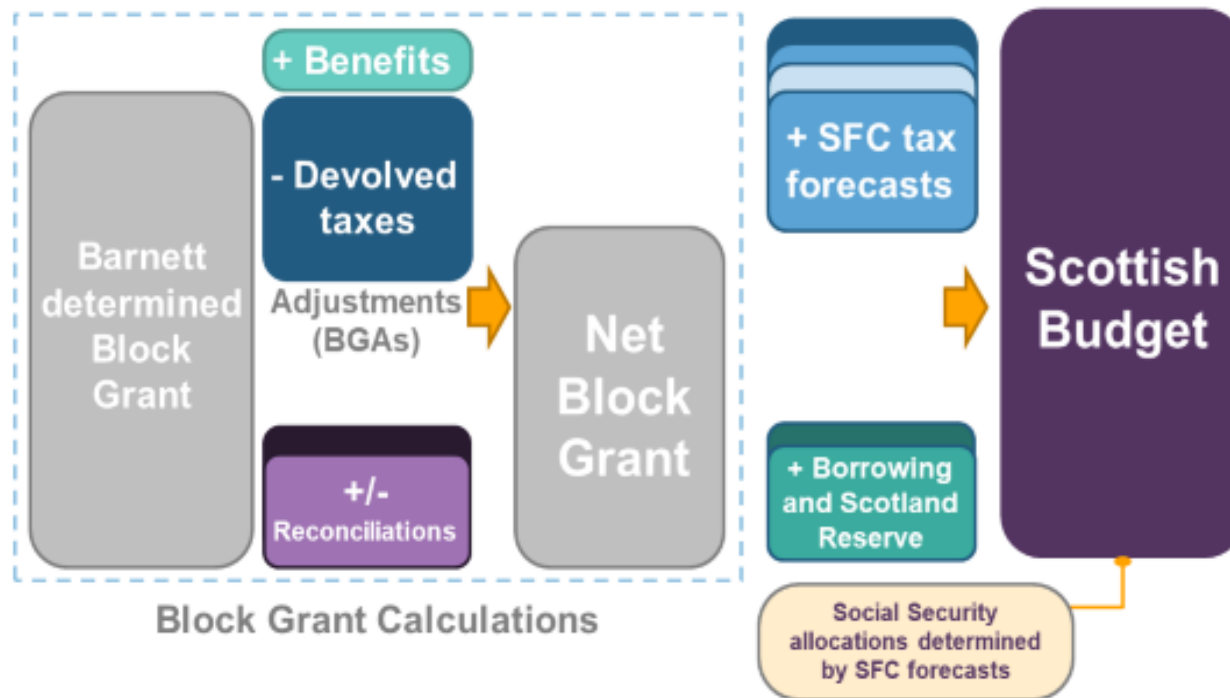


Social Security Forecasts

Social Security		2019-20	2020-21	2021-22	2024-25	£ million
	All devolved social security assistance	458	3,435	3,578	3,959	Total spending on social security assistance devolved to the Scottish Government.
Policy Announcements						
	Child Disability Assistance		217	250	312	The new Scottish assistance opens for applications in summer 2020 to replace Disability Living Allowance for Children.
	Scottish Child Payment		21	65	162	New Scottish Child Payment launches for children under 6 in 2020, and for all children up to sixteen years old in December 2022.

The Scottish Budget

“How it works” the Scottish Budget



In-year reconciliations due 2019-20

£ million	Indicative in-year reconciliation applied in 2019-20
2019-20 Carer's Allowance	-4
2019-20 Scottish Landfill Tax	-6
2019-20 Land and Buildings Transaction Tax	39
Total	30

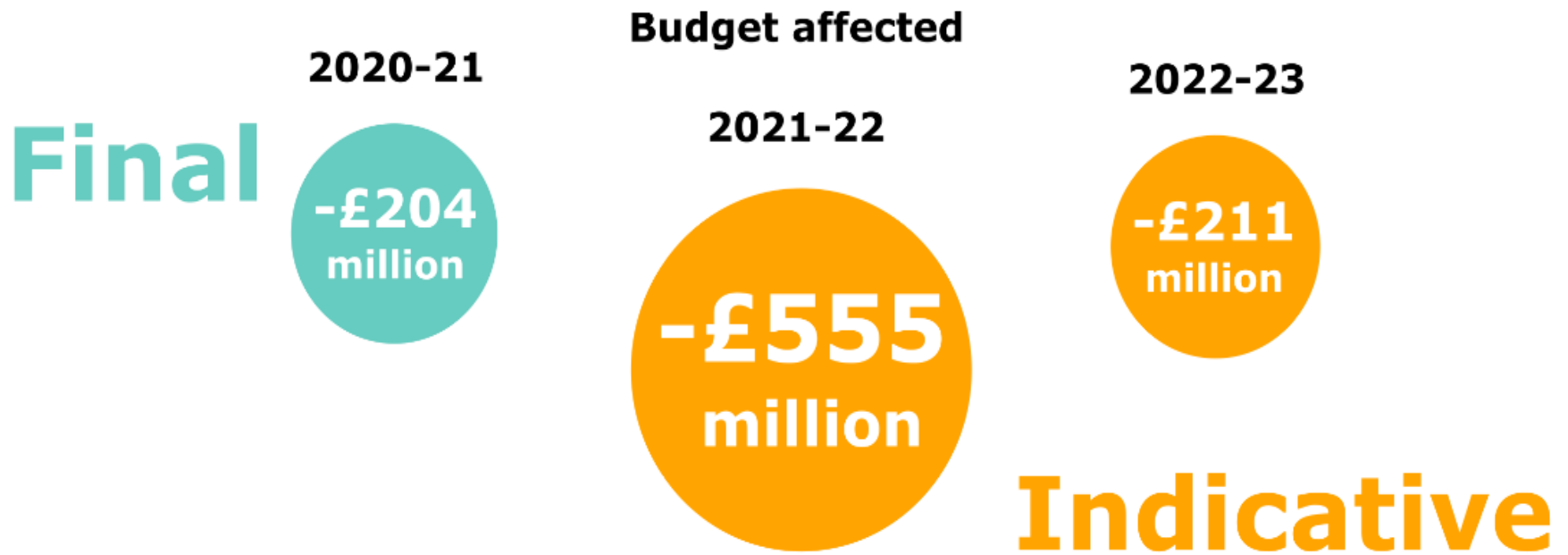
Source: Scottish Government

Final reconciliations applied 2020-21

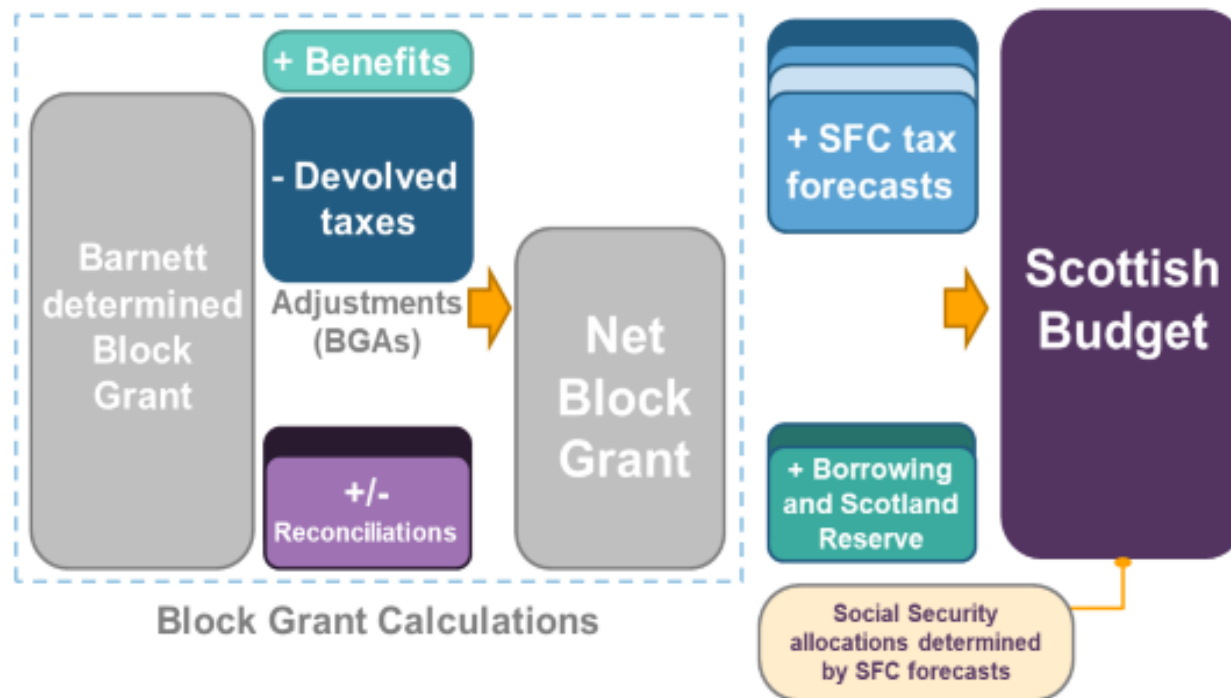
£ million	Final reconciliation applied in 2020-21
2017-18 Income tax	-204
2018-19 Scottish Landfill Tax	-2
2018-19 Land and Buildings Transaction Tax	-3
2018-19 Carer's Allowance	0
2018-19 Fines, forfeitures and fixed penalties	2
Total	-207

Source: Scottish Government

Income tax reconciliations



“How it works” the Scottish Budget



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