

Director-General Finance

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Robert Chote
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In 2014 Scotland Welcomes the World



14 November 2014

Dear Robert

Forecasts for Scottish LBTT and landfill taxes

Thank you for your letter of 6 November 2014, requesting estimates of receipts from Land and Buildings Transaction Tax (LBTT) and Scottish Landfill Tax (SLfT) for each fiscal year to 2019-20.

As you are aware, the Scottish Government published revenue forecasts for the devolved taxes for 2015-16 in our Draft Budget, published on 9 October 2014. Alongside this we published a forecasting methodology paper, which sets out our modelling approach including the specific assumptions which underpin our forecasts of revenues from LBTT and SLfT.

The Scottish Fiscal Commission has reviewed the forecasts which we published in the Draft Budget and endorsed these as reasonable in their first report, also published on 9 October. I understand that Lady Rice, Chair of the Commission, sent you a copy of that report.

The Scottish Government has not published indicative spending plans beyond 2015-16, as the UK Government is yet to confirm the value of the Scottish block grant beyond the end of the current Spending Review period.

The Scottish Government prepares and publishes devolved tax forecasts to meet the scrutiny and reporting requirements of the Scottish Parliament, which at present extend to the current Spending Review period.

Accordingly, I can provide devolved tax revenue forecasts for 2015-16 only. I have confirmed these forecasts, which correspond to the 2015-16 Draft Budget, in an Annex to this letter. I have also enclosed a copy of our published forecasting methodology paper which I hope will be helpful to you and your colleagues in understanding the approaches we have taken. Scottish Government officials would be very happy to provide any further explanations or supporting information which would be of assistance to your colleagues in preparing devolved tax forecasts for the Autumn Statement.

I will also undertake to send you an overview of the analytical work which we have undertaken to support our assessment of the transitional effects of LBTT.

I too welcome the ongoing constructive working relationship which has been established between the Scottish Government and the OBR in recent years, and hope that we can continue to build on that.

The Scottish Government is committed to transparent and responsible management of Scotland's public finances and we will review the period over which we prepare and lay before the Scottish Parliament devolved tax revenue forecasts in future years. We would, of course, be willing to share our published forecasts and details of our supporting methodology with you.

I have copied this letter to Lady Rice and confirm that I have no objections to your letter of 6 November also being copied to the Scottish Fiscal Commission.

Yours sincerely



ALYSON STAFFORD

Copy to: Lady Susan Rice CBE, Chair of the Scottish Fiscal Commission

ANNEX – CONFIRMATION OF DEVOLVED TAX REVENUE FORECASTS FOR 2015-16

Forecast devolved tax revenues 2015-16

	Forecast revenue £m
Land and Buildings Transaction Tax	441
<i>Of which:</i>	
Residential transactions	295
Non-residential transactions	146
Scottish Landfill Tax	117
Total	558

Note – forecasts prepared on a full-year basis. For further details, please see Chapter 2 of the 2015-16 Scottish Draft Budget.