

Forecasting Scottish taxes – Methodology note

The OBR has today published a note describing the methodologies it will use to forecast Scottish income tax, landfill tax, stamp duty land tax and aggregates levy receipts.

The OBR will publish separate forecasts of Scottish receipts for each of these taxes for the first time alongside the March 2012 *Economic and fiscal outlook*.

The Government has asked us to forecast Scottish receipts from these taxes, which the Government intends to devolve to the Scottish Parliament from April 2015 onwards.

This request arises from the Scotland Bill, which was introduced in Parliament in November 2010 and is expected to receive Royal Assent in Spring 2012. The Command Paper ‘Strengthening Scotland’s Future’, published alongside the Bill, included proposals to fully devolve stamp duty land tax and landfill tax to Scotland and devolve 10p from each band of income tax in order to increase the financial accountability of the Scottish Parliament. The Command Paper committed to devolve aggregates levy following the resolution of an ongoing court case.

The purpose of this methodology note is to describe how we plan to forecast these Scottish tax receipts. This reflects our determination to make our forecasts and methods as transparent as possible. It also supports the desire in ‘Strengthening Scotland’s Future’ that the new system, and the processes of these reforms, should be transparent and available for scrutiny.

Notes

1. The Office for Budget Responsibility is the UK’s independent fiscal watchdog – responsible for producing forecasts for the economy and the public finances, judging progress towards the Government’s fiscal targets, and reporting on long-term fiscal sustainability.
2. Our documents are available here: <http://budgetresponsibility.independent.gov.uk>
3. Questions about the *Forecasting Scottish taxes* methodology note should be sent to OBRpress@obr.gsi.gov.uk or directed to Mark Dembowicz on 020 7271 2442.