

F/T: 0300 244 4000
E: scottish.ministers@gov.scot

Kenneth Gibson MSP
Convener
Finance and Public Administration Committee
The Scottish Parliament
Edinburgh
EH99 1SP

10 July 2025

Dear Kenneth,

HMRC has published statistics on 2023-24 outturn for Scottish Income Tax, as well as the equivalent UK Government liabilities.

It shows that around £17.1 billion of Scottish Income Tax was raised in 2023-24. Scotland's Income Tax liabilities grew by around £1.9 billion (12.7%) between 2022-23 and 2023-24, and the number of Scottish taxpayers grew by 156,900 (5.7%). This compares to an increase in Income Tax liabilities of 10.1% and an increase in the number of taxpayers of 6.0% in the rest of the UK.

Reconciliation

A statement will be jointly agreed with HM Treasury (HMT) outlining the 2023-24 outturn block grant adjustment (BGA) and subsequent Income Tax reconciliation. This would ordinarily be published simultaneously with HMRC's publication of the outturn statistics. However, we have agreed with the UK Government to delay this publication until the Office for National Statistics (ONS) publish their UK mid-year population estimates on 30 July, followed by the National Records of Scotland (NRS) publishing their mid-year estimates for Scotland in August. The comparative growth rate between Scotland and England/Northern Ireland in 2023-24 is a component of the BGA calculation applying to this reconciliation. As both mid-year publications will contain a revision to the respective mid-2023 population estimates, which is used to calculate the 2023-24 income tax BGA, we cannot finalise the BGA and reconciliation until then.

Scottish Ministers, special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See www.lobbying.scot

St Andrew's House, Regent Road, Edinburgh EH1 3DG
www.gov.scot

Based on the Income Tax outturn data published today, the Scottish Government has calculated a provisional outturn BGA for 2023-24. This calculation implies a reconciliation of positive £387 million being applied to the Scottish Budget 2026-27. This accounts for the difference between the outturn net position and the original forecast net position. The reconciliation calculation is set out as an Annex to this letter.

Reconciliations are a regular feature of the operation of the Fiscal Framework, required to address forecast error in relation to revenues and BGAs. Reconciliations – whether positive or negative – are not indicative of how Income Tax revenues are performing. For example, the Scottish tax base could grow faster than the rUK in a given year, but still have a negative reconciliation applied, simply due to the relative degree of error inherent in the original forecasts.

Net position

The Income Tax net position - the difference between revenue raised and the provisional BGA - is positive £711 million in 2023-24, an increase compared to previous years. This suggests the Scottish Budget continues to benefit from Income Tax devolution.

Tax performance is complex, and reflects a range of factors, including economic performance, regional and sectoral issues, demographics, and the composition of the tax base as well as differences in government economic and tax policy.

Data from HMRC's Real Time Information (RTI) system for 2024-25, also published today, suggests that performance has improved, with growth in RTI tax receipts per head outperforming the rUK in that year. The overall Scottish share of UK Income Tax reported by the RTI data is similar, 7.02% in 2024-25, compared to 6.99% in 2023-24.

When 2023-24 population estimates are revised, SG and UK government officials will agree the final reconciliation to be applied to the Scottish Budget 2026-27. The finalised joint statement will subsequently be published and shared with you.

I look forward to engaging with the committee in the coming months ahead of the 2026-27 Scottish Budget.

SHONA ROBISON

Scottish Ministers, special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See www.lobbying.scot

St Andrew's House, Regent Road, Edinburgh EH1 3DG
www.gov.scot

INVESTORS IN PEOPLE™
We invest in people Silver



ANNEX: Provisional reconciliation for 2023-24 Income Tax which will impact the 2026-27 Budget

2023-24 Income Tax			
	Revenues (£m)	BGA (£m)	Net Budget Position (£m)
Forecast at Budget 2023-24	15,810	-15,485	325
Outturn 2023-24	17,093	-16,381	711
Provisional reconciliation (Change)	1,283	-896	387

Scottish Ministers, special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See www.lobbying.scot

St Andrew's House, Regent Road, Edinburgh EH1 3DG
www.gov.scot

INVESTORS IN PEOPLE™
We invest in people Silver

