

Office for
**Budget
Responsibility**

Devolved tax and spending forecasts

November 2023

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 the devolved elements of income tax. We also present illustrative projections for some taxes that are slated for devolution, but not yet devolved. And we provide forecasts that the UK, Scottish and Welsh Governments use as part of their agreed block grant funding mechanisms, which largely flow from those devolved taxes that we forecast.
- 1.3 Further information on fiscal devolution in the UK and our role is available in the *Scotland, Wales, and Northern Ireland* section of our website.

Methodology

- 1.4 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 necessary to produce forecasts for the Scottish or Welsh economies on the same basis as our UK-wide forecasts. As a result, we generally use approaches based on estimating and projecting representative shares of relevant UK-wide tax streams for Scotland and Wales. We adjust these shares if the evidence suggests there are factors contributing to either divergence or convergence over the forecast horizon. For the fully devolved taxes our forecasts benefit from timely outturn data.
- 1.5 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.

Forecast timetable

- 1.6 Our November 2023 *EFO* describes the timetable that was followed in producing our UK-wide forecasts. The pre-measures economy forecast was closed on 25 October and the pre-measures fiscal forecast on 31 October. We then incorporated the effects of new policy announcements and finalised our forecasts on 17 November.
- 1.7 Our devolved tax and spending forecasts are consistent with the central forecasts for the UK economy and public finances presented in our November 2023 *EFO*.
- 1.8 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 17 and 18 October; and
 - a **final set of forecasts** was produced on 14 November, using our final economy forecast and including the impact of UK Government policies.

Structure of this report

- 1.9 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 transaction tax**;
 - Chapter 4 covers **Scottish landfill tax** and **landfill disposals tax**;
 - Annex A provides illustrative forecasts for **taxes not yet devolved**, namely aggregates levy, air passenger duty, and VAT assignment; and
 - Annex B presents forecasts that the respective Governments use as **inputs to the block grant calculations**.

2 Income tax

Introduction

- 2.1 Scottish income tax (SIT) and the Welsh rates of income tax (WRIT) 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 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.¹
- 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 levied on top of these reduced UK rates are set by the Welsh Senedd. The Welsh rates were kept at 10p for each band of income tax for 2023-24, thereby keeping income tax rates in Wales at the same levels as those that are paid by taxpayers in England and Northern Ireland.
- 2.4 This chapter presents our approach to forecasting SIT and WRIT revenues and our latest forecasts for each of them.² Throughout the chapter we compare our November 2023 forecasts to our March 2023 forecasts published alongside the Spring Budget.

Methodology

- 2.5 The three main stages in generating our forecasts for Scottish and Welsh income tax are:³
- first, we generate a **UK-wide 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 UK-wide NSND liabilities and apply these to the UK forecast; and
 - third, we add the effects of **policy measures** announced since our previous forecast.

¹ An 'effective personal allowance' however, can be achieved by using a zero-rate band.

² For a 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., *OBR Working Paper No.14: Devolved income tax: forecasting by tax bands*, September 2018.

³ Murphy Corkhill, J., M. Hanson and S. Johal, *OBR Working Paper No.21: Developments in devolved income tax*, October 2023, provides a deep dive into our devolved income tax forecasts.

- 2.6 Unlike the fully devolved taxes, comprehensive and timely information on income tax is only available for UK-wide receipts. Outturn data on liabilities for Scotland, Wales and the UK as a whole, are published with a long lag reflecting the time it takes for self-assessment income tax to be paid (largely in the January of the tax year that follows the year in which liabilities were incurred). 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. The latest outturn year for which Scottish and Welsh income tax liabilities are available is 2021-22.
- 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, which we publish alongside the full WRIT forecast.

UK forecast

- 2.8 We forecast that UK-wide NSND income tax liabilities in 2022-23 will be £18.3 billion (8.8 per cent) higher than in 2021-22, though we have marginally revised down the 2022-23 forecast since March by £1.3 billion. This downward revision reflects two factors: a lower estimate of PAYE accruals in 2022-23 and lower-than-expected 2021-22 outturn. The latter effect persists across the forecast.
- 2.9 We have revised up the forecast for every year from 2023-24 onwards, by steadily increasing amounts that rise to £28.4 billion in 2027-28. This is driven by stronger near-term growth in PAYE receipts (and to a lesser extent from self-assessed income tax (SA)) that we expect to continue over the forecast period largely driven by an increase to our forecast of nominal earning growth.
- 2.10 The forecast contains the effect of several policies announced in the Autumn Statement:
- **A 2 percentage point cut in the main rate of Class 1 NICs**, from 12 per cent to 10 per cent, effective from 6 January 2024.
 - **A 1 percentage point cut in the main rate of Class 4 NICs**, from 9 per cent to 8 per cent, effective from 6 April 2024.
 - **Removing the requirement to pay Class 2 NICs**, for self-employed individuals with profits of at least £12,750.
 - Providing HMRC with the funds to hire an **additional 700 full-time equivalent staff, to boost the collection of tax debts**.
 - **A package of measures, described in the EFO and including the NICs cut, boosts labour supply** through reducing inactivity and incentivising those already in employment to increase their hours of work. We capture the knock-on impacts of these measures to income tax as an indirect effect of UK Government policy decisions.

2.11 One of the ways the NICs cuts generate extra income tax revenue is through one of three behavioural responses. Some individuals will now be incentivised to move into work; some of those already in work will respond by working more hours; and by reducing the tax motivation, some will now choose not to incorporate. The debt collection measure is targeted at tax debt more generally, but the income tax component generates just under half of the overall annual yield by 2028-29.

Table 2.1: UK NSND income tax forecast

	£ billion							
	Outturn		Forecast					
	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
March forecast	208	228	243	251	260	271	283	
November forecast	208	226	255	270	282	296	312	326
Difference	0	-1	11	19	22	25	28	
<i>of which:</i>								
UK NSND outturn alignment		-0.3	-0.3	-0.3	-0.3	-0.4	-0.4	
Pre-measures forecast		-1.0	11.6	17.1	19.8	22.6	25.4	
UK Government policies		0.0	0.1	1.9	2.7	3.2	3.5	3.7

Scottish and Welsh shares

2.12 We forecast the shares to apply to the UK NSND forecast by using HMRC's 2019-20 Survey of Personal Incomes (SPI)⁴. This was an annual sample of around 822,000 individuals in contact with HMRC during the year through the PAYE, self-assessment or repayment claim systems. Table 2.2 shows that the SPI-based Scottish and Welsh shares of all UK income tax liabilities declined steadily up to 2017-18, but that they then rose in 2018-19 and were stable in 2019-20.

2.13 In the pandemic-hit year of 2020-21 the Welsh share remained broadly stable, but the Scottish share fell slightly (by 0.1 percentage points). These small changes might seem surprising given repeated lockdowns affected some sectors much more than others, alongside the different sectoral composition of economies in each country. But analysis in our November 2020 *Devolved tax and spending forecasts* suggested that despite these differences, the sectoral composition of output suggested that there was remarkably little effect from the overall impact of the lockdowns on relative income tax liabilities in each economy, largely due to the worst hit sectors being of similar importance to each economy.

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

	Per cent						
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Scotland	7.13	6.91	6.75	6.53	6.73	6.72	6.58
Wales	2.82	2.72	2.72	2.64	2.66	2.66	2.74

⁴ The 2019-20 SPI is used due to the 2020-21 SPI being impacted by the pandemic.

2.14 We use the 2019-20 SPI data 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:⁵

- **Population.** We use an index based on the ONS population projections to reflect the different projected growth rates of the adult population in Scotland and Wales. This ‘population index’ combines two separate indices – one each for adults aged below, and above, the State Pension age of 66 – that are weighted by the proportion of NSND income tax paid by each group. This aims to capture the effects of different trends in population ageing on top of different trends in the overall size of the population on the Scottish and Welsh shares of income tax.
- **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 taxpayers. This includes judgements based on data for the first five months of 2023-24 that reflect both historical patterns of RTI shares through the fiscal year and year-end bonus outturn (where particularly strong growth often skews receipts towards England).
- **Previously announced policies.** Changes in the costings of existing UK Government policies, for example the multi-year freezes in income tax thresholds, can affect the Scottish and Welsh shares.
- **Outturn.** We align our forecasts to the 2021-22 outturn published in July 2023.

2.15 Table 2.3 reports our latest forecast for the Scottish share and revisions since March. It is presented on a pre-measures basis because the impact of new policy measures is captured in cash terms rather than via the share. The Scottish share has been revised up by an average of 0.11 percentage points a year from 2022-23 onwards. This upwards revision reflects higher Scottish income tax outturn in 2021-22 and, to a lesser extent, higher RTI outturn in 2022-23. Weakness in the 2023-24 year-to-date RTI data partly offsets this upwards revision in later years of the forecast. This means that the Scottish share is expected to reach 6.68 in 2027-28, revised up from 6.56 in March (and rising from 6.59 in 2021-22).

⁵ Murphy Corkhill, J., M. Hanson and S. Johal, *OBR Working Paper No.21: Developments in devolved income tax*, October 2023, explores the shares in depth, including how and why they have changed over time.

Table 2.3: Scottish share of NSND income tax

	Per cent of UK total for non-savings, non-dividend liabilities							
	Outturn	Forecast						
	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
March forecast	6.50	6.50	6.62	6.65	6.61	6.57	6.56	
November forecast ¹	6.59	6.62	6.70	6.73	6.72	6.70	6.68	6.68
Difference	0.09	0.12	0.07	0.07	0.11	0.13	0.12	
<i>RTI index (2021-22=100)</i>		100.0	99.5	99.5	99.5	99.5	99.5	99.5
<i>Change in RTI index since March</i>		0.11	-0.37	-0.37	-0.37	-0.37	-0.37	
<i>Index of relative population growth (2022-23=100)</i>		100.0	99.7	99.3	99.0	98.7	98.5	98.1
<i>Change in index of relative population since March</i>		0.00	-0.01	-0.01	-0.01	-0.01	-0.02	

¹ November 2023 is shown on a pre-measures basis because the effect of measures is captured in cash terms rather than via the share.

2.16 Table 2.4 shows that the Welsh share is little changed from March, down by just 0.01 percentage point from 2022-23 onwards (again on a pre-measures basis). This largely reflects weaker-than-expected 2021-22 WRIT outturn data, which is compounded by lower RTI outturn, though this is partly offset by revisions the population index.

Table 2.4: Welsh share of NSND income tax

	Per cent of UK total for non-savings, non-dividend liabilities							
	Outturn	Forecast						
	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
March forecast	1.16	1.16	1.17	1.19	1.19	1.18	1.18	
November forecast ¹	1.15	1.16	1.17	1.18	1.18	1.18	1.18	1.18
Difference	-0.01	0.00	-0.01	-0.01	-0.01	0.00	0.00	
<i>RTI index (2021-22=100)</i>		99.4	99.9	99.9	99.9	99.9	99.9	99.9
<i>Change in RTI index since March</i>		-0.44	-0.02	-0.02	-0.02	-0.02	-0.02	
<i>Index of relative population growth (2022-23=100)</i>		100.0	99.9	99.9	99.8	99.7	99.7	99.6
<i>Change in index of relative population since March</i>		0.00	0.01	0.01	0.01	0.01	0.02	

¹ November 2023 is shown on a pre-measures basis because the effect of measures is captured in cash terms rather than via the share.

Scottish forecast

2.17 Table 2.5 presents our latest Scottish income tax forecast and the changes since March. The forecast is up in every year, from £0.9 billion (5.9 per cent) in 2023-24 to £2.3 billion (12.2 per cent) in 2027-28. This is due to:

- the large **upward revision to our pre-measures UK NSND forecast**;
- the **rise in the forecast Scottish share** of income tax liabilities; and
- the **effect of UK Government policies**, primarily the reduction in the rates of NICs, the resourcing of additional tax debt collection, and the indirect effects of the overall package, as described above.

Table 2.5: Scottish NSND income tax forecast: changes since March

	£ million							
	Outturn	Forecast						
	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
March forecast	13,507	14,800	16,117	16,721	17,165	17,785	18,570	
November forecast	13,724	14,997	17,063	18,171	18,966	19,851	20,840	21,781
Difference	218	196	946	1,450	1,800	2,067	2,270	
<i>of which:</i>								
Scottish share modelling		278.9	188.2	199.4	320.3	376.6	382.6	
UK NSND outturn alignment		-19.3	-21.2	-22.2	-23.1	-24.0	-25.1	
UK NSND forecast changes		-63.3	771.5	1,136.2	1,308.0	1,483.1	1,660.1	
UK Government policies		0.0	7.4	136.3	195.2	230.9	252.8	267.3
<i>of which:</i>								
<i>NICs cut, inc indirect effects</i>			8.2	37.5	72.7	101.0	125.4	146.8
<i>HMRC: debt management</i>			1.7	15.9	34.0	33.1	34.9	36.1
<i>Other, inc other IEs</i>			-2.5	82.9	88.5	96.8	92.6	84.4

Comparison with the Scottish Fiscal Commission's most recent forecast

- 2.18 Our forecasts for NSND income tax in England and Northern Ireland are used in calculating the Scottish Government's block grant adjustments (BGAs). The income tax BGA reduces the funding received by the Scottish Government to reflect the devolution of income tax revenues themselves. The Scottish Government bases its spending decisions on both the BGAs, which reflect our forecasts, and the Scottish Fiscal Commission's (SFC's) forecasts for tax revenues in Scotland. As a result, differences between our respective forecasts for growth in revenues can affect the overall budget in any given year – although ultimately resources are aligned to revenue outturns via a reconciliation process over subsequent years.
- 2.19 Differences in modelling approaches, data used, and judgements applied can all contribute to differences between our forecasts. This is overlaid by the fact that we produce our forecasts at different times, so the latest data will have moved on in between each forecast – an important factor in rapidly evolving economic conditions. To facilitate comparisons, we agreed with the SFC to publish a standard set of income tax comparison tables that will be updated each time either of us publish a new forecast. Tables 2.6 and 2.7 compare our current forecast to the SFC's latest forecast, which was published in May.
- 2.20 Table 2.6 compares the determinants used in our respective forecasts. Ours relate to the UK as a whole, whereas the SFC's are specific to Scotland. It shows that:
- We anticipate higher **nominal earnings growth** in the near term, reflecting the recent strength in outturn, with cumulative growth to 2024-25 higher in our forecast than the SFC's. But we expect earnings growth to slow thereafter, as inflation falls further, labour market conditions continue to loosen, and unemployment rises. Our forecast falls below the SFC's from 2025-26 onwards.

- Conversely, we expect weaker near-term **employment growth** than the SFC, but that position is reversed from 2025-26 onwards. In this forecast we have raised employment in the near term, reflecting the most recent outturn data.
- Our forecast for the growth in **wages and salaries** is higher than the SFC's until 2024-25 but very close thereafter.

Table 2.6: SFC Scottish determinants compared to OBR UK-wide determinants

	Percentage change on a year earlier						
	Outturn	Forecast					
	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
Employment							
SFC (May)	2.0	0.3	0.0	0.3	0.3	0.3	0.3
OBR	1.0	0.1	0.2	0.7	1.0	0.9	0.7
Difference	-1.0	-0.2	0.2	0.4	0.8	0.6	0.5
Average nominal earnings							
SFC (May)	4.0	4.6	2.6	2.3	2.6	2.9	3.0
OBR	6.1	6.2	3.3	1.9	2.2	2.6	2.8
Difference	2.1	1.6	0.7	-0.5	-0.4	-0.3	-0.1
Wages and salaries							
SFC ¹ (May)	6.2	4.9	2.7	2.6	2.9	3.2	3.3
OBR	7.0	6.4	3.6	2.5	3.0	3.3	3.3
Difference	0.8	1.5	0.9	-0.1	0.1	0.1	0.1
Index: 2021-22 = 100							
Employment							
SFC (May)	102.0	102.3	102.3	102.6	102.9	103.2	103.5
OBR	101.0	101.1	101.3	102.0	103.1	104.0	104.8
Difference	-1.0	-1.2	-1.0	-0.6	0.2	0.8	1.3
Average nominal earnings							
SFC (May)	104.0	108.8	111.6	114.2	117.2	120.5	124.1
OBR	106.1	112.7	116.5	118.7	121.3	124.4	127.9
Difference	2.1	3.9	4.8	4.4	4.1	3.9	3.8
Wages and salaries							
SFC ¹ (May)	104.0	108.8	111.6	114.2	117.2	120.5	124.5
OBR	107.0	113.9	118.0	120.9	124.6	128.7	132.9
Difference	3.1	5.1	6.3	6.7	7.4	8.1	8.5

¹ Refers to the SFC's total nominal earnings series.

2.21 Table 2.7 breaks down our forecast for UK NSND income tax and compares our Scottish income tax forecast with the SFC's. By 2028-29 our forecast is £982 million (4.7 per cent) higher than the SFC's most recent forecast. Indeed, it is an average of £967 million a year (5.4 per cent) higher than the SFC's May forecast. In cumulative terms, our Scottish income tax forecast grows by 56 per cent between 2022-23 and 2028-29, which compares to a 55 per cent growth rate for the SFC's forecast.

Table 2.7: SFC Scottish income tax forecast compared to OBR UK NSND forecast

	£ million							
	Outturn	Forecast						
	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
SFC (May)								
SIT (a) ¹	13,387	14,764	16,210	17,080	17,808	18,591	19,646	20,799
OBR								
UK NSND	208,110	226,401	254,790	269,970	281,890	296,042	311,608	325,715
of which:								
UK ex. SIT and WRIT	192,002	208,788	234,755	248,628	259,602	272,704	287,099	300,107
WRIT	2,384	2,616	2,972	3,171	3,322	3,487	3,668	3,827
SIT (b)	13,724	14,997	17,063	18,171	18,966	19,851	20,840	21,781
OBR vs. SFC (b-a)	337	233	853	1,091	1,157	1,260	1,195	982
	Percentage change on a year earlier							
SFC (May)								
SIT (a)		10.3	9.8	5.4	4.3	4.4	5.7	5.9
OBR								
UK ex. SIT and WRIT		8.7	12.4	5.9	4.4	5.0	5.3	4.5
SIT (b)		9.3	13.8	6.5	4.4	4.7	5.0	4.5
OBR vs. SFC (b-a)		-1.0	4.0	1.1	0.1	0.3	-0.7	-1.4
	Index (2021-22=100)							
SFC (May)								
SIT (a)		110.3	121.1	127.6	133.0	138.9	146.7	155.4
OBR								
UK ex. SIT and WRIT		108.7	122.3	129.5	135.2	142.0	149.5	156.3
SIT (b)		109.3	124.3	132.4	138.2	144.6	151.8	158.7
OBR vs. SFC (b-a)		-1.0	3.2	4.8	5.2	5.8	5.1	3.3

¹ The SFC Scottish income tax figure for 2021-22 is pre-outturn.

Welsh forecast

2.22 Table 2.8 sets out our latest forecast for the Welsh rates of income tax and a breakdown of the changes since March, while Table 2.9 shows the forecast by tax band. We have revised up our Welsh forecast by £115 million (4.0 per cent) in 2023-24 and progressively higher amounts across the forecast, reaching £324 million (9.7 per cent) by 2027-28. This reflects:

- the **upward revision to our UK NSND forecast**;
- the **effect of UK Government policies**, primarily the reduction in the rates of NICs, the resourcing of additional tax debt collection, and the indirect effects of the overall package, as described above;
- slightly offset by a **lowering in the Welsh share** of UK income tax liabilities.

Table 2.8: Changes in the Welsh rates of income tax forecast since March

	£ million							
	Outturn	Forecast						
	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
March forecast	2,403	2,642	2,857	2,982	3,081	3,202	3,344	
November forecast	2,384	2,616	2,972	3,171	3,322	3,487	3,668	3,827
Difference	-18	-26	115	189	241	285	324	
<i>of which:</i>								
Welsh share modelling		-11.2	-17.9	-30.4	-20.1	-12.9	-8.8	
UK NSND outturn alignment		-3.4	-3.7	-3.9	-4.0	-4.2	-4.4	
UK NSND forecast changes		-11.4	136.7	202.9	235.2	267.5	299.4	
UK Government policies		0.0	0.2	19.9	30.0	34.7	37.6	39.3
<i>of which:</i>								
<i>NICs cut, incl indirect effects</i>			0.5	2.7	7.6	11.4	14.7	17.5
<i>HMRC: debt management</i>			0.2	2.8	6.4	6.1	6.4	6.7
<i>Other, inc other IEs</i>			-0.5	14.5	16.0	17.2	16.6	15.1

Table 2.9: Forecast of Welsh rates of income tax by tax band

	£ million							
	Outturn	Forecast						
	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
November forecast	2,384	2,616	2,972	3,171	3,322	3,487	3,668	3,827
<i>of which:</i>								
Basic rate	2,030	2,214	2,493	2,645	2,757	2,877	3,005	3,126
Higher rate	293	339	386	425	456	492	535	561
Additional rate	62	63	93	101	109	118	129	141
	Per cent							
Basic rate	85.1	84.7	83.9	83.4	83.0	82.5	81.9	81.7
Higher rate	12.3	12.9	13.0	13.4	13.7	14.1	14.6	14.7
Additional rate	2.6	2.4	3.1	3.2	3.3	3.4	3.5	3.7

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 Our forecasts for property transaction taxes start with our UK-wide property market forecasts. We typically assume that Scottish and Welsh prices and transactions will move in line with those for the UK as a whole, as they have historically tended to. But if there are clear reasons to depart from that, as there have been during and since the pandemic, then we can use different country-specific assumptions. In this forecast we use our standard approach of assuming similar price movements in each UK property market.

3.3 Our LBTT and LTT forecasts both involve three steps:

- first, we produce an **in-year estimate**, using the latest outturn data and our forecasts for property market determinants in 2023-24;
- next, we produce our **pre-measures forecast**, drawing on different models to project each property market over the five-year horizon and calculating the resulting 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, which are the same as those used for our UK-wide forecasts and published in our *Economic and fiscal outlook*.

3.5 Our latest forecast for house price inflation is that prices will fall in 2023-24 and 2024-25 before recovering thereafter, a path not dissimilar to our March forecast, though we now expect a shallower fall this year and steeper fall next year. This path is explained by the

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.

prolonged squeeze on real incomes and the impacts of sustained high interest rates on property purchases. We now expect a peak-to-trough fall in house prices of 5.8 per cent, compared to 8.3 per cent in our previous forecast.

- 3.6 Relative to our March forecast, house prices have been revised up in 2023-24, reflecting stronger-than-expected outturn data, but are then lower in 2024-25 and 2025-26. Growth in the latter years of the forecast is at similar levels. Cumulative growth between 2022-23 and 2027-28 is around 2 percentage points higher than our March forecast.
- 3.7 We are now forecasting a peak-to-trough drop in housing transactions of 22.7 per cent by 2024-25, a more pessimistic near-term outlook than we assumed in March. Transactions are also weaker, relative to March, in the medium term, other than a sharp rebound in 2025-26.
- 3.8 We expect the commercial market to follow a similar path to the residential market, with prices and transactions not recovering until 2025-26. Relative to March, the changes in commercial property prices are similar to those for house prices. The changes in the forecast for commercial property transactions follow a slightly uneven path, with transactions revised up in 2022-23, at a similar level in 2023-24, revised down in both 2024-25 and 2025-26, and similar thereafter.

Table 3.1: Forecasts for property prices and transactions: changes since March

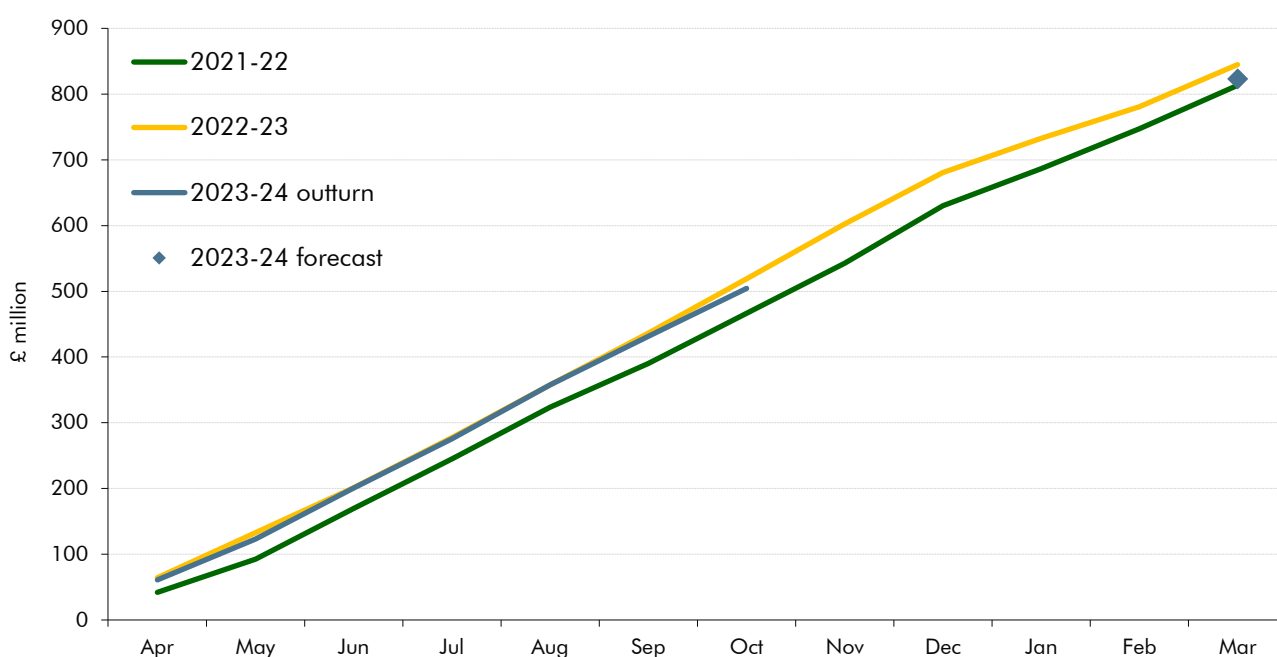
	Percentage change on a year earlier						
	Outturn	Forecast					
	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
House prices							
March forecast	9.8	-4.6	-3.9	2.2	3.5	3.6	
November forecast	8.6	-0.9	-4.9	1.2	3.6	3.7	3.7
Difference	-1.2	3.7	-1.0	-1.0	0.1	0.1	
Housing transactions							
March forecast	-10.3	-14.9	2.7	2.1	15.6	8.0	
November forecast	-12.3	-20.0	-3.4	8.4	11.2	11.2	9.3
Difference	-1.9	-5.1	-6.1	6.3	-4.4	3.3	
Commercial property prices							
March forecast	1.2	-4.6	1.8	1.0	1.2	1.7	
November forecast	-4.0	-1.2	-1.2	1.6	1.6	1.8	1.9
Difference	-2.9	3.4	-3.1	0.7	0.4	0.1	
Commercial transactions							
March forecast	-4.9	-8.0	0.6	7.7	5.2	1.8	
November forecast	-1.7	-8.1	-1.3	6.1	5.4	1.9	1.7
Difference	3.2	-0.2	-1.8	-1.6	0.1	0.1	

Scottish land and buildings transaction tax

Latest LBTT outturn data

3.9 Total LBTT receipts in the first seven months of 2023-24 have been higher-than expected, with receipts only marginally lower than in 2022-23. As with last year, we expect a slowdown in the second half of the year, but expect it to be more pronounced this year as the effects of the economic downturn, notably lower housing transactions, feeds through. We forecast LBTT receipts will be £823 million in 2023-24, £21 million (2.5 per cent) lower than last year's outturn.

Chart 3.1: Cumulative monthly LBTT receipts: 2021-22 to 2023-24



Source: Revenue Scotland, OBR

LBTT forecast

3.10 Table 3.2 sets out our latest LBTT forecast. Receipts are forecast to fall in 2023-24 compared to 2022-23 and then fall again, more significantly, in 2024-25, a peak-to-trough reduction of 14 per cent. They are then expected to recover from 2025-26 onwards but do not surpass the 2022-23 level until 2026-27. However, compared to March, we have revised up receipts in 2023-24 by £112 million following the stronger-than-expected in-year outturn data.² We expect most of this surplus to persist, which explains much of the upward revision in receipts across the forecast compared to our March forecast.

² These figures are presented on the Scottish Fiscal Commission's time-shifted basis that attempts to align receipts to when transactions actually took place, rather than when they are recorded by Revenue Scotland (therefore differing slightly from those in Chart 3.1).

Table 3.2: Land and buildings transaction tax forecast: changes since March

	£ million						
	Outturn	Forecast					
	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
Total LBTT							
March forecast	865	711	681	779	887	982	
November forecast	848	823	733	808	922	1,056	1,197
Difference		112	51	29	36	74	
Residential LBTT (excluding ADS)							
March forecast	466	348	322	374	443	510	
November forecast	465	408	345	383	456	546	642
Difference		60	24	9	13	35	
Additional dwelling supplement (ADS)							
March forecast	171	166	157	184	208	227	
November forecast	163	214	191	214	239	274	309
Difference		48	35	30	31	47	
Commercial LBTT							
March forecast	227	198	203	221	236	245	
November forecast	220	201	196	212	227	237	246
Difference		4	-7	-9	-9	-9	

Residential LBTT forecast (including the additional dwelling supplement)

3.11 Residential LBTT receipts have been revised up in every year, by an annual average of £67 million from 2023-24 onwards (11 per cent, Table 3.3). This reflects the stronger-than-expected 2023-24 outturn growth in both the main LBTT rates and particularly the additional dwelling supplement (ADS), which, when measured on a gross basis, is 20 per cent higher in the first half of 2023-24 compared to 2022-23.³ As discussed above, across the period as a whole we now forecast slightly higher growth in house prices than in March, and this also contributes to the surplus, though it is offset by the downgrade in the housing transactions forecast.

Table 3.3: Residential LBTT forecast (including ADS): changes since March

	£ million						
	Outturn	Forecast					
	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
March forecast	638	514	478	558	651	737	
November forecast	628	622	537	597	695	820	951
Difference		109	58	39	44	83	
<i>of which:</i>							
Price changes		38	24	17	21	26	
Transaction changes		-26	-27	-51	-61	-43	
Outturn data and modelling		96	62	72	84	100	

³ ADS outturn data is regularly revised as more refunds are claimed over time.

Commercial LBTT forecast

- 3.12 We have increased our commercial LBTT forecast by £4 million (1.8 per cent) in 2023-24, largely from an upward revision to prices (Table 3.4). Thereafter, receipts are down by an annual average of £9 million (3.8 per cent), mainly driven by fewer transactions.

Table 3.4: Commercial LBTT forecast: changes since March

	£ million						
	Outturn	Forecast					
	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
March forecast	227	198	203	221	236	245	
November forecast	220	201	196	212	227	237	246
Difference		4	-7	-9	-9	-9	
<i>of which:</i>							
Price changes		6	-1	1	2	2	
Transaction changes		0	-4	-7	-8	-8	
Outturn data and modelling		-3	-3	-3	-3	-3	

Comparison with the Scottish Fiscal Commission's most recent forecast

- 3.13 Our LBTT forecast is generated from the same model that is used by the Scottish Fiscal Commission (SFC) so any differences between our forecasts largely relate to the timing of the forecast, different assumptions about the future direction of property markets and how we interpret the latest outturn data. Our LBTT forecast is higher than the SFC's May forecast by an annual average of £49 million, driven by residential LBTT and ADS (Table 3.5).

Table 3.5: Comparison between Scottish Fiscal Commission and OBR forecasts

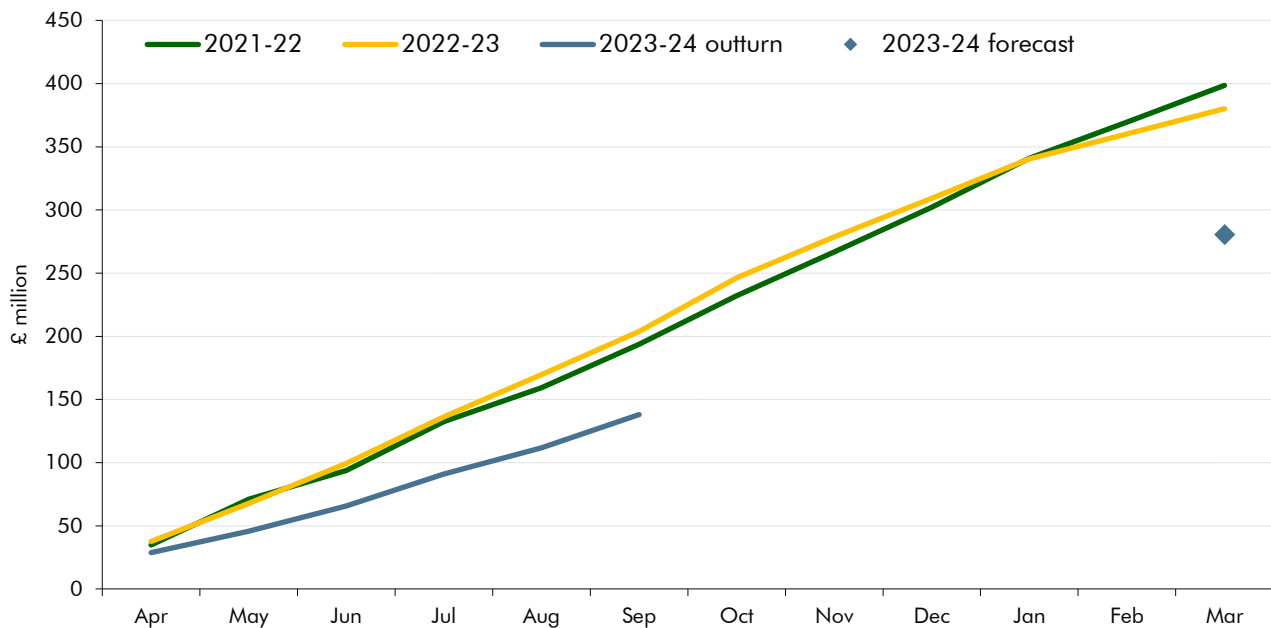
	£ million						
	Outturn	Forecast					
	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
Total LBTT							
SFC (May)	840	772	733	792	905	992	1,053
OBR	848	823	733	808	922	1,056	1,197
Difference		51	-1	17	17	64	144
Residential LBTT (excluding ADS)							
SFC (May)	469	401	371	402	480	541	585
OBR	465	408	345	383	456	546	642
Difference		7	-25	-19	-24	5	57
Additional dwellings supplement (ADS)							
SFC (May)	158	170	160	178	202	216	220
OBR	163	214	191	214	239	274	309
Difference		44	32	36	36	58	89
Commercial LBTT							
SFC (May)	213	202	203	212	223	235	248
OBR	220	201	196	212	227	237	246
Difference		0	-7	-1	5	1	-2

Welsh land transaction tax forecast

Latest LTT outturn data

3.14 LTT receipts are much lower at the half-way point of this year than the corresponding points of the past two years (Chart 3.2). We expect receipts to reach £280 million by the year's end, £100 million (26.2 per cent) down on last year's outturn.

Chart 3.2: Cumulative monthly LTT receipts: 2021-22 to 2023-24



Source: WRA, OBR

LTT forecast

3.15 LTT receipts are forecast to decline in both 2023-24 and 2024-25, with a peak-to-trough decline of around a third (Table 3.6). The recovery begins from 2025-26 but it is not until 2027-28 that receipts get back to the 2022-23 level. Relative to our March forecast, LTT receipts have been revised down in every year and by an annual average of £41 million (12 per cent), reflecting the downward trend in recent outturn data and the continued weakness in transactions. This pattern is true for all three elements of LTT.

Table 3.6: Land transaction tax forecast: changes since March

	£ million						
	Outturn	Forecast					
	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
Total LTT							
March forecast	390	300	283	327	379	425	
November forecast	372	280	251	279	325	375	437
Difference		-19	-32	-48	-54	-50	
Residential (excluding additional properties)							
March forecast	196	145	129	153	185	217	
November forecast	196	146	122	136	165	200	238
Difference		0	-7	-16	-20	-17	
Additional properties							
March forecast	82	65	62	75	88	98	
November forecast	82	58	54	62	73	85	106
Difference		-7	-8	-12	-14	-13	
Commercial							
March forecast	94	89	92	100	107	111	
November forecast	94	76	74	80	86	90	94
Difference		-13	-17	-20	-20	-21	

Residential LTT forecast

3.16 Table 3.7 shows that the downward revision in our residential LTT forecast, by an average of £23 million (9.3 per cent a year) is due to a combination of weaker outturn data and fewer transactions, partly offset by higher prices.

Table 3.7: Residential LTT: changes since March

	£ million						
	Outturn	Forecast					
	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
March forecast	278	210	191	227	272	314	
November forecast	278	204	177	199	238	285	344
Difference		-6	-15	-29	-34	-29	
<i>of which:</i>							
Price changes		18	12	9	11	14	
Transaction changes		-10	-13	-23	-27	-23	
Outturn data and modelling		-15	-13	-15	-18	-20	

Commercial LTT forecast

3.17 The downward revision, of an average of £18 million (18.2 per cent) a year, to our commercial LTT forecast is driven by weaker outturn data, with the effect of prices and transactions both smaller and largely offsetting (Table 3.8).

Table 3.8: Commercial LTT: changes since March

	£ million						
	Outturn	Forecast					
	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
March forecast	94	89	92	100	107	111	
November forecast	94	76	74	80	86	90	94
Difference		-13	-17	-20	-20	-21	
<i>of which:</i>							
Price changes		4	0	1	2	2	
Transaction changes		0	-2	-3	-3	-4	
Outturn data and modelling		-16	-16	-18	-19	-19	

4 Landfill taxes

Introduction

4.1 Landfill taxes are levied on 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 an **in-year estimate** by drawing on the latest administrative data (and other relevant sources) to estimate the level of receipts in the current fiscal year;
- 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 Both the Scottish and Welsh forecast models take account of alternatives to 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 assumption (as well as the UK Government's).

Scottish landfill tax forecast

4.4 Table 4.1 sets out our forecast for Scottish landfill tax receipts. The overall downward trend reflects increases in recycling and growth in alternative infrastructure such as incineration capacity. The Scottish Government has legislated to ban biodegradable municipal waste (BMW) going to landfill, from 31 December 2025, which largely explains the sharp fall in Scottish receipts from 2025-26 onwards, both in absolute terms and relative to the UK.

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 More information on our forecasts of landfill taxes is available in the 'forecasts in-depth' pages on our website.

- 4.5 We have revised up receipts in 2023-24 by £4 million (5.1 per cent) relative to March, despite lower-than-expected outturn receipts. This is explained by issues related to the Grangemouth incineration site, which we expect to result in more waste being sent to landfill in the remainder of the year, plus other smaller incineration capacity issues.
- 4.6 The effect of weaker outturn data and increased incineration capacity results in lower forecasts for both 2024-25 and 2025-26, relative to March. The latter relates to the introduction of the BMW ban and the timing of the expected increases in incineration capacity. We have also removed the assumption that some ash will be sent to landfill in 2024-25, which also lowers receipts. The assumptions around the BMW ban, increases in incineration capacity, and potential landfill tax receipts from ash, are all uncertain.

Table 4.1: Scottish landfill tax forecast: changes since March

	£ million						
	Outturn		Forecast				
	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
March forecast	105	78	83	66	16	17	
November forecast	110	82	66	54	15	16	16
Difference		4	-16	-13	-1	-1	
<i>of which:</i>							
Outturn data		-11	-11	-9	-2	-2	
Determinants		0	-2	-1	0	0	
Incineration capacity and modelling		15	-4	-3	0	0	

Welsh landfill disposals tax forecast

- 4.7 Table 4.2 presents our latest LDT forecast. Relative to March, receipts have been revised down, by an average of £6 million (16 per cent) a year from 2023-24 onwards. The main driver is weaker-than-expected first quarter outturn data, the effect of which persists across the forecast. A reduction in the assumed amount of standard rate waste contributes to the weakness in later years.

Table 4.2: Welsh LDT forecast: changes since March

	£ million						
	Outturn		Forecast				
	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
March forecast	44	41	39	37	36	36	
November forecast	42	35	33	31	30	29	29
Difference		-6	-6	-6	-6	-7	
<i>of which:</i>							
Outturn data		-5	-5	-4	-4	-4	
Determinants		0	0	1	1	1	
Modelling and other		-1	-2	-2	-3	-4	

A Illustrative forecasts for taxes not yet devolved

A.1 In this annex we present illustrative forecasts for three taxes slated for devolution the future. The aggregates levy is due to be devolved to both Scotland and Wales, while air passenger duty and VAT assignment are only 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 businesses that quarry, dredge or import these items. The UK Government has legislated to devolve the levy to Scotland and has committed to keeping devolution to Wales under review. Scottish devolution was initially held up by litigation, which concluded in February 2019, and then a UK Government review of the UK-wide levy, which reported in July 2020. The Scottish Government has set a provisional 1 April 2025 introduction date.¹

A.3 We use the average of the most recently estimated Scottish and Welsh shares of UK-wide aggregates levy receipts produced by the ONS and the Scottish Government, relating to 2021-22 and 2022-23 respectively.² As Table A.1 shows, we have revised down revenue in both Scotland and Wales as a result of downward revisions to our UK-wide receipts forecast.

Table A.1: Aggregates levy illustrative forecasts

	£ million					
	Forecast					
	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
UK forecast						
March 2023	454	468	483	500	524	
November 2023	348	384	398	416	436	459
Difference	-106	-83	-85	-84	-88	
Scottish forecast						
March 2023	68	70	72	75	79	
November 2023	53	58	60	63	66	70
Difference	-15	-12	-12	-12	-12	
Welsh forecast						
March 2023	33	34	35	36	38	
November 2023	30	33	34	36	38	40
Difference	-3	-1	-1	0	0	

¹ Scottish Government, *Breaking New Ground? Developing a Scottish tax to replace the UK Aggregates Levy*, September 2022.

² For the Scottish share we use the average of both estimates: from the ONS's *Country and Regional Public Sector Finances, May 2023* (14.3 per cent) and the Scottish Government's *Government Expenditure and Revenues Scotland, August 2023* (16.0 per cent). For the Welsh share we use the ONS estimate of 8.6 per cent. HMRC's *Disaggregation of HMRC tax receipts* report is no longer being produced.

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.³ The Scotland Act 2016 includes provisions for the devolution of APD to Scotland, but no firm date has yet been set, so our forecast is purely illustrative.
- A.5 Our forecast is based on the average of the most recently estimated Scottish shares of total UK-wide APD receipts produced by the ONS and the Scottish Government, which relate to 2021-22 and 2022-23 respectively.⁴ We have revised up our UK forecast from 2025-26 onwards, which helps boost Scottish receipts relative to our March forecast, though there is a small fall in earlier years due to a lower Scottish share.

Table A.2: Air passenger duty illustrative forecast

	£ million					
	Forecast					
	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
UK forecast						
March 2023	3,807	4,450	4,653	4,842	5,137	
November 2023	3,819	4,497	4,779	5,155	5,741	6,182
Difference	12	47	125	313	605	
Scottish forecast						
March 2023	336	392	410	427	453	
November 2023	334	393	417	450	501	540
Difference	-2	0	7	23	49	

VAT assignment

- A.6 The Scotland Act 2016 made provision for the first 10p of standard rated VAT in Scotland (and the first 2.5p of the reduced rate of VAT) 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.7 The UK and Scottish Governments initially agreed to commence VAT assignment from 2019-20 but this was delayed, and we are not aware of a subsequently agreed date. Therefore our forecast is, once again, simply for illustrative purposes.
- A.8 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 projection (Table A.3) we take the latest estimated share, which

³ Destinations fall into three bands based on distance from London. Band A applies to flights with a terminus less than 2,000 miles from London; Band B to flights with a terminus more than 2,000 miles but less than 5,500 miles from London; and Band C to flights with a terminus over 5,500 miles from London.

⁴ The share from the ONS's *Country and Regional Public Sector Finances, May 2023*, is 9.8 per cent while it is 7.7 per cent from the Scottish Government's *Government Expenditure and Revenues Scotland, August 2023*.

relates to 2021, as our starting point and index this in line with population growth in Scotland relative to the UK as a whole.⁵

Table A.3: VAT assignment illustrative projection

	£ billion						
	Estimated outturn	Projection					
	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
UK	159.7	172.2	178.2	183.6	190.3	198.3	206.6
of which:							
Assigned to Scottish Government	6.9	7.5	7.7	7.9	8.2	8.5	8.8
VAT from Scotland retained by UK Government	6.9	7.5	7.7	7.9	8.2	8.5	8.8
VAT from the rest of the UK	145.9	157.3	162.8	167.8	174.0	181.3	189.0
	Per cent						
Assigned to Scottish Government	4.34	4.33	4.31	4.30	4.29	4.28	4.27
Scottish population share	8.1	8.1	8.0	8.0	8.0	8.0	7.9
Memo: index Scottish population share (2020-21 = 100)	99.0	98.6	98.3	98.0	97.7	97.5	97.3

⁵ HM Revenue & Customs, HM Treasury, Scottish Government, *Scottish VAT assignment 2021 – experimental statistics*, September 2023.

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 latest 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), the growth in receipts is relatively similar across countries, with medium-term differences largely explained by differences in relative population growth.
 - As regards **property transaction taxes** (Table B.2), differences in near-term growth rates are heavily influenced by the strength or weakness of the latest receipts data, house price inflation, and the impact of new policy measures. The medium-term growth in receipts is similar across the three different taxes, but the outturn data suggests the fall in 2023-24 receipts will be shallower in Scotland than elsewhere.
 - As regards **landfill taxes** (Table B.3), the growth in receipts differs in the near term due to differential rates of post-pandemic unwinding, and the timing of new waste infrastructure coming on stream. The medium-term path in Scotland is explained by the introduction of the biodegradable municipal waste ban (see Chapter 3).

¹ The agreement between the Scottish Government and the United Kingdom Government on the Scottish Government's fiscal framework, August 2023, 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						
	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
Whole UK NSND income tax	208.1	226.4	254.8	270.0	281.9	296.0	311.6	325.7
<i>of which:</i>								
Welsh Government income tax (WRIT basis) ¹	2.4	2.6	3.0	3.2	3.3	3.5	3.7	3.8
UK Government NSND income tax from Wales	3.1	3.5	4.0	4.3	4.5	4.8	5.1	5.3
Scottish income tax ¹	13.7	15.0	17.1	18.2	19.0	19.9	20.8	21.8
England and Northern Ireland NSND income tax	188.9	205.3	230.8	244.4	255.1	267.9	282.0	294.8
Whole UK NSND income tax excluding Scottish income tax	194.4	211.4	237.7	251.8	262.9	276.2	290.8	303.9
UK Government NSND income tax ²	192.0	208.8	234.8	248.6	259.6	272.7	287.1	300.1
		Percentage change on a year earlier						
Whole UK NSND income tax		8.8	12.5	6.0	4.4	5.0	5.3	4.5
<i>of which:</i>								
Welsh Government income tax (WRIT basis)		9.7	13.6	6.7	4.8	5.0	5.2	4.3
UK Government NSND income tax from Wales		10.5	15.3	7.4	5.4	5.8	6.1	4.8
Scottish income tax		9.3	13.8	6.5	4.4	4.7	5.0	4.5
England and Northern Ireland NSND income tax		8.7	12.4	5.9	4.4	5.0	5.3	4.5
Whole UK NSND income tax excluding Scottish income tax		8.8	12.5	5.9	4.4	5.0	5.3	4.5
UK Government NSND income tax ²		8.7	12.4	5.9	4.4	5.0	5.3	4.5

¹ Currently outturn data is only available for 2021-22, and 2022-23 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					
	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
England and Northern Ireland NSND income tax (WRIT basis)	68.9	75.9	84.7	89.5	93.2	97.4	102.0	106.3
<i>of which:</i>								
Basic rate	45.7	51.5	57.0	59.9	62.1	64.4	66.8	69.2
Higher rate	13.5	15.1	15.8	17.0	17.9	19.0	20.2	21.1
Additional rate	9.7	9.3	11.9	12.5	13.2	14.0	15.0	16.0
Welsh rates	2.4	2.6	3.0	3.2	3.3	3.5	3.7	3.8
<i>of which:</i>								
Basic rate	2.0	2.2	2.5	2.6	2.8	2.9	3.0	3.1
Higher rate	0.3	0.3	0.4	0.4	0.5	0.5	0.5	0.6
Additional rate	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
		Percentage change on a year earlier						
England and Northern Ireland NSND income tax (WRIT basis)		10.3	11.6	5.6	4.1	4.6	4.7	4.2
<i>of which:</i>								
Basic rate		12.8	10.6	5.2	3.5	3.8	3.8	3.6
Higher rate		11.8	5.2	7.5	5.3	6.1	6.4	4.0
Additional rate		-3.7	27.0	5.5	5.2	6.4	6.9	7.0
Welsh rates		9.7	13.6	6.7	4.8	5.0	5.2	4.3
<i>of which:</i>								
Basic rate		9.1	12.6	6.1	4.3	4.3	4.4	4.0
Higher rate		15.6	14.0	10.2	7.2	7.9	8.6	4.9
Additional rate		1.4	48.5	8.0	7.8	8.5	9.1	9.3

Table B.3 Property transactions taxes

	£ million						
	Outturn		Forecast				
	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
Whole UK property transaction taxes	17,117	12,900	12,560	14,300	16,850	19,409	22,059
<i>of which:</i>							
Land transaction tax (Wales)	372	280	251	279	325	375	437
LBTT (Scotland)	848	823	733	808	922	1,056	1,197
SDLT (England and Northern Ireland)	15,897	11,796	11,576	13,213	15,603	17,978	20,424
UK excluding Scottish LBTT	16,269	12,076	11,827	13,492	15,928	18,353	20,862
		Percentage change on a year earlier					
Whole UK property transaction taxes		-24.6	-2.6	13.9	17.8	15.2	13.6
<i>of which:</i>							
Land transaction tax (Wales)		-24.6	-10.6	11.2	16.3	15.5	16.7
LBTT (Scotland)		-2.9	-11.0	10.4	14.1	14.5	13.3
SDLT (England and Northern Ireland)		-25.8	-1.9	14.1	18.1	15.2	13.6
UK excluding Scottish LBTT		-25.8	-2.1	14.1	18.1	15.2	13.7

Table B.4 Landfill taxes

	£ million						
	Outturn	Forecast					
	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
Whole UK landfill taxes	747	656	652	592	560	563	556
<i>of which:</i>							
Landfill disposals tax (Wales)	42	35	33	31	30	29	29
Scottish landfill tax	110	82	66	54	15	16	16
Landfill tax (E+NI)	595	539	553	507	515	518	512
UK excluding Scottish landfill tax	637	574	586	538	545	547	540
	Percentage change on a year earlier						
Whole UK landfill taxes		-12.1	-0.6	-9.3	-5.3	0.5	-1.2
<i>of which:</i>							
Landfill disposals tax (Wales)		-16.4	-6.4	-5.4	-4.2	-2.0	-1.9
Scottish landfill tax		-25.3	-19.2	-18.7	-71.5	2.7	2.8
Landfill tax (E+NI)		-9.4	2.6	-8.4	1.7	0.6	-1.3

Table B.5 Social security spending in England and Wales

	£ million						
	Outturn	Forecast					
	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
Carer's allowance	3,248	3,733	4,135	4,432	4,649	4,857	4,958
Personal independence payment ¹	17,626	21,788	25,673	28,703	31,100	33,485	35,727
Disability living allowance ¹	5,963	6,683	7,180	7,475	7,638	7,806	7,798
Attendance allowance ¹	5,650	6,660	7,535	8,008	8,219	8,432	8,792
Industrial disablement benefit	681	732	750	742	723	705	685
Severe disablement allowance	58	55	51	45	38	31	23
Cold weather payment	140	34	34	34	34	34	34
Winter fuel payment ^{1,2}	1,793	1,848	1,881	1,919	1,937	1,931	1,946

Note: These forecasts are for spending in England and Wales on benefits which have now been devolved to Scotland. Winter fuel payments will be devolved from April 2024, cold weather payments were devolved in April 2022, carer's allowance was devolved in September 2018, and all other benefits in this table were devolved in April 2020.

¹ This does not include the two disability cost of living payments in 2022-23 and 2023-24.

