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Bruce Crawford MSP
Convener
Finance and Constitution Committee
Scottish Parliament
Edinburgh
EH99 1SP

5 October 2020
Sent via email

Dear Convener,

Following my previous letter on the 23 September providing initial commentary on the HMRC release of the 2018-19 Scottish income tax data outturn, I can confirm the Scottish Fiscal Commission has today published two reports relating to income tax.

The first is a detailed [evaluation of our income tax forecasts for 2018-19](#). The largest source of error was because no Scottish income tax outturn data were available at the time the forecast was made. After adjusting for the lack of outturn data, the Commission's forecast error is £83 million or 0.7 percent of income tax revenue. We also discuss some of the reasons behind the negative £309 million reconciliation arising because of errors in both our and the OBR's forecasts.

Our second report is an occasional paper titled [The Distribution of Income and Growth in Income Tax Revenue – October 2020](#). We provide more in-depth analysis of the effect of the distribution of income on growth in income tax revenues, with a particular focus on the 2017-18 income tax outturn data. This follows the request from the Finance Committee's Pre-Budget Scrutiny 2020-21 report, that the SFC reflects on distributional issues and writes to the Committee with findings.

We look forward to discussing the reports with you at our Committee appearance later in October.

Yours sincerely,

A handwritten signature in black ink that reads "Susan Rice".

Dame Susan Rice DBE