

Office for
**Budget
Responsibility**

Devolved tax and spending forecasts

March 2021

1 Introduction

Background

- 1.1 The Office for Budget Responsibility (OBR) was established in 2010 to provide independent and authoritative analysis of the UK's public finances. Alongside the UK Government's Budgets and other fiscal statements, we produce forecasts for the economy and the public finances, which are published in our *Economic and fiscal outlook (EFO)*.
- 1.2 In this document we present our forecasts for the fully devolved taxes and for devolved elements of income tax. We also present illustrative projections for some taxes that are yet to be devolved. And we provide forecasts that the UK, Scottish and Welsh Governments use as part of their agreed block grant funding mechanisms.
- 1.3 It is not possible to replicate in full the methodologies we use to produce our UK-wide forecasts when producing these devolved tax forecasts. This is largely because we lack sufficiently detailed or timely data required to produce forecasts for Scotland or Wales on the same basis. Given these challenges, we generally use approaches based on estimating and projecting Scottish and Welsh shares of relevant UK-wide tax streams. We usually assume that the shares will remain close to recent levels, though we typically adjust for differences in population growth or other factors where evidence suggests we should. The exception to this approach is where taxes have been fully devolved and we are able to take account of outturns and use models specific to the tax in question.
- 1.4 The methodologies and the forecasts represent the collective view of the three independent members of the OBR's Budget Responsibility Committee (BRC). The BRC takes full responsibility for the judgements that underpin them. We have also drawn heavily on the work and expertise of numerous officials in preparing these forecasts, including in the Welsh Government, Scottish Fiscal Commission, Scottish Government, HM Revenue and Customs, HM Treasury and the Department for Work and Pensions. We are grateful for their expertise, hard work, and patience.
- 1.5 These forecasts are consistent with the central forecast for the UK economy and public finances presented in our March 2021 *EFO*. As it explains, the range of possible paths the pandemic could take means considerable uncertainty remains around the economic outlook. Therefore, our central forecast is best interpreted as representing an intermediate scenario rather than a median (or mean) forecast as would normally be the case.
- 1.6 Our March 2021 *EFO* describes the timetable that was followed in producing our UK-wide forecasts. We would normally have four forecast rounds and close our pre-measures forecast at the third one to provide a stable base against which the Chancellor can assess

his policy measures. However, on this occasion the process was compressed into three rounds and we continued to update the forecast to reflect the latest information, including the UK Government's 22 February Roadmap for easing public restrictions, in the final round. That round also incorporated all policy announcements made since the November 2020 *EFO*. It was finalised on 26 February.

1.7 The process for producing these devolved forecasts has been as follows:

- officials in HMRC, the Scottish Fiscal Commission and the Welsh Government produced **draft Scottish and Welsh tax forecasts** using our preliminary UK economy and fiscal forecasts;
- these were **scrutinised by the BRC** in two challenge meetings attended by those officials on 1 and 12 February; and
- a **final set of forecasts** were produced on 26 February, using our final economy forecast and including the impact of UK Government policies.

1.8 The rest of this document is structured as follows:

- Chapter 2 covers non-savings non-dividend **income tax** in Scotland and Wales;
- Chapter 3 covers **land and buildings transaction tax and land disposals tax**;
- Chapter 4 covers **landfill taxes** in Scotland and Wales;
- Annex A provides illustrative forecasts for **taxes not yet devolved** – aggregates levy, air passenger duty and VAT assignment; and
- Annex B presents forecasts that the respective Governments use as inputs to their **block grant calculations**.

2 Income tax

Introduction

- 2.1 Scottish income tax and the Welsh rates of income taxes are levied on non-savings, non-dividend (NSND) income, assessed on a liabilities basis. This includes earnings from employment, self-employment, pensions and property. Income tax paid on savings and dividends is reserved to the UK Government and accounts for around 10 per cent of total income tax revenue at the UK level, and somewhat less than that in Scotland and Wales.
- 2.2 Income tax has been partially devolved to Scotland since April 2016. Since April 2017 the Scottish Government has received full NSND income tax liabilities from taxpayers in Scotland. The Scottish Parliament has the power to vary all rates and thresholds separately (other than the personal allowance) and to create new bands paying different rates.
- 2.3 The Welsh rates of income tax have been devolved since April 2019. The existing basic, higher and additional rates of income tax levied by the UK Government are reduced by 10p in the pound for those individuals defined as Welsh taxpayers. The Welsh rates were kept at 10p for each band of income tax for 2020-21, thereby keeping income tax at the same rates as are paid by taxpayers in England and Northern Ireland.
- 2.4 This chapter presents our approach to forecasting Scottish income tax and the Welsh rates and presents our latest forecasts for each of them.¹ Throughout the chapter we compare our March 2021 forecasts to restated November 2020 forecasts, which were first published in our December 2020 *Welsh taxes outlook*.

Methodology

- 2.5 The three main stages in generating our forecasts for Scottish and Welsh income tax are:
- first, we generate a **UK forecast for NSND income tax liabilities** from the full UK income tax forecast published in our *Economic and fiscal outlook (EFO)*;
 - second, we calculate the **Welsh and Scottish shares** of the UK NSND liabilities and apply these to the UK forecast; and
 - third, we add the effects of **policy measures** announced since our previous forecast.

¹ For more detailed explanation of the structure of both Scottish income tax and the Welsh rates and of how we produce our forecasts for each see our March 2019 *Devolved tax and spending forecasts*. Further discussion of the Welsh rates can also be found in our *Welsh taxes outlook* and in Mathews, P. *Working paper no. 14: Devolved income tax: forecasting by tax bands*, September 2018.

- 2.6 Unlike fully devolved taxes, comprehensive and timely information on income tax is only available for UK receipts. Outturn data on liabilities, for Scotland and the UK, are published with a long lag. For the Welsh rates, the first year of outturn data is expected later in 2021. This means that our estimates for past years can change as a result of new data becoming available, as well as the forecasts themselves changing.
- 2.7 The Welsh Government's fiscal framework agreement requires us to forecast income tax liabilities associated with each band of income tax for Wales.

UK forecast

- 2.8 UK-wide NSND income tax liabilities are subdued in 2020-21 due to the pandemic, although they perform much better than the economy as a whole thanks to the support from UK Government schemes like the Coronavirus Job Retention Scheme (CJRS). They pick up from 2021-22 onwards as the economy recovers and the tax rises announced by the Chancellor in Budget 2021 take effect. Relative to our pre-pandemic March 2020 forecast, liabilities are down significantly in each year reflecting the medium-term scarring of incomes assumed in our economy forecast. But the gap narrows over time thanks to the progressively larger effect of the Budget measures. Relative to November, our pre-measures is little changed other than the downward revision in 2021-22 as a result of tighter public health restrictions, but our post-measures forecast has been revised up in the near term due to the boost from additional support measures and in the medium term thanks to the tax rises.
- 2.9 The key UK Government policies affecting income tax receipts relative to November include:
- **Freezing the personal allowance and higher rate threshold** in cash terms at £12,570 and £50,270 respectively for the four years to 2025-26. This raises progressively more over time as more people are brought into paying income tax and more income is subject to the higher rate. In liabilities terms, this is expected to raise £2 billion in 2022-23, rising to almost £10 billion in 2025-26.
 - **Extending the CJRS** in full until the end of June and with tapered generosity until the end of September. Two **further rounds of Self-Employed Income Support Scheme grants** will also be paid this year. These boost liabilities by £2.3 billion in 2021-22.
 - **Corporation tax measures** affect income tax via their effect on incentives to incorporate. Raising the headline rate of corporation tax from 19 to 25 per cent reduces the incentive to incorporate and therefore boosts income tax, but the reintroduction of a small profits rate of 19 per cent on profits up to £50,000 followed by a tapered rate on profits up to £250,000 negates much of the change in incentives. The net effect is to raise income tax liabilities by £0.9 billion a year by 2025-26.

Table 2.1: UK NSND income tax forecast

	£ billion							
	Outturn				Forecast			
	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
November forecast (restated)	172.3	174.7	176.3	178.1	185.9	194.3	204.0	213.8
March forecast	172.3	174.9	177.7	178.9	190.8	198.0	212.5	225.0
Change		0.2	1.4	0.8	4.9	3.7	8.4	11.1
<i>of which:</i>								
UK NSND outturn alignment		0.3	0.3	0.4	0.4	0.4	0.4	0.4
Pre-measures forecast ¹		-0.1	0.9	-1.8	2.4	0.7	-0.1	-0.7
Direct effects of UK Government policies		0.0	0.2	2.2	2.2	2.7	8.1	11.4
<i>Memo: March 2020 forecast difference</i>	-1.7	-1.7	-10.0	-18.2	-15.9	-16.9	-11.3	

¹ Includes the indirect effects of Budget 2021 measures. Also includes gift aid estimates.

Scottish and Welsh shares

2.10 We forecast the shares to apply to the UK NSND forecast by starting from HMRC's latest Survey of Personal Incomes (SPI). This is an annual sample of around 730,000 individuals in contact with HMRC during a year through the PAYE, self-assessment or repayment claim systems. Table 2.2 shows how the SPI-based Scottish and Welsh shares of all UK income tax liabilities have fallen in recent years. The pace of decline has quickened since 2014-15.

Table 2.2: Scottish and Welsh shares of all income tax liabilities

	Per cent					
	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Scotland	7.2	7.1	7.1	6.9	6.8	6.5
Wales	2.9	2.8	2.8	2.7	2.7	2.6

2.11 The most recently available SPI data are for 2017-18.² We use this to calculate an initial share of UK NSND income tax liabilities for both Scotland and Wales. We then project these SPI-based shares over the forecast period, making adjustments for:

- **Population.** We use an index based on the latest ONS population projections to reflect the slower growth of the working-age population expected in Scotland and Wales.
- **Earnings.** We adjust the shares in line with the share of total employee earnings as reported in HMRC's real-time information (RTI) from the PAYE system, enabling us to draw on more up-to-date information for the majority of income tax payers.
- **Previously announced policies.** Any effects of these that are expected to alter the Scottish or Welsh shares are incorporated – for example, personal allowance changes.

² We would normally take on new SPI data in our spring forecasts, but on this occasion the 2018-19 data were not available in time.

- **Outturn.** We align our forecast for the Scottish share to the 2018-19 outturn, which reduces the share by 0.2 percentage points in each year of the forecast. We cannot do this for Wales yet as initial outturn data will only be published later this year.

- 2.12 In our November *Devolved tax and spending forecasts* we investigated the sectoral concentration of the coronavirus hit to UK-wide output, given the differences in the sectoral composition of the Scottish and Welsh economies relative to the UK as a whole. Based on this, we concluded that asymmetric effects were unlikely to have altered the Scottish and Welsh shares of income tax. We have retained this assumption in this forecast.
- 2.13 We have, however, made one further adjustment based on in-year RTI data for 2020-21. These show a year-on-year increase in the Welsh share of UK PAYE income tax. They also show that earnings falls at the lower end of the pay distribution in Wales have been greater than the average falls seen at the UK level, whereas earnings have held up better at the higher end than they have on average across the UK. Taking these in combination, we raised the Welsh share via our RTI earnings index, as shown in Table 2.3. We have assumed that this is a temporary consequence of the pandemic that will unwind. These assumptions are very uncertain, so will be subject to change in future forecasts. In the latter years of the forecast, the share rises slightly thanks to freezing the personal allowance (the asymmetric effects of which are described below).
- 2.14 We did not make any similar adjustments to the Scottish share as evidence from the same analysis painted a less clear picture, while bonus-related uncertainties affecting the remaining months of the year are likely to be greater in Scotland than Wales. Table 2.4 reports our latest forecast for the Scottish share. Relative to November it has been revised up progressively towards the end of the forecast, reflecting the different paths assumed for the higher rate threshold in Scotland relative to the rest of the UK (described below).

Table 2.3: Post-measures Welsh share of NSND income tax

	Per cent of UK total for non-savings, non-dividend liabilities							
	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
November forecast	1.17	1.16	1.16	1.16	1.16	1.16	1.15	1.15
March forecast	1.17	1.16	1.18	1.18	1.17	1.17	1.17	1.17
Change	0.00	0.00	0.02	0.02	0.01	0.01	0.02	0.02
<i>RTI Index (2018-19=100)</i>		99.3	101.0	100.6	100.2	100.2	100.2	100.2
<i>Index of relative population growth (2018-19=100)</i>		100.0	99.7	99.6	99.5	99.3	99.1	98.9

Table 2.4: Post-measures Scottish share of NSND income tax

	Per cent of UK total for non-savings, non-dividend liabilities							
	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
November forecast	6.71	6.74	6.72	6.71	6.69	6.68	6.67	6.68
March forecast	6.71	6.74	6.72	6.70	6.68	6.67	6.63	6.63
Change	0.00	0.00	0.00	-0.01	-0.01	-0.01	-0.04	-0.05
<i>RTI Index (2018-19=100)</i>		99.2	99.2	99.2	99.2	99.2	99.2	99.2
<i>Index of relative population growth (2018-19=100)</i>		100.0	99.5	99.2	98.9	98.7	98.4	98.2

Scottish forecast

2.15 Table 2.5 presents our latest Scottish income tax forecast and the changes since November. Liabilities are up in all years, with the largest source of upward revisions being the UK Government's Budget measures – in particular freezing the personal allowance.

Table 2.5: Changes in Scottish NSND income tax since November

	£ million							
	Outturn	Forecast						
	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
November forecast (restated)	11,556	11,780	11,839	11,949	12,443	12,980	13,607	14,283
March forecast	11,556	11,791	11,928	12,142	12,752	13,212	14,097	14,914
Change		11	89	193	309	232	489	631
<i>of which:</i>								
Scottish share modelling		0	12	-2	6	9	11	13
UK NSND outturn alignment		22	22	24	24	24	25	27
UK NSND forecast and other changes ¹		-8	47	34	161	49	-5	-44
Direct effects of UK Government policies		0	8	138	119	150	458	635
<i>Memo: March 2020 forecast difference</i>	-179	-229	-864	-1,274	-1,293	-1,377	-1,068	

¹ Includes the indirect effects of Budget 2021 measures. Also includes gift aid estimates.

2.16 Table 2.6 breaks down the effects of UK Government policy decisions on Scottish income tax liabilities, which get progressively larger across the forecast period. They include:

- **Freezing the personal allowance and higher rate threshold from 2022-23 to 2025-26.** This accounts for more than 80 per cent of the revenue raised in 2025-26. For Scottish income tax, it is only the personal allowance element that affects liabilities since income tax thresholds in Scotland are set by the Scottish Government. By 2025-26 the personal allowance will be £986 lower than it would have been had it been raised in line with our latest forecast for CPI inflation until then. This brings more people into paying tax. We expect it raise progressively larger amounts across the forecast period, reaching £523 million in 2025-26.
- **Corporation tax: raising the main rate from 19 to 25 per cent and reintroducing a small profits rate.** The effect of this measure on income tax liabilities has been estimated using HMRC's model of tax-motivated incorporations. Raising the main rate to 25 per cent reduces the incentive to set up as a company to pay corporation tax rather than income tax, but the small profits rate will remove that change in incentives for many. These effects are described in Annex A of our March 2021 EFO. Overall, we expect this measure to modest positive effect on income tax liabilities in Scotland that rises to £53 million in 2025-26.
- **CJRS and SEISS extensions.** The tax liabilities on these payments have been calculated using average effective tax rates, applied to the total payments we expect to be made over the next six months. The Scottish share of these payments has then been

calculated based on outturn data from HMRC on the proportion of payments made to Scotland. We expect a combined tax liability of around £150 million in 2021-22.

- **Compliance measures.** The UK Government has also introduced a package of compliance measures aimed at reducing tax avoidance and evasion. These costings tend to be highly uncertain, as they are often based on limited data and target individuals and companies that are already acting to reduce their tax liabilities. We expect the combined package to generate £13 million a year on average.

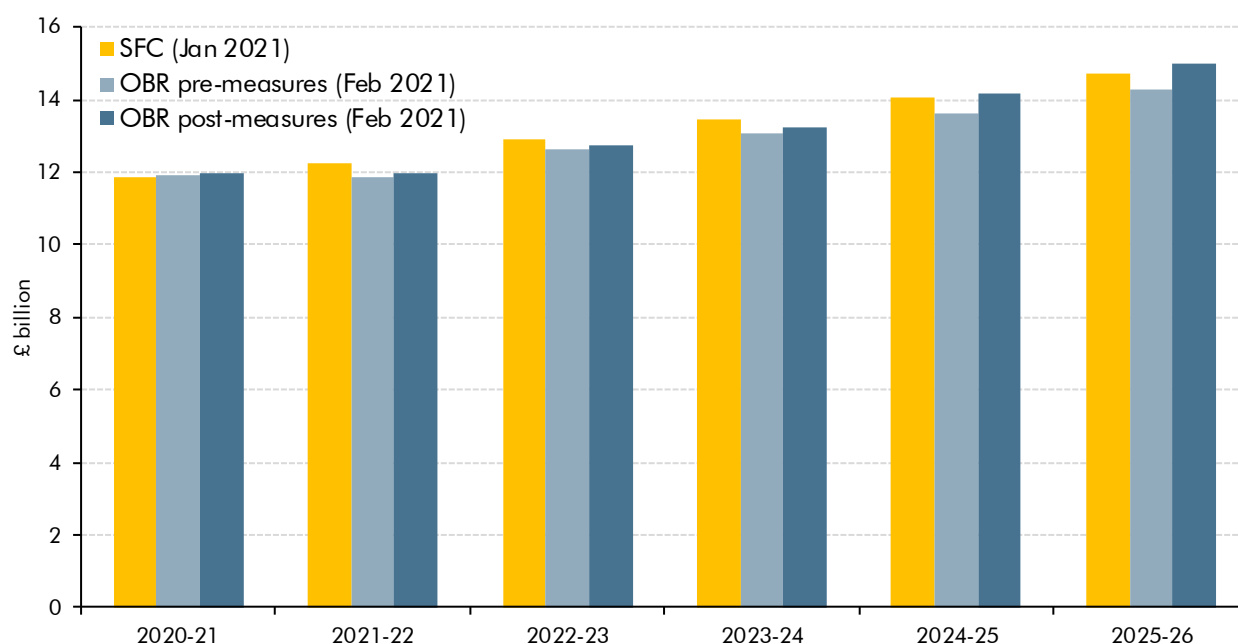
Table 2.6: Effects of UK Government policy changes on Scottish income tax

	£ million					
	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
Total effects of UK Government policy decisions	8	138	119	150	458	635
of which:						
Personal allowance and higher rate threshold freeze	0	0	110	110	378	523
Corporation tax: main rate and small profits rate	0	1	4	15	36	53
CJRS extensions	0	48	0	0	0	0
SEISS extensions	-7	100	0	0	0	0
Compliance package	23	-8	-6	9	23	36
Other Budget measures	-8	-2	11	16	20	23

Comparison with Scottish Fiscal Commission forecasts

- 2.17 Our forecasts for NSND income tax in England and Northern Ireland are used in calculating the Scottish Government's block grant adjustments (BGAs). Any divergence between the growth of our forecasts and those of the Scottish Fiscal Commission (SFC) for Scottish income tax therefore affect the Scottish Government's budget. Our forecasts of Scottish income tax will usually follow a similar path to our UK-wide forecasts as we expect growth rates to converge in the medium term.
- 2.18 The SFC published their *Scottish Economic and Fiscal Forecasts* on 28 January 2021 and their forecasts of Scottish income tax are on average £400 million higher than our pre-measures forecasts from 2021-22 onwards (Chart 2.1). Once the direct effects of the UK Government policies announced in Budget 2021 have been factored in, this difference falls to an average of £62 million from 2021-22 onwards. In 2020-21 our pre- and post-measures forecasts for Scotland are slightly higher than the SFC's.

Chart 2.1: Comparison of SFC and OBR Scottish income tax forecasts



Source: SFC, OBR

2.19 While there is no single reason for the difference in our forecasts, timing is currently particularly important. With forecast-relevant news about the pandemic, public health restrictions, and their economic and fiscal implications, coming in at pace, even a couple of months' differences between our forecasts will potentially result in material differences. Since the SFC published their forecast the UK Government has set out its 22 February Roadmap for easing restrictions in England. This was factored into our economy forecast. Other key factors that will contribute to differences can be broken down into three main areas:

- Modelling.** The SFC use a micro-simulation forecast, whereas we build up our UK forecasts from specific receipts streams (PAYE, SA, repayments) with additional components estimated using HMRC's personal tax model. As well as having different modelling approaches, we have fed different judgements into our respective models.
- Data.** Given the uncertainty caused by coronavirus, greater reliance has been placed on outturn receipts data, which is timelier and more granular at the UK level than for Scotland. Like the SFC, we have made greater use of RTI data. In addition to this we have access to monthly receipts data for UK PAYE and SA, which we use directly for estimating income tax liabilities 2020-21 rather than relying on determinants of income tax liabilities drawn from our economy forecast.
- Economy forecast.** We assume that the determinants of the Scottish tax forecast (in particular wages and salaries growth, which in turn is the sum of employment growth and average earnings growth) move in line with those in the rest of the UK, drawn from our UK-wide economic forecast. The SFC's forecast uses its own Scottish-specific economy and labour market forecasts. Table 2.7 compares our respective forecasts for

employment and average earnings. The differences are greatest in 2020, but as noted above determinants in these years do not influence our income tax forecast in 2020-21, which instead built up from the latest in-year receipts position.

Table 2.7: Comparison of SFC and OBR income tax forecast determinants

	Percentage change on a year earlier						
	2019	2020	2021	2022	2023	2024	2025
Employment							
OBR	1.1	-0.5	-1.0	0.2	1.2	1.0	0.5
SFC	0.1	-2.4	-1.5	1.2	0.9	0.4	0.2
Average nominal earnings							
OBR	3.0	1.1	1.9	2.7	2.2	2.8	3.5
SFC	4.2	2.5	2.6	2.4	2.7	3.0	3.3

Welsh forecast

2.20 Table 2.8 sets out our latest forecast for the Welsh rates and a breakdown of the changes since November. Similarly, to Scotland, the largest source of upward revision is the UK Government's Budget measures, while the Welsh share adjustments increase the Welsh rates by £35 million in 2020-21, tapering to £22 million by 2025-26.

Table 2.8: Changes in the Welsh rates forecast since November

	£ million							
	Estimated outturn	Forecast						
		2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
November forecast (restated)	2,010	2,026	2,045	2,064	2,152	2,247	2,356	2,463
March forecast	2,010	2,027	2,093	2,113	2,233	2,315	2,495	2,643
Change		1	48	49	81	68	140	180
of which:								
Welsh share		-1	35	26	18	20	23	25
UK NSND outturn alignment		4	4	4	4	4	4	5
UK NSND forecast and other changes ¹		-1	10	-21	30	10	0	-7
Direct effects of UK Government policies		0	-1	40	29	34	113	158
<i>Memo: March 2020 forecast difference</i>		-11	-13	-77	-160	-144	-152	-63

¹ Includes the indirect effects of Budget 2021 measures. Also includes gift aid estimates.

2.21 Table 2.9 sets out the effects of UK Government policy measures on our forecast for the Welsh rates. These boost liabilities by in each year from 2020-21 onwards and by progressively larger amounts, reaching £158 million in 2025-26. The freezing of the personal allowance and higher rate threshold accounts for most of the increase. Unlike in Scotland, the Welsh rates follow all the thresholds set by the UK Government, so both elements of the policy affect Welsh rates liabilities. Due to lower average incomes in Wales, we expect the freezing of the personal allowance to bring proportionally more taxpayers into the basic rate relative to the UK as a whole. In 2021-22 the extensions to the CJRS and SEISS programmes add £43 million to liabilities.

Table 2.9: Effects of UK Government measures on the Welsh rates

	£ million					
	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
Total effects of UK Government measures	-1	40	29	34	113	158
of which:						
Personal allowance and higher rate threshold freeze	0	0	29	29	102	141
Corporation tax: main rate and small profits rate	0	0	1	2	5	8
CJRS extensions	0	13	0	0	0	0
SEISS extensions	-2	30	0	0	0	0
Compliance package	3	-2	-2	1	4	7
Other Budget measures	-2	-1	1	1	1	2

Table 2.10: Forecast of Welsh rates by tax band

	£ million							
	Estimated outturn	Forecast						
		2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
March forecast	2,010	2,026	2,138	2,099	2,204	2,281	2,383	2,487
of which:								
Basic rate	1,718	1,748	1,837	1,804	1,890	1,952	2,034	2,114
Higher rate	248	232	253	248	262	274	289	307
Additional rate	44	47	48	47	52	55	60	66
	Per cent							
Basic rate	85.5	86.2	85.7	85.9	85.8	85.6	85.4	85.0
Higher rate	12.3	11.5	12.0	11.8	11.9	12.0	12.1	12.3
Additional rate	2.2	2.3	2.3	2.3	2.3	2.4	2.5	2.7

Shaded cells represent notional estimates for years when tax devolution has not occurred.

3 Taxes on property transactions

Introduction

3.1 There are three different property transaction tax systems operating in the UK: stamp duty land tax (SDLT) in England and Northern Ireland; land and buildings transaction tax (LBTT) in Scotland, and land transaction tax (LTT) in Wales. This chapter summarises our approach to forecasting LBTT and LTT and presents our latest forecasts for each of them.¹

Methodology

3.2 All our forecasts for property transaction taxes start with our UK-wide property market forecasts, as we assume that Scottish and Welsh prices and transactions will generally move in line with those for the UK as a whole unless there are clearly reasons to depart from that.

3.3 Both forecasts involve three steps:

- first, we produce an **in-year estimate**, using the latest outturn and our forecasts for property market determinants in 2020-21;
- next, we produce our **pre-measures forecast**, drawing on several models to project the property market over five years and then calculate the expected revenue; and
- finally, we add estimates of the effects of any **new policy measures** to produce our post-measures forecast.

Latest property market forecasts

3.4 Our LBTT and LTT forecasts are based on the property market forecasts shown in Table 3.1. These are the same as the UK-wide forecasts published in our *Economic and fiscal outlook*.

3.5 We have revised up our forecast for house prices in 2020-21 and 2021-22 since November, reflecting the strength of the latest outturn data and other high frequency indicators, as well as the extension of UK Government measures supporting household incomes into 2021-22. We expect weaker house price inflation thereafter, largely due to slower income growth in the medium term, leaving prices at a similar level to our November forecast by 2025-26. Residential transactions have been revised up this year too, in line with strong momentum in recent data, but, like prices, converge back towards the level forecast in November by 2025-26.

¹ For more detailed explanations of the structure of these taxes and how we produce our forecasts for LBTT and LTT see our March 2019 *Devolved tax and spending forecasts* or our December 2019 *Welsh taxes outlook*. Also see the 'forecast in-depth' section of our website.

- 3.6 We have also revised up our near-term forecasts for commercial property market determinants, but expect a weaker medium-term outlook relative to November. We maintain our assumption that the commercial property market will be more adversely affected than the residential market by structural changes due to the pandemic.

Table 3.1: Forecasts for property prices and transactions

	Percentage change on a year earlier						
	Outturn 2019-20	Forecast					
	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	
House prices							
November forecast ¹	1.2	2.4	-5.6	0.3	6.5	6.8	5.5
March forecast	1.0	4.8	2.8	-1.3	1.6	4.3	4.1
Change	-0.2	2.5	8.4	-1.6	-5.0	-2.5	-1.4
Housing transactions							
November forecast	-1.8	-5.1	15.1	5.2	0.5	0.8	0.8
March forecast	-1.8	-2.3	12.5	4.1	1.2	0.9	0.8
Change	0.0	2.8	-2.6	-1.1	0.7	0.1	0.0
Commercial property prices							
November forecast	3.3	-9.2	-0.8	1.7	2.0	2.0	2.0
March forecast	4.6	-8.7	-0.9	0.1	1.8	2.1	2.2
Change	1.3	0.6	0.0	-1.6	-0.2	0.1	0.1
Commercial transactions							
November forecast	-6.6	-21.0	9.0	5.8	4.9	4.7	4.4
March forecast	-6.6	-19.5	10.9	4.9	3.9	3.8	3.4
Change	0.0	1.6	1.9	-1.0	-1.0	-1.0	-1.0

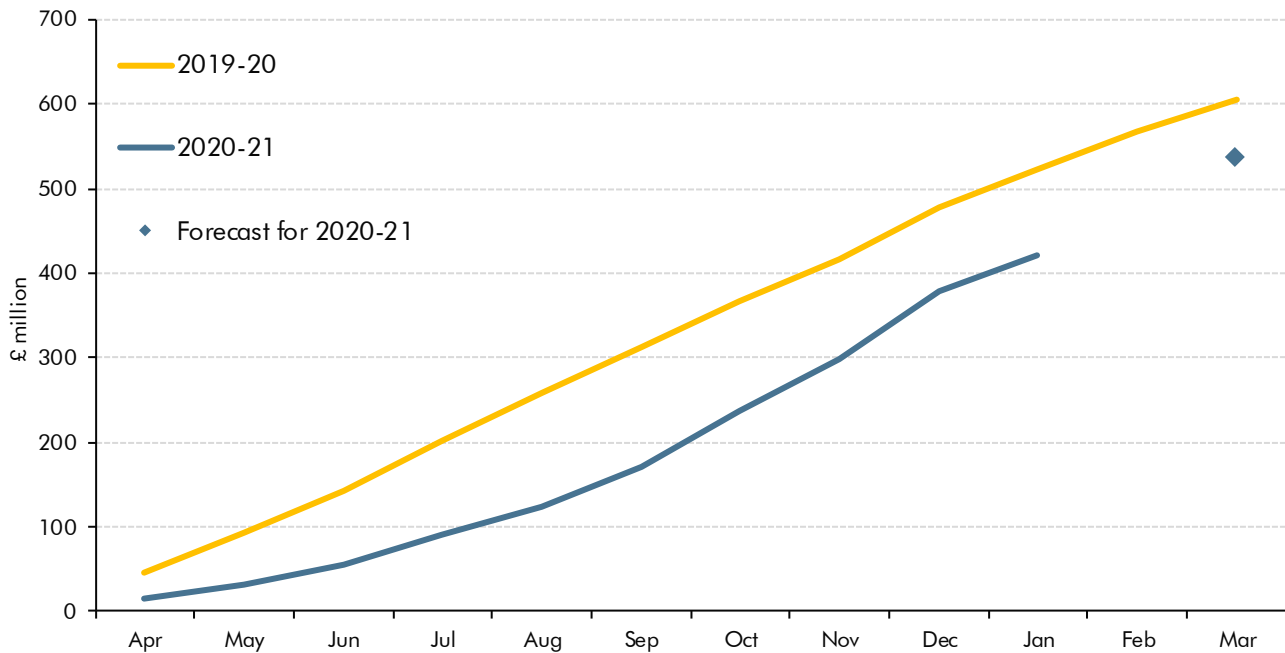
¹We added 0.8 percentage points to the house price forecast underpinning our November forecast for residential LTT in 2020-21.

Land and buildings transaction tax

Latest LBTT outturn data

- 3.7 Total LBTT receipts in the first 10 months of 2020-21 are down £103 million (20 per cent) compared to the same period last year. Residential receipts are down £54 million (15 per cent), but commercial receipts have fallen proportionately more £49 million (29 per cent). This reflects pandemic-related restrictions placed on the property market limiting transactions in the early part of the year as well as the raising of the LBTT nil rate threshold on 15 July, which has reduced the average residential LBTT liability. The subsequent recovery in receipts this year is likely to reflect the release of pent-up demand from the start of the year, as well as the unanticipated savings built up by some wealthier households as other opportunities for spending have been restricted. After a drop in monthly receipts in January, we expect receipts in the final two months of 2020-21 to be boosted by forestalling before the residential LBTT holiday ends. Overall, that leaves LBTT receipts in 2020-21 down £67 million (11 per cent) on 2019-20.

Chart 3.1: Cumulative monthly LBTT receipts in 2019-20 and 2020-21



Source: Revenue Scotland, OBR

LBTT forecast

3.8 Table 3.2 sets out our latest LBTT forecast compared to November. Receipts are up by an average of £62 million (10 per cent) a year. Around three-quarters of this upward revision is due to a stronger outlook for residential main rates receipts.

Table 3.2: Land and buildings transaction tax forecast

	£ million						
	Outturn 2019-20	Forecast					
		2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
Total LBTT							
November forecast	598	431	578	597	671	753	830
March forecast	597	538	650	688	723	784	847
Change	-1	107	72	91	52	31	18
Residential LBTT (excluding ADS)							
November forecast	287	204	297	307	357	417	473
March forecast	287	271	367	377	395	438	483
Change	0	66	70	70	38	21	10
Additional dwellings supplement (ADS)							
November forecast	120	87	133	130	142	152	159
March forecast	120	119	121	138	144	151	157
Change	0	32	-12	8	2	0	-2
Commercial LBTT							
November forecast	191	139	149	160	172	185	198
March forecast	190	148	163	173	184	195	207
Change	-1	9	14	13	12	11	10

Residential LBTT forecast

- 3.9 Table 3.3 shows the sources of revision to our residential LBTT forecast since November. Receipts have been revised up in each year of the forecast, but by steadily diminishing amounts from 2023-24 onwards, with a difference of only £8 million by 2025-26. In 2020-21, stronger in-year data and modelling changes (that capture the effect of the higher average price per transaction this year) explain most of the difference. Thereafter almost all of the change comes from an upward revision to house price inflation this year and next. This leaves the level of house prices above our November forecast in every year, but by decreasing amounts over time as the medium-term levels in both forecasts converge.

Table 3.3: Changes to the residential LBTT forecast since November

	£ million						
	Outturn	Forecast					
	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
November forecast	407	292	430	437	499	568	632
March forecast	407	390	488	515	540	589	640
Change		98	58	78	41	21	8
<i>of which:</i>							
Outturn data		53	-17	-2	-2	-3	-3
Modelling changes		35	11	-1	0	0	0
Price changes		5	94	82	42	22	9
Transaction changes		6	-30	-1	1	1	2

Commercial LBTT forecast

- 3.10 Table 3.4 sets out our latest commercial LBTT forecast relative to November. Receipts are up in each year, by an average of £11 million (7 per cent). The increase is largely due to stronger in-year data since November feeding through into the rest of the forecast. This is only partly offset by the combination of a weaker forecast for prices and transactions.

Table 3.4: Changes to the commercial LBTT forecast since November

	£ million						
	Outturn	Forecast					
	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
November forecast	191	139	149	160	172	185	198
March forecast	190	148	163	173	184	195	207
Change		9	14	13	12	11	10
<i>of which:</i>							
Outturn data		8	11	13	14	15	16
Modelling changes		-1	0	2	2	3	3
Price changes		1	0	-4	-5	-5	-5
Transaction changes		1	3	1	-1	-2	-5

Scottish Fiscal Commission LBTT forecast

- 3.11 Table 3.5 compares the SFC's latest forecast to ours. We use the same forecast models, so forecast differences largely originate from our different assumptions about property markets. The differences between our residential LBTT forecasts reflect our more optimistic

outlook for residential determinants. In particular, we expect growth in transactions to be 15 percentage points higher than the SFC over the forecast period. The SFC expect higher commercial receipts over the forecast, reflecting a modest difference in view over the extent to which commercial property prices will be adversely affected by the pandemic.

Table 3.5: Comparison between Scottish Fiscal Commission and OBR forecasts

	£ million						
	Outturn 2019-20	2020-21	2021-22	Forecast			
				2022-23	2023-24	2024-25	2025-26
Total LBTT							
SFC January 2021	597	517	586	629	664	701	740
OBR March 2021	597	538	650	688	723	784	847
Difference		21	64	58	59	84	108
Residential LBTT (excluding ADS)							
SFC January 2021	287	251	299	325	347	372	398
OBR March 2021	287	271	367	377	395	438	483
Difference		19	67	52	48	66	84
Additional dwellings supplement (ADS)							
SFC January 2021	120	108	108	120	127	131	134
OBR March 2021	120	119	121	138	144	151	157
Difference		11	13	17	18	21	23
Commercial LBTT							
SFC January 2021	190	157	178	184	190	199	207
OBR March 2021	190	148	163	173	184	195	207
Difference		-9	-16	-11	-7	-3	0

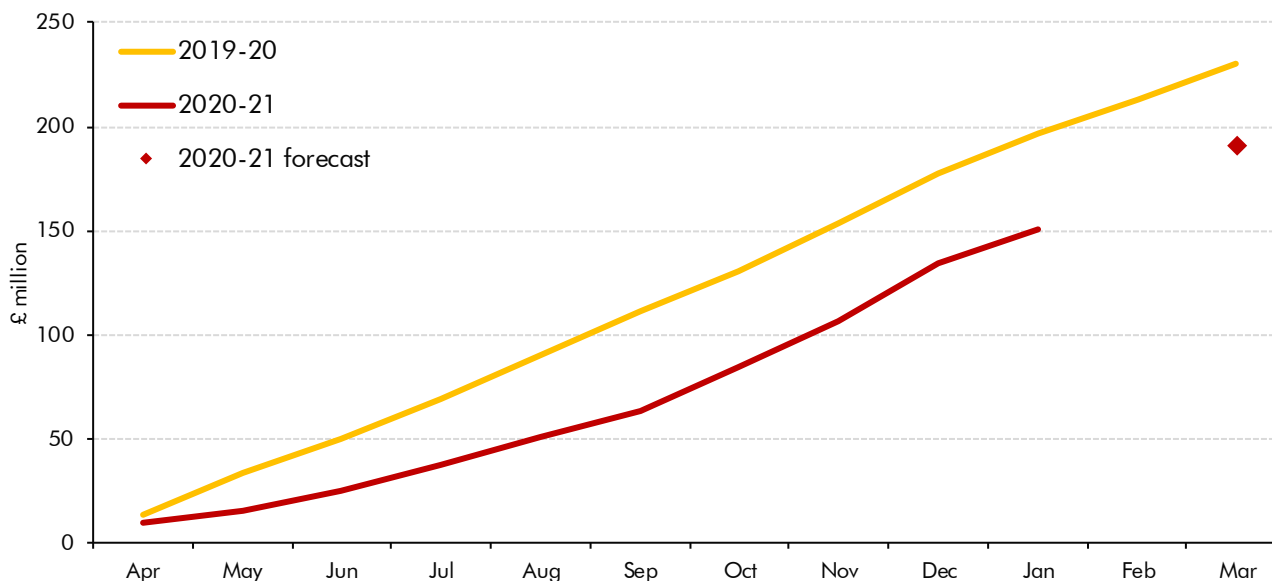
Land transaction tax forecast

Latest LTT outturn data

3.12 In the first ten months of 2020-21, LTT receipts totalled £153 million, 22 per cent lower than at the same point in 2019-20 (Chart 3.2). Commercial receipts have been relatively more adversely affected by the pandemic and are down 31 per cent, compared to a 19 per cent drop in residential receipts. These falls reflect both pandemic-related restrictions placed on the property market earlier in the year and, on the residential side, the raising of the LTT tax-free threshold on 27 July. The monthly LTT profile in 2020-21 has followed a similar path to LBTT – after a slow start receipts recovered towards the end of 2020 before weakening slightly in January. We expect monthly receipts to pick up again in February and March, but to end the year down £40 million (17 per cent) on 2019-20².

² This figure excludes the £28 million from the Core valley lines transaction and £2 million from 'Additional transactions with restricted detail', neither of which are recorded by the WRA within their breakdown of monthly LTT receipts, as used for Chart 3.2. Total receipts for 2019-20, including these transactions, were £260 million.

Chart 3.2: Cumulative monthly LTT receipts in 2019-20 and 2020-21



Note: The monthly receipts shown above do not include the transfer of the Core Valley Lines (CVL) rail network into public ownership. The WRA records this as an untypically large transaction, which adds £28 million to total LTT receipts in 2019-20. An additional £2 million of receipts from transactions with restricted detail are also not included.

Source: WRA, OBR

Latest forecast

3.13 Table 3.6 sets out our latest forecast for LTT and its components. Relative to November, overall receipts are up in each year of the forecast, by an average of £30 million (12 per cent). Nearly all this upward revision comes from the residential side, with receipts from additional properties accounting for most of the difference in the latter years.

Table 3.6: Land transaction tax forecast

	£ million						
	Outturn 2019-20	2020-21	Forecast				
	2021-22	2022-23	2023-24	2024-25	2025-26		
Total LTT							
November forecast	260	174	218	224	253	288	321
March forecast	260	190	260	272	285	310	338
Change	0	17	43	48	31	22	17
Residential (excluding additional properties)							
November forecast	103	71	105	109	129	154	178
March forecast	102	83	131	133	141	158	177
Change	-1	11	25	24	11	4	-1
Additional properties							
November forecast	60	57	64	62	67	73	78
March forecast	60	59	77	84	86	90	95
Change	0	2	14	22	18	17	17
Commercial							
November forecast	99	45	49	53	57	61	65
March forecast	99	49	52	55	58	62	66
Change	0	3	4	2	2	1	1

Residential LTT forecast

- 3.14 Table 3.7 breaks down the changes in our residential LTT forecasts since November. In 2020-21 most of the revision comes from more transactions taking place. Thereafter, the changes are largely driven by our stonger near-term house price forecast and by the Welsh Government's decision to raise the higher rates on additional properties from 3 to 4 per cent with effect from 22 December. Our forecast assumes that around 4,000 transactions will be affected by the higher rate in the remaining months of 2020-21 and around 16,000 a year thereafter, raising £16 million a year on average from 2021-22 onwards. The higher rate is assumed to reduce transactions and to lower house prices slightly.

Table 3.7: Changes in residential LTT since November

	£ million						
	Outturn		Forecast				
	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
November forecast	163	129	169	171	197	227	256
March forecast	162	142	208	217	226	248	272
Change		13	39	46	29	21	16
<i>of which:</i>							
Outturn data		-7	-3	0	0	0	0
Price changes		2	41	33	15	6	0
Transaction changes		12	-9	-1	1	1	1
Policy: raising the higher rates		4	16	16	16	17	17
Modelling and other		-1	-2	-2	-2	-2	-2

Commercial LTT forecast

- 3.15 Our forecast for commercial LTT receipts is very similar to in November. A slightly improved outlook for commercial determinants and stronger outturn data pushes up receipts, but by the end of the forecast this is largely offset by policy changes. The tax-free threshold for commercial transactions was raised from £150,000 to £225,000, with effect from 22 December. The tax-free threshold for transactions that have both a premium and lease rent net present value liable for tax was also raised. These measures are expected to cost around £0.3 million in 2020-21 and £1.5 million a year on average thereafter.

Table 3.8: Changes in commercial LTT since November

	£ million						
	Outturn		Forecast				
	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
November forecast	99	45	49	53	57	61	65
March forecast	99	49	52	55	58	62	66
Change		3	4	2	2	1	1
<i>of which:</i>							
Price changes		1	2	1	1	0	0
Transaction changes		1	3	1	1	1	0
Outturn data		2	1	3	3	3	3
Policy changes		0	-1	-1	-1	-2	-2

4 Landfill taxes

Introduction

4.1 Landfill tax applies to all waste disposed of at a landfill site unless it is specifically exempt. Scottish landfill tax replaced the UK equivalent with effect from April 2015 while landfill disposals tax (LDT) came into effect in Wales from April 2018. The Scottish and Welsh Governments have so far matched the main rates set by the UK Government.¹

Methodology

4.2 Our forecasts are driven by the tax base (the amount of waste sent to landfill) and the effective tax rate that will be paid (largely driven by policy decisions on rates, but also by the composition of waste sent to landfill as there are three different rates).² The volume of waste sent to landfill has been on a downward trend, both in absolute terms and relative to the size of the economy. Our forecast methodology involves three main steps:

- establishing the **in-year estimate** drawing on the latest administrative data (and other relevant sources) to estimate the level of receipts in the current year in progress;
- producing a **pre-measures forecast** using our forecast models, by multiplying the amount of liable waste sent to landfill (the tax base) by the relevant duty rate; and
- generating a post-measures forecast by adding the effects of any **new policy measures**.

4.3 We departed from our normal approach to forecasting Scottish landfill tax in November, by assuming that receipts as a share of household consumption would follow a similar path as in our March 2020 forecast. This was primarily due to the sharp drop in receipts in the early part of 2020-21 that meant our standard approach to deriving a full-year forecast from year-to-date receipts was unlikely to be central. Since receipts have returned to near-normal levels in the most recent quarter, we have now reverted to our usual methodology.

4.4 Both forecast models take account of alternatives to use of landfill, either explicitly (as with future additions to incineration capacity) or implicitly through assumptions about trends in waste sent to landfill. We assume that the tax rates for Scottish landfill tax and Welsh LDT rise in line with RPI inflation in each year of the forecast, consistent with each Government's default indexation assumptions (and also the UK Government's).

¹ Other than the treatment of payments to respective communities funds in lieu of tax, the fiscal effects of which are small, landfill taxation is very similar across the UK.

² We have set out more information on our landfill taxes forecasts in the 'forecasts in-depth' pages on our website.

Scottish landfill tax forecast

- 4.5 Receipts for the first half of 2020-21 are down £13 million (21 per cent) relative to the same period in 2019-20. This largely reflects the hit to economic activity in the first quarter of the year. Receipts have subsequently recovered and we expect them to be similar to their 2019-20 levels in the second half of the year.
- 4.6 Table 4.1 sets out our forecast for Scottish landfill tax receipts. The downward trend reflects increases in recycling and growth in alternative infrastructure such as incineration capacity. The majority of the change since November reflects stronger-than-expected second quarter receipts and the resulting switch back to using our standard forecasting approach. Together these point to slightly higher receipts this year, but with receipts returning to their longer-term downward trend immediately rather than after a modest bounce in 2021-22.

Table 4.1: Scottish landfill tax forecast

	£ million						
	Outturn	Forecast					
	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
November forecast	119	92	102	92	76	66	53
March forecast	119	95	92	90	73	75	63
Change		3	-10	-2	-3	9	9
<i>of which:</i>							
Modelling		1	-10	-2	-3	9	9
RPI Inflation		0	0	1	0	0	0
Data		2	0	0	0	0	0

Welsh landfill disposals tax forecast

- 4.7 LDT receipts for the first three quarters of 2020-21 were £4.2 million (15 per cent) down on the same period in 2019-20. As with Scottish landfill, this reflects the drop in receipts in the first quarter of the fiscal year, with a subsequent recovery in the second and third quarters.
- 4.8 Table 4.2 presents our LDT forecast and the changes since November. We have revised up receipts in 2020-21 by £4 million, reflecting the stronger recent outturns. This feeds through to a modest upward revision in 2021-22, but from 2022-23 onwards our forecast is unchanged from November.

Table 4.2: Welsh LDT forecast

	£ million						
	Outturn	Forecast					
	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
November forecast	37	27	32	33	33	33	32
March forecast	37	31	34	34	33	33	32
Change		4	2	0	0	0	0
<i>of which:</i>							
Data		5	2	0	0	0	0
Modelling and other		-1	0	0	0	0	0

A Illustrative forecasts for taxes not yet devolved

A.1 In this annex we present illustrative forecasts for three taxes slated for devolution that have yet to be devolved. Aggregates levy is due to be devolved to both Scotland and Wales, while air passenger duty and VAT assignment are due to be devolved to Scotland.

Aggregates levy

A.2 The aggregates levy is a tax on the commercial exploitation of rock, sand and gravel. It is due from any business that quarries, dredges or imports these products. The UK Government has legislated to devolve the levy to Scotland and has committed to keeping devolution to Wales under review. In February 2019 longstanding litigation against the levy was concluded and the UK Government announced a full review. We do not yet know the outcome of the review or when devolution will occur, so our forecasts remain illustrative.

A.3 Our methodology uses the average of the most recent estimated Scottish and Welsh shares of UK aggregates levy receipts produced by the ONS, the Scottish Government and HMRC. These all relate to 2018-19.¹ As this is the most recent year of data, we have not changed the shares relative to November. The aggregates levy rate was frozen for a year at the Budget, lowering UK-wide receipts in the short term, but we have revised them up over the medium term. Table A.1 shows the effects of this on our illustrative forecasts.

¹ For the Scottish share we use the average of all three estimates: from the ONS *Country and Regional Public Sector Finances* (15.3 per cent), the Scottish Government's *Government Expenditure and Revenues Scotland* (15.4 per cent) and HMRC's *Disaggregation of HMRC tax receipts* (15.0 per cent). For the Welsh share we use the average of the ONS (7.3 per cent) and HMRC (7.2 per cent) estimates. All are based on aggregate tonnage estimates published in the *UK Minerals Yearbook*.

Table A.1: Aggregates levy illustrative forecasts

	£ million					
	Forecast					
	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
UK forecast						
November 2020	390	433	385	405	442	460
March 2021	392	405	445	462	480	503
Change	2	-29	60	58	37	43
Scottish forecast						
November 2020	60	66	59	62	67	70
March 2021	60	62	68	70	73	77
Change	0	-4	9	9	6	7
Welsh forecast						
November 2020	28	31	28	29	32	33
March 2021	28	29	32	33	35	36
Change	0	-2	4	4	3	3

Air passenger duty

A.4 Air passenger duty (APD) is an excise duty that applies to passengers on flights leaving UK airports. Many passengers, including children or those connecting between flights, are exempt. The tax paid is determined by the final destination and class of travel.² The Scotland Act 2016 includes provisions for the devolution of APD to Scotland. Our Scottish APD forecast is illustrative as the final timing of devolution has not been set.

We use the average of the most recent estimated Scottish shares of total UK-wide APD receipts produced by the Scottish Government, the ONS and HMRC.³ We have revised up our UK-wide forecast for 2020-21 since November, due to slightly higher than expected outturn data. But we have revised receipts down from 2021-22 to 2023-24 reflecting the introduction of more stringent travel restrictions following the emergence of new variants of the virus, which we assume will delay the recovery of receipts until further into the forecast.

Table A.2: Air passenger duty illustrative forecast

	£ million					
	Forecast					
	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
UK forecast						
November 2020	460	1887	2926	3995	4197	4432
March 2021	605	1348	2022	3096	4273	4425
Change	145	-539	-904	-899	76	-7
Scottish forecast						
November 2020	44	181	281	383	403	425
March 2021	58	129	194	297	410	425
Change	14	-52	-87	-86	7	-1

² Destinations fall into two bands based on distance from London, with the higher duty rate applying to flights of more than 2,000 miles.

³ The ONS *Country and Regional Public Sector Finances* estimates 9.4 per cent; the Scottish Government's *Government Expenditure and Revenues Scotland* estimates 9.3 per cent; while HMRC's *Disaggregation of HMRC tax receipts* estimates 10.2 per cent.

VAT assignment

- A.5** The Scotland Act 2016 makes provision for the first 10 percentage points of standard rate, and the first 2.5 percentage points of reduced rate, VAT receipts generated in Scotland to be assigned to the Scottish Government. VAT will continue to be collected by HMRC and the Scottish Government will not have the power to change the collection or administration of the VAT regime in Scotland, or to change VAT rates or the VAT base.
- A.6** The UK and Scottish Governments initially agreed to commence VAT assignment from 2019-20 but this has been delayed. Due to the current economic climate the Scottish Government has agreed with the Treasury to delay the implementation of VAT assignment until the Scottish Government’s Fiscal Framework review has been completed.⁴ In its medium-term financial strategy, the Scottish Government set out proposals to consider other options, including the full devolution of VAT powers. Our forecast continues to assume that a date for VAT assignment has not been set and until alternative policies are confirmed we will continue to produce illustrative forecasts of VAT assignment.
- A.7** The formal methodology for VAT assignment is being developed by HMRC, the Treasury and the Scottish Government. We have no role in validating or approving the chosen methodology. For this illustrative projection we have taken the latest estimated share, which relates to 2018, as the starting point. We then factor in slower population growth in Scotland relative to the UK as a whole. Table A.3 shows our latest illustrative projection, which is up slightly from November, reflecting the upward revision to our UK VAT forecast.

Table A.3: VAT assignment illustrative projection

	£ billion						
	Estimated outturn	Projection					
	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
UK	129.9	98.2	147.2	144.5	149.2	154.9	159.0
of which:							
Assigned to Scottish Government	5.4	4.1	6.1	6.0	6.1	6.4	6.5
VAT from Scotland retained by UK Government	5.4	4.1	6.1	6.0	6.1	6.4	6.5
VAT from the rest of the UK	119.1	90.1	135.0	132.6	136.9	142.1	145.9
	Per cent						
Assigned to Scottish Government	4.16	4.15	4.14	4.13	4.12	4.11	4.10
Scottish population share	8.1	8.1	8.1	8.1	8.0	8.0	8.0
Memo: index Scottish population share (2017-18 = 100)	98.8	98.5	98.3	98.0	97.8	97.6	97.4

⁴ Scottish Government, *Scotland’s Fiscal Outlook: The Scottish Government’s Medium-Term Financial Strategy*, January 2021.

Illustrative forecasts for taxes not yet devolved

B Forecasts required for the block grant adjustments

- B.1** The block grant is a mechanism for transferring funds from the UK Government to the devolved administrations, as allocated from within the departmental spending limits set by the Treasury. The block grants for the Scottish and Welsh Governments are adjusted in accordance with their respective fiscal frameworks.¹ The OBR has no direct involvement in these spending decisions or block grant negotiations, but the spending settlements do draw on elements of our tax and spending forecasts.
- B.2** This annex presents our forecasts for revenues from the devolved taxes and the UK Government's revenue from the taxes equivalent to those that have been devolved. For the devolved taxes covered in this report, the corresponding UK Government taxes are income tax liabilities excluding those on savings and dividend income, stamp duty land tax and landfill tax, all from England and Northern Ireland. We also set out our England and Wales forecasts for elements of social security spending that are devolved to Scotland.
- B.3** Tables B.1 to B.4 compare our current forecasts for the devolved taxes to their UK Government equivalents, while Table B.5 reports our England and Wales social security forecasts. The differences between growth rates forecast in Scotland and Wales and those in the rest of the UK are generally modest in most years, but some are more noteworthy:
- As regards **income tax** (Table B.1), near-term differences largely reflect different policy settings in Scotland versus the rest of the UK – in particular in respect of the higher rate threshold. In the longer term, growth rates are similar across countries, with the remaining differences largely down to assumptions about relative population growth.
 - As regards **property transaction taxes** (Table B.3), differences in near-term growth rates are heavily influenced by the strength or weakness of the latest receipts data. In the later years of the forecast, growth rates are expected to be higher in Scotland and Wales than for the equivalent UK Government tax in England and Northern Ireland. This reflects the more progressive structure of the devolved taxes, which means more transactions fall into the higher tax bands as house prices rise.

¹ *The agreement between the Scottish Government and the United Kingdom Government on the Scottish Government's fiscal framework, February 2016, and The agreement between the Welsh Government and the United Kingdom Government on the Welsh Government's fiscal framework, December 2016.*

Table B.1: Income tax on non-savings, non-dividend income

	£ billion							
	Outturn				Forecast			
	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
Whole UK NSND income tax	172.3	174.9	177.7	178.9	190.8	198.0	212.5	225.0
<i>of which:</i>								
Welsh Government income tax (WRIT basis)	2.0	2.0	2.1	2.1	2.2	2.3	2.5	2.6
UK Government NSND income tax from Wales	2.6	2.6	2.7	2.7	2.9	3.0	3.3	3.5
Scottish income tax ¹	11.6	11.8	11.9	12.0	12.8	13.2	14.1	14.9
England and Northern Ireland NSND income tax	156.1	158.4	160.9	162.1	172.9	179.5	192.6	203.9
Whole UK NSND income tax excluding Scottish income tax	160.8	163.1	165.7	166.9	178.1	184.8	198.4	210.0
UK Government NSND income tax ²	158.7	161.1	163.6	164.8	175.8	182.5	195.9	207.4
		Percentage change on a year earlier						
Whole UK NSND income tax		1.5	1.6	0.7	6.7	3.8	7.3	5.9
<i>of which:</i>								
Welsh Government income tax (WRIT basis)		0.9	3.3	1.0	5.7	3.7	7.8	5.9
UK Government NSND income tax from Wales		-0.3	4.2	0.3	6.6	4.0	9.2	7.1
Scottish income tax		2.0	1.3	0.4	6.4	3.6	6.7	5.8
England and Northern Ireland NSND income tax		1.5	1.6	0.7	6.7	3.8	7.3	5.9
Whole UK NSND income tax excluding Scottish income tax		1.5	1.6	0.7	6.7	3.8	7.4	5.9
UK Government NSND income tax ²		1.5	1.6	0.7	6.7	3.8	7.4	5.9

Note: Shaded cells represent notional estimates for years when tax devolution has not occurred.

¹ Currently outturn data is only available for 2018-19, and 2019-20 remains a forecast.

² Whole UK NSND income tax excluding Scottish income tax and Welsh Government income tax (WRIT basis).

Table B.2: Welsh rates and England and Northern Ireland equivalent by band

	£ billion							
	Outturn		Forecast					
	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
England and Northern Ireland NSND income tax (WRIT basis)	108.5	110.8	112.3	113.8	121.0	125.2	133.7	140.7
<i>of which:</i>								
Basic rate	57.8	59.0	59.8	60.5	64.4	66.7	71.2	75.0
Higher rate	39.3	40.7	41.0	41.8	44.2	45.7	48.3	50.4
Additional rate	11.4	11.0	11.5	11.5	12.4	12.9	14.3	15.4
Welsh Rates	4.0	4.0	4.1	4.2	4.4	4.6	4.9	5.2
<i>of which:</i>								
Basic rate	2.0	2.0	2.1	2.1	2.2	2.3	2.5	2.6
Higher rate	1.7	1.7	1.8	1.8	1.9	2.0	2.1	2.2
Additional rate	0.2	0.2	0.3	0.2	0.3	0.3	0.3	0.4
		Percentage change on a year earlier						
England and Northern Ireland NSND income tax (WRIT basis)		2.0	1.4	1.3	6.3	3.5	6.8	5.3
<i>of which:</i>								
Basic rate		2.2	1.3	1.1	6.4	3.6	6.8	5.3
Higher rate		3.6	0.7	1.9	5.9	3.3	5.6	4.4
Additional rate		-3.9	4.8	0.1	7.8	3.4	10.8	7.9
Welsh Rates		0.8	3.3	1.0	5.6	3.6	7.8	5.9
<i>of which:</i>								
Basic rate		0.9	3.3	1.0	5.7	3.7	7.8	5.9
Higher rate		1.8	2.6	1.4	5.0	3.4	6.7	5.0
Additional rate		-6.3	8.6	-1.6	9.9	4.6	15.0	10.9

Note: Shaded cells represent notional estimates for years when tax devolution has not occurred.

Table B.3: Property transactions taxes

	£ million						
	Outturn		Forecast				
	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
Whole UK property transaction taxes	12,549	9,605	12,297	14,457	15,094	16,216	17,334
<i>of which:</i>							
Land transaction tax (Wales)	260	190	260	272	285	310	338
LBTT (Scotland)	597	538	650	688	723	784	847
SDLT (England and Northern Ireland)	11,691	8,876	11,386	13,497	14,086	15,121	16,149
UK excluding Scottish LBTT	11,952	9,067	11,646	13,769	14,371	15,431	16,487
		Percentage change on a year earlier					
Whole UK property transaction taxes		-23.5	28.0	17.6	4.4	7.4	6.9
<i>of which:</i>							
Land transaction tax (Wales)		-26.8	36.7	4.6	4.5	9.0	9.1
LBTT (Scotland)		-10.0	21.0	5.7	5.1	8.5	8.0
SDLT (England and Northern Ireland)		-24.1	28.3	18.5	4.4	7.3	6.8
UK excluding Scottish LBTT		-24.1	28.4	18.2	4.4	7.4	6.8

Table B.4: Landfill taxes

	£ million						
	Outturn	Forecast					
	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
Whole UK landfill taxes	732	719	741	714	625	610	625
<i>of which:</i>							
Landfill disposals tax (Wales)	37	31	34	34	33	33	32
Scottish landfill tax	119	95	92	90	73	75	63
Landfill tax (England and Northern Ireland)	576	593	615	591	519	503	530
UK excluding Scottish landfill tax	613	624	650	624	552	535	562
		Percentage change on a year earlier					
Whole UK landfill taxes		-1.8	3.1	-3.7	-12.5	-2.4	2.4
<i>of which:</i>							
Landfill disposals tax (Wales)		-16.0	10.8	-2.4	-1.6	-1.1	-1.0
Scottish landfill tax		-20.0	-3.6	-1.8	-18.9	3.0	-16.4
Landfill tax (England and Northern Ireland)		2.9	3.8	-4.0	-12.1	-3.2	5.4

Table B.5: Social security spending

	£ million						
	Outturn	Forecast					
	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
Carer's allowance							
England and Wales	2,890	3,005	3,194	3,455	3,684	3,921	4,275
Personal independence payment							
England and Wales	11,662	13,544	14,776	16,359	17,769	19,138	20,950
Scotland	1,303						
Disability living allowance							
England and Wales	6,430	5,800	5,524	5,446	5,360	5,091	4,767
Scotland	801						
Attendance allowance							
England and Wales	5,383	5,356	5,367	5,550	5,818	6,076	6,397
Scotland	527						
Industrial injuries disablement benefit							
England and Wales	748	721	690	679	669	655	642
Scotland	84						
Severe disablement allowance							
England and Wales	80	72	64	57	50	43	35
Scotland	9						

Note: These forecasts are for spending in England and Wales on benefits which have now been devolved to Scotland. Carers allowance was devolved in September 2018 and all other benefits in this table were devolved in April 2020. The shaded cells represent updated baseline spending at the point of devolution, which have been provided by the Treasury.

