

# Sub-National Tax Receipts Estimates from Scottish Government, Northern Ireland Executive and HMRC

HMRC, the Scottish Government, and the Northern Ireland Assembly recognise that it is helpful to users of their publications to have consistent sets of official statistics wherever possible. HMRC and the devolved administrations are committed to working together to develop a shared methodology for estimating regional tax receipts. Further information on the processes and timescales involved in this work will be set out shortly.

## 1. Current Publications

### 1.1 Scottish Government

Estimates of all public sector receipts for Scotland have been published as part of the Scottish Government's 'Government Expenditure & Revenue Scotland' (GERS) report since 1992, which has been a National Statistic since 2005.<sup>1</sup>

### 1.2 Northern Ireland Department of Finance & Personnel

Similar estimates for Northern Ireland have been produced by the Northern Ireland Department of Finance & Personnel as official statistics since 2009, in their 'Net Fiscal Balance Report' (NFBR).<sup>2</sup>

### 1.3 Her Majesty's Revenue and Customs (HMRC)

On 2 October 2013, HMRC published for the first time an estimate of the distribution of the tax receipts, tax credits, and child benefit payments they administer across England, Wales, Scotland, and Northern Ireland.<sup>3</sup> These were released as experimental official statistics. This is the first publication of complete tax receipts estimates for England and Wales. However, HMRC does publish devolved level National Statistics series for stamp duty land tax, tax credits and child benefit as well as official statistics for inheritance tax. HMRC also publishes National Statistics for income tax liabilities.

## 2. Methodological Approach

### 2.1 General Approach

All three publications arrive at their estimates using a set of statistical techniques, assumptions, and adjustments using UK outturn totals as a benchmark. GERS and NFBR use broadly consistent methodologies.

### 2.2 Coverage

HMRC's estimates are limited to those taxes and benefits that it administers; the coverage in GERS and NFBR is wider, and includes items such as vehicle excise duty, council tax and non-domestic rates.

### 2.3 Accounting Treatment

One important distinction is that GERS/ NFBR present their estimates on an accruals basis, whilst HMRC's estimates are presented on a receipts basis. Both approaches are entirely valid and consistent with current National Statistics presentations of UK taxation.

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<sup>1</sup> <http://www.scotland.gov.uk/gers>

<sup>2</sup> <http://www.dfpni.gov.uk/publications-foi/publications-browse/publication-scheme-what-we-spend-how-we-spend-it/publication-scheme-what-we-spend-financial-statements/northern-ireland-net-fiscal-balance-report.htm>

<sup>3</sup> <http://www.hmrc.gov.uk/statistics/receipts.htm>

The GERS/ NFBR approach is consistent with UK totals presented in Public Sector Finance (PSF) and HMRC's is consistent with its current UK level tax publication, which is finalised in its Trust Statement. Furthermore, the PSF accruals totals are derived from HMRC receipts totals. Though valid, it does mean direct comparison of monetary values for some taxes might be less informative than looking at proportions.

### **3. Next Steps**

HMRC, the Northern Department of Finance & Personnel and the Scottish Government will work together in partnership to better understand and investigate the differences between publications. HMRC and the devolved administrations are committed to working together to develop a shared methodology for estimating regional tax receipts. Further information on the processes and timescales involved in this work will be set out shortly.