

8 September 2022

Supplementary forecast information release

Forecast of income streams subject to self-assessment income tax consistent with the March 2022 *Economic and fiscal outlook (EFO)*

1.1 The OBR is releasing this information following a request for further detail in respect of our March 2022 *Economic and fiscal outlook (EFO)* concerning the income streams subject to self-assessment income tax. We will, as far as possible, meet any requests to release supplementary forecast information where this will improve the quality of public debate on the public finances. Our full release policy is available on our website.

Background

1.2 We forecast the self-assessment (SA) income tax in four main parts related to income from:

- **Self-employment** (termed 'mixed income' in the National Accounts, for which we forecast growth in self-employment numbers and average earnings).
- **Dividends** (which we typically assume grow in line with profits).
- **Property** (with our forecast linked to the private rents component of CPI inflation and an assumption on the growth in the stock of private rental properties).
- **Savings** (based on forecasts of the stock of bank deposits and the deposit rate).

1.3 In our March 2022 forecast, we were also able to reflect early evidence from self-assessment returns in respect of 2020-21 incomes that differed markedly from ONS estimates, falling profits during the pandemic, and the influence of pandemic-related fiscal support for different groups. This affected the growth rates assumed in the early years of the forecast, as discussed in paragraphs 3.32 to 3.36 of our March 2022 *EFO*.

1.4 Table 1.1 contains two rows for growth in dividend income. The first is the forecast that drives our models, which does *not* include the effect of income shifting due to the Autumn Budget 2021 measure to increase all dividend rates by 1.25 percentage points from April 2022, as this effect is captured separately via a policy costing. The memo line includes an estimate of dividend income shifting consistent with that costing, which assumes that £0.9 billion of dividend income is brought forward into 2021-22, leaving dividend income lower than it otherwise would have been by £0.8 billion in 2022-23, and by an average £0.1 billion in the three years following.

Table 1.1: Self-employed income streams: March 2022 EFO growth rates

	Percentage change on a year earlier						
	Forecast						
	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
Self-employed income	6.0	-0.3	1.5	4.0	4.3	4.4	4.7
Dividend income	-8.6	7.3	2.4	9.2	5.6	4.2	3.9
Income from property	-3.8	7.8	11.2	7.0	6.3	6.3	6.5
Savings income	-12.1	-6.5	109.2	28.2	0.7	-3.0	-2.2
<i>Memo: Dividend income with forestalling</i>	-8.3	10.2	2.7	9.2	4.9	3.9	3.8