

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

7 October 2020  
*Sent via email*

Dear Convener,

We have found an error in our Supplementary Forecast Evaluation Report: Income Tax, published on 5 October. Figure 1.6 describes the changes in the number of Scottish income tax taxpayers in our forecasts and the HMRC outturn data. The error is in the title of Figure 1.6. The rest of the figure is correct.

The title of Figure 1.6 referred to a comparison between 2017-18 and 2018-19, when it should have said the years being compared were 2016-17 to 2018-19. We make the comparison over this two year time period with 2016-17 as we believe this is the best way of understanding the effect of income tax on the Scottish Budget.

Figure 1.6 is shown below with the title corrected to show it's a comparison between 2016-17 and 2018-19.

**Figure 1.6: Change in number of taxpayers between 2016-17 and 2018-19, February 2018 forecast and outturn**

Bands in 2016-17	Comparable bands in 2018-19	SFC February 2018	Outturn	Error
	Starter rate			
Basic rate	Basic rate	-15,500	-33,500	-18,000
	Intermediate rate			
Higher rate	Higher rate	42,200	27,700	-14,500
Additional rate	Top rate	2,400	1,600	-800
All	All	29,000	-4,200	-33,200

Source: Scottish Fiscal Commission  
 Figures may not sum because of rounding

Changes in the number of taxpayers was discussed at the meeting of the Finance and Constitution Committee on 7 October, taking evidence from the Cabinet Secretary for Finance. Table 1 below shows how the total number of taxpayers changed between 2016-17 and 2018-19, including in each individual year.

**Table 1: Changes in the number of Scottish income tax taxpayers between 2016-17 and 2018-19**

	2016-17	2017-18	2018-19
Total number of Scottish income tax taxpayers	2,528,400	2,513,100	2,524,200
Change over 1 year		-15,300	11,100
Change over 2 years			-4,200

Source: Scottish Fiscal Commission

Note: we receive data from HMRC on the number of taxpayers rounded to the nearest 100, which is different from the HMRC publication that rounds the number of taxpayers to the nearest 1,000.

The number of Scottish income tax taxpayers increased by 11,100 between 2017-18 and 2018-19. However, the number of taxpayers fell by 15,300 between 2016-17 and 2017-18. Overall, there was a small decline of 4,200 in the number of Scottish income tax taxpayers in the two year period from 2016-17 and 2018-19, consistent with Figure 1.6.

I am sorry that this error occurred and for any confusion that may have arisen at today's meeting.

The Commission voluntarily complies with the UK Statistic Authority's Code of Practice for Statistics, as part of this voluntary compliance we have published our policy for correcting any errors which arise in our work.<sup>1</sup> We are applying this policy in this instance and we will also publish a corrected report on our website.

My colleagues Professor David Ulph, Professor Francis Breedon and David Stone will be giving evidence at the meeting of the Finance and Constitution Committee on 28 October and will be happy to answer any further questions then.

I am copying this letter to the Cabinet Secretary for Finance.

Yours sincerely,



Dame Susan Rice DBE

---

<sup>1</sup> Scottish Fiscal Commission (2018) Statement of Voluntary Compliance with the Code of Practice for Statistics ([link](#))