



The Scottish Parliament
Pàrlamaid na h-Alba

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Public Audit Committee
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By email only

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Dear Jonathan,

Administration of Scottish income tax 2020/21

The Committee thanks you again for providing oral evidence alongside the Scottish Government on the National Audit Office [report on the Administration of Scottish income tax 2020/21](#) and the [assurance report from the AGS](#) at its [meeting on 12 May 2022](#).

Both the report from the National Audit Office and the assurance report from the Auditor General for Scotland demonstrate a continued reliance on a significant amount of estimated data, despite the Scottish income tax system being in place since 2017/18. We continue to be concerned over the limitations that have been highlighted in both reports over the use of estimated and sample-based data rather than making use of the actual Scotland specific data that is available.

We agree with the Comptroller and Auditor General that HMRC's focus must be on "refining its processes to maintain an accurate and complete record of the Scottish taxpayer population and on continuing to monitor the risk of non-compliance that might or might not arise as a result of divergence between UK and Scottish tax rates." We expect to see the reliance on estimated and sample data reduce as soon as possible.

We also recently had the opportunity to consider [further information from you on 15 June 2022](#), regarding specific figures on debt levels for Scottish taxpayers which set out the debt value and the number of customers in debt for Scotland and the rest of the UK. Thank you for this information.

As you may recall, the Committee also discussed the impact of the Covid 19-pandemic on HMRC's compliance and debt management activities and heard that 29% fewer civil compliance cases were opened in 2020/21 than in the previous year. In response to Willie Coffey MSP's question on the impact this would have on tax revenues (Columns 38 and 39 of the Official Report), you undertook to write to the Committee to provide an estimate of the revenue that you hope to collect as a result of compliance and debt management activities.

The Committee would be grateful for this information and looks forward to receiving your response to this letter by **4 November 2022**.

Yours sincerely

Richard Leonard MSP
Convener