

8 January 2018
Our ref: FOI/08/12/17

Re: Freedom of Information request

Thank you for your request for information under the Freedom of Information Act, which we received on 8 December 2017.

You requested the following information:

- (1) A copy of the software used to implement the micro-simulation model;
- (2) The dataset of sample estates used by this model to estimate the total population of estates;
- (3) The table of high-value estates for the year including August 2016 considered for non-inclusion in the model due to (a) being a one-off payment that should not be assumed to repeat in future years, or (b) other reasons (such as being subject to tax avoidance on the scale of the Duke of Westminster's estate).

The models that underpin our fiscal forecast are typically owned and maintained by other parts of government that are responsible for administering the element of tax or spending. As outlined in paragraphs 4.30 and 4.31 of the OBR's 2017 *Forecast evaluation report* (FER), in many cases, for reasons of confidentiality it is not possible for departments to open up the full model for the OBR to scrutinize. This is the case for the inheritance tax (IHT) model, which is a micro-simulation model that includes confidential taxpayer information. The OBR cannot legally access this information by law, so we do not hold the information that you have requested. Given the use of confidential taxpayer information, HMRC would not be able to release the model and the detailed data that you have requested.

<http://budgetresponsibility.org.uk/fer/forecast-evaluation-report-october-2017/>

As we note in the FER, in cases where we do not have access to the full model, we would aim to get as close as possible an understanding of the workings of the model. Having satisfied ourselves that the model is working as intended, we would then rely on summary outputs and analysis to inform our forecast judgements and assumptions. For example, when IHT receipts are stronger than expected, we would ask for HMRC's analysts to explore whether this

related to stronger growth in general or whether it was related to large one-off payments from high-value estates. Stronger than expected receipts across a wide range of estates would generally be pushed through to future years of our forecasts, whereas we would not assume that large one-off payments would be repeated in future years.

HMRC publishes an annual release on inheritance tax that you may find useful:

<https://www.gov.uk/government/collections/inheritance-tax-statistics>

If you have any other queries about this letter, please send them to our enquiries inbox at obrenquiries@obr.gsi.gov.uk.

Yours sincerely

Freedom of Information Unit
Office for Budget Responsibility

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If you are not happy with this reply, you may request a review by writing to OBR Enquiries, Office for Budget Responsibility, 14T, 102 Petty France, London SW1H 9AJ or by email to obr.enquiries@obr.gsi.gov.uk.

Any review request must be made within 2 months of the date of this letter.

It would assist our review if you set out which aspects of the reply concern you and why you are dissatisfied.

If you are not content with the outcome your complaint, you may apply directly to the Information Commissioner for a decision. Generally, the ICO cannot make a decision unless you have exhausted the complaints procedure provided by the OBR. The Information Commissioner can be contacted at: The Information Commissioner's Office, Wycliffe House, Water Lane, Wilmslow, Cheshire SK9 5AF.