Scottish Income Tax: Experimental Statistics

2016-17

&

2017-18

(plus 2018-19 for RTI only)
Summary of Key Statistics

Key findings:

2016-17 (Published in 2018 alongside HMRC’s Annual Accounts)
- There were 30,872,000 taxpayers in the UK with some NSND tax.
- The total NSND Income Tax was £160,432m.
- 2,528,000 (8.2%) were Scottish taxpayers.
- £10,719m (6.7%) of the NSND tax was for Scottish taxpayers.

2017-18
- There were 31,010,000 taxpayers in the UK with some NSND tax.
- The total NSND Income Tax was £165,116m.
- 2,513,000 (8.1%) were Scottish taxpayers.
- £10,916m (6.6%) of the NSND tax was for Scottish taxpayers.

Growth between 2016-17 and 2017-18
- The number of Scottish taxpayers with NSND tax decreased by 0.6%
- The amount of NSND tax for Scottish taxpayers increased by 1.8%
- The number of rUK taxpayers with NSND tax increased by 0.5%
- The amount of NSND tax for rUK taxpayers increased by 3.0%
Scottish Income Tax Outturn and Rest of the UK (Tables 1-3)

*(Income Tax on non-savings non-dividend (NSND) Income)*

<table>
<thead>
<tr>
<th></th>
<th>2016-17</th>
<th>2017-18</th>
<th>Yr on yr change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total UK taxpayers</strong></td>
<td>30,872,000</td>
<td>31,010,000</td>
<td>+0.4%</td>
</tr>
<tr>
<td>Of which:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>rUK (Non-Scottish)</td>
<td>28,343,000</td>
<td>28,497,000</td>
<td>+0.5%</td>
</tr>
<tr>
<td>Scottish</td>
<td>2,528,000</td>
<td>2,513,000</td>
<td>-0.6%</td>
</tr>
<tr>
<td>Scottish share of all</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>UK taxpayers</td>
<td>8.2%</td>
<td>8.1%</td>
<td></td>
</tr>
<tr>
<td><strong>Total NSND Income Tax</strong></td>
<td>£160,432m</td>
<td>£165,116m</td>
<td>+2.9%</td>
</tr>
<tr>
<td>Of which:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tax for rUK (Non-Scottish)</td>
<td>£149,713m</td>
<td>£154,199m</td>
<td>+3.0%</td>
</tr>
<tr>
<td>Tax for Scottish</td>
<td>£10,719m</td>
<td>£10,916m</td>
<td>+1.8%</td>
</tr>
<tr>
<td>Scottish share of all</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income Tax</td>
<td>6.7%</td>
<td>6.6%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2016-17</th>
<th>2017-18</th>
<th>Yr on yr change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Highest marginal rate</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Scottish</td>
<td>2,528,000</td>
<td>2,513,000</td>
<td>-1.3%</td>
</tr>
<tr>
<td>rUK (Non-Scottish)</td>
<td>28,343,000</td>
<td>28,497,000</td>
<td>+0.9%</td>
</tr>
<tr>
<td><strong>Total taxpayers</strong></td>
<td>30,872,000</td>
<td>31,010,000</td>
<td>+0.4%</td>
</tr>
<tr>
<td>Basic Rate</td>
<td>2,221,000</td>
<td>2,191,000</td>
<td>-1.3%</td>
</tr>
<tr>
<td>Higher Rate</td>
<td>294,000</td>
<td>308,000</td>
<td>+4.8%</td>
</tr>
<tr>
<td>Additional Rate</td>
<td>13,000</td>
<td>14,000</td>
<td>+3.9%</td>
</tr>
<tr>
<td><strong>Yr on yr change</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic Rate</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Higher Rate</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Additional Rate</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Scottish and rUK (Non-Scottish) tax systems for NSND Income Tax

<table>
<thead>
<tr>
<th></th>
<th>2016-17</th>
<th>2017-18</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Rate Band thresholds:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personal Allowance</td>
<td>£11,000</td>
<td>£11,500</td>
</tr>
<tr>
<td>Higher Rate Threshold</td>
<td>£43,000</td>
<td>£45,000</td>
</tr>
<tr>
<td>Additional Rate Threshold</td>
<td>£150,000</td>
<td>£150,000</td>
</tr>
<tr>
<td><strong>Tax Rates:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic Rate</td>
<td>20%</td>
<td>20%</td>
</tr>
<tr>
<td>Higher Rate</td>
<td>40%</td>
<td>40%</td>
</tr>
<tr>
<td>Additional Rate</td>
<td>45%</td>
<td>45%</td>
</tr>
</tbody>
</table>
Scottish Income Tax Statistics – Contents

Scottish Income Tax Statistics ................................................................. 4
1. Background information ....................................................................... 5
  1.1 What do these statistics tell me? ..................................................... 5
  1.2 What does it mean that these are Experimental Statistics? ............ 5
  1.3 Statistical Contact details ............................................................... 6
2. Scottish Income Tax outturn and Rest of the UK comparison .......... 7
  2.1 Outturn components and established liability source .................... 10
  2.2 Tax Liabilities by tax band ............................................................. 11
  2.3 Taxpayers by tax rate on NSND income ........................................ 12
  2.4 Tax liability share for taxpayers at each rate .................................. 13
3. Experimental Statistics Tables 1 to 3: SIT outturn data and rUK .... 14
  3.1 Table 1: Income Tax on non-savings non-dividend income (NSND) .... 15
  3.2 Table 2: Income Tax on NSND income by tax rate & taxpayer marginal rate ................................................................. 16
  3.3 Table 3: Established Scottish and rUK NSND tax by collection method. 17
4. Real Time Information: Indicative In-Year Scottish Income Tax ..... 18
  4.1. Summary of key statistics ............................................................. 19
5. Experimental Statistics Table 4: Tax withheld in RTI .................... 22
6. The source of these statistics and calculation ............................. 23
  6.1 What is Scottish Income Tax? ....................................................... 23
  6.2 Why are we producing these statistics now? ............................... 25
  6.3 What is the relationship between these statistics and other personal tax statistics? ........................................................................... 25
  6.4 Publication and revision strategy ................................................... 28
  6.5 Outturn data methodology ........................................................... 239
  6.6 HMRC Real Time Information for PAYE methodology .................. 344
7. Glossary ......................................................................................... 35
1. Background information

1.1. What do these statistics tell me?

The aim of these Experimental Statistics is to provide users with information of interest in relation to Scottish Income Tax.

Tables 1-3 relate to the Scottish Income Tax outturn. The outturn is the definitive measure of Scottish Income Tax which is published in HMRC’s Annual Report.

The Scottish Income Tax outturn in HMRC’s Annual Report determines the Scottish Government’s income tax revenues while the equivalent outturn for Income Tax on non-savings non-dividend (NSND) income for rUK (non-Scottish) taxpayers in these statistics is used by HM Treasury to determine the Scottish Government’s Block Grant. For Block Grant purposes the total outturn figures presented in HMRC’s Annual Report and this publication are considered to be final.

In addition to showing the outturn by component this publication also shows:

- How many Scottish taxpayers are liable at each rate of tax,
- The Scottish outturn amount at each rate of tax, and
- An estimate for how much Scottish Income Tax is collected via PAYE and how much via payments made in self assessment (SA).

Additionally, these tables also provide equivalent information for rUK taxpayers, on the same basis, so that comparisons can be made.

Table 4 shows information from HMRC’s Real Time Information system (RTI) about PAYE receipts for Scottish taxpayers and rUK taxpayers. This table is not calculated on the same basis as the outturn and not directly comparable with the information in Tables 1-3. However, this information is useful to compare how some components of tax have changed for both Scottish and rUK taxpayers since RTI data becomes available for a complete year 12 months before the outturn is compiled.

1.2. What does it mean that these are Experimental Statistics?

Experimental Statistics are statistics that are within their development phase and are published in order to involve potential users at an early stage in building a high quality set of statistics that meet user needs. On the completion of this development phase HMRC will consider applying to the Office for Statistics Regulation to have these statistics assessed for designation as National Statistics.
The Experimental Statistics label highlights to users that HMRC are still working on further developing the style and content for the tables and commentary in this publication. We hope that it also encourages users to provide us with their thoughts and suggestions of how useful the statistics are and what can be done to improve them. Users can send us their thoughts and suggestions via the email address on the cover of this release.

It should be emphasised that the label of Experimental Statistics does not mean that the statistics are of low quality, but it does signify that the statistics are novel and what statistics are reported and how is still being developed. There is a detailed methodology guide in Section 6 of this publication. Users should refer to this methodological information when judging whether their particular use of the statistics is appropriate.

More information about Experimental Statistics including when they should be used and the differences between Experimental and National Statistics is available from the UK Statistics Authority at the link below. https://www.statisticsauthority.gov.uk/gsspolicy/guidance-on-experimental-statistics/

### 1.3. Statistical Contact details

Enquiries about these statistics should be directed to the statistician who is responsible for this publication:

Gordon McGregor  
Email address: Gordon.McGregor@hmrc.gov.uk  
Knowledge, Analysis and Intelligence  
HM Revenue and Customs  
Room 3E/04  
100 Parliament Street  
LONDON SW1A 2BQ

Any media enquiries should be directed to the HMRC Press Office contacts listed on the front page of this release.
2. Scottish Income Tax outturn and Rest of the UK comparison

Definitions of “NSND” and “rUK”

The statistics in Tables 1-3 provide information about Income Tax due on non-savings non-dividends (NSND) income. NSND income includes earnings from employment, pensions, profits from self-employed sources and property.

Only Income Tax due on NSND income is devolved to Scotland and therefore these tables provide a comparison of how NSND Income Tax for Scottish taxpayers compares to that of taxpayers in the rest of the UK (rUK). For tax years 2016-17, 2017-18 and 2018-19 rUK is defined as UK taxpayers that are not Scottish taxpayers.

Tax on NSND income in these tables is measured as the Income Tax liability expected to be collected by HMRC. There is also an adjustment to reflect reliefs which are not allocated to individual taxpayer accounts.

Taxpayers in these tables are defined as individuals who have some Income Tax liability on NSND income after reliefs have been applied to reduce Income Tax. In Table 2 taxpayers have been assigned to a tax rate based solely on their NSND Income Tax and it is possible that they have paid tax at a higher rate on their savings/dividend income.

Established liabilities vs where tax is paid

Employers (and pension providers) normally have to operate Pay-As-You-Earn (PAYE) as part of their payroll. PAYE is HMRC’s system to collect Income Tax and National Insurance (NI) from employments and is largely paid in the same year as the taxable activity. When an employer pays their employees through payroll they also need to make tax and NI deductions for PAYE. Employers are then obliged to report the amount of these payments and deductions to HMRC as well as paying the tax and NI deducted to HMRC.

An individual is required to file an SA return if they meet certain criteria. This is required even for individuals who are also present in PAYE if a requirement for filing in SA is met. SA returns are generally submitted in the year after the taxable activity has taken place.

For the outturn calculation, an individual who files in SA will have ALL their Income Tax liability established in SA when they submit their return, even if they have had some tax deducted through PAYE. An individual who is not required to file in SA will have their liability established in PAYE when their information is reconciled each year.

Table 3 shows whether established NSND liabilities are paid through PAYE or SA. This split is very different to how established liabilities are split between PAYE and SA in Table 1, as individuals who file in SA still have a lot of tax deducted through PAYE.
Figure 1 below aims to explain in which system an individual has their liabilities established if they have an employment or pension record in PAYE and/or are expected to file an SA return. It also shows in which system each type of individual could make payments in either through tax deducted as part of PAYE or making payments through SA.

**Explanation of levels**

**Income Source** – The starting point is to consider the different income sources.

i. Income from employments and occupational pensions are reportable through PAYE.

ii. Income from self employment, partnerships and some other income (or income above certain levels) is reportable in SA.

**Individual** – This level shows that an individual may have income which is:

i. Only reportable in PAYE,

ii. Only reportable in SA or

iii. Reportable in both PAYE and SA.

**Liabilities established** – Liabilities are established when a reconciliation is conducted in the PAYE system or a tax calculation is conducted in SA.

i. An individual who only has income reportable in PAYE will be reconciled in the PAYE system.

ii. An individual who has any income reportable in SA (even if they also have income reportable in PAYE) is required to submit an SA return and will have all of their liability established via the tax calculation in SA.

**Payments** – This level shows where the payments are made for each income source.

i. An individual who has income reportable in PAYE will have tax deducted through PAYE, if their income is large enough.

ii. An individual who has income reportable in both PAYE and SA may pay some tax through PAYE as well as other payments via SA.

iii. An individual who only has income reportable in SA should pay all their tax via SA.

**Colouring** – The colouring aims to reflect how income reportable in PAYE (yellow) and income reportable in SA (green) is treated at each level.

Figure 1 – How different income sources are accounted for in payments and where the liability is established.
As shown in the diagram above there are two ways of splitting total income tax liabilities between PAYE and SA:

- **By payments** - which system tax is initially paid through
- **By liability established** – which system do income tax liabilities ultimately end up established in

Table 3 is by payments - showing whether established NSND liabilities are paid through PAYE or SA. This split is very different to Table 1 which is split by liability established – showing how established liabilities are split between PAYE and SA. As individuals who file in SA still have a lot of tax deducted through PAYE the split between PAYE and SA is very different comparing Tables 1 and 3.

Table 4, which shows RTI tax by month, is more comparable to Table 3 and in particular the “Collected through PAYE” figures. However, there are still differences between these including the fact that more than just NSND tax will be included in the RTI tax figures. For example, the Higher Income Child Benefit Charge, any savings/dividends that are coded out in PAYE and underpayments from previous years.
2.1 Outturn components and established liability source

Summary of Table 1

- More NSND liability is established in PAYE than in SA for Scottish taxpayers.
- More NSND liability is established in SA than in PAYE for rUK taxpayers.
- PAYE established liability fell by just over 1% for both Scottish and rUK taxpayers between 2016-17 and 2017-18.
- SA established liability grew for both Scottish and rUK taxpayers between 2016-17 and 2017-18.
- The growth of SA established liability was stronger for rUK taxpayers, 4.6% compared to 3.5% for Scottish taxpayers.
2.2 Tax Liabilities by tax band

**Summary of Table 2**

- Table 2 provides breakdowns of NSND Income Tax liabilities by tax band (rows) and taxpayer marginal rate (columns). It highlights that Higher and Additional rate taxpayers are liable for a considerable amount of tax at the Basic and Higher rates of tax.

- Around half of NSND tax for rUK taxpayers is at the Basic rate compared to over 60% for Scottish taxpayers.

- The proportion of NSND tax at the Additional rate for rUK taxpayers is more than double the proportion for Scottish taxpayers.

- Between 2016-17 and 2017-18 the proportion of Scottish Income Tax at the Basic rate fell but increased for both the Higher and Additional tax rates.

- Between 2016-17 and 2017-18 the proportion of NSND tax for rUK taxpayers at the Basic rate remained relatively static with the proportion at the Higher rate decreasing and the proportion at the Additional rate increasing.

- Changes in the split between basic and higher rate taxpayers is influenced by the higher rate threshold, which is now set differently in Scotland compared to the rest of the UK.
2.3 Taxpayers by tax rate on NSND income

Further summary of Table 2

- In both 2016-17 and 2017-18 Higher and Additional rate taxpayers make up a greater share of rUK taxpayers compared to Scottish taxpayers.

- Between 2016-17 and 2017-18 the proportion of Basic rate Scottish taxpayers decreased and the proportion of Higher rate increased by around 0.6% pts.

- In contrast between 2016-17 and 2017-18 there was a decrease in the proportion of rUK taxpayers who were Higher rate, and the proportion that were Basic rate increased.

The changes to the tax regimes between 2016-17 and 2017-18 are likely to have contributed to the proportions of Basic and Higher rate taxpayers changing in different directions for Scottish and rUK taxpayers. The Basic rate band width is narrower for Scottish taxpayers in 2017-18 but wider for rUK taxpayers due to the rUK higher rate threshold (HRT) being raised to £45,000. The divergence of the HRT also means that the Higher rate band width is wider for Scottish taxpayers in 2017-18 than it is for rUK taxpayers.

<table>
<thead>
<tr>
<th>NSND regime</th>
<th>2016-17</th>
<th>2017-18</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>PA</td>
<td>HRT</td>
</tr>
<tr>
<td>Scottish</td>
<td>£11,000</td>
<td>£43,000</td>
</tr>
<tr>
<td>rUK</td>
<td>£11,000</td>
<td>£43,000</td>
</tr>
</tbody>
</table>

Share of taxpayers by tax rate on NSND income

<table>
<thead>
<tr>
<th>Year</th>
<th>Scottish taxpayers</th>
<th>rUK taxpayers</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016-17</td>
<td>87.8%</td>
<td>85.6%</td>
</tr>
<tr>
<td>2017-18</td>
<td>87.2%</td>
<td>85.9%</td>
</tr>
</tbody>
</table>
2.4 Tax liability share for taxpayers at each rate

**Further summary of Table 2**

- Additional rate taxpayers contribute almost twice the share of rUK NSND tax compared to the share of Scottish NSND tax contributed by Additional rate taxpayers.

- Between 2016-17 and 2017-18 the share of Scottish NSND tax from Basic rate taxpayers fell by 1.6% pts but increased by 0.3% pts for rUK NSND tax.

- Between 2016-17 and 2017-18 the share of NSND tax from Additional rate taxpayers increased for both Scottish and rUK NSND tax, although the growth was stronger for rUK at 1.4% pts compared to 1.0% pts for Scottish NSND tax.

<table>
<thead>
<tr>
<th></th>
<th>2016-17</th>
<th>2017-18</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Scottish taxpayers</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic Rate</td>
<td>15.1%</td>
<td>16.1%</td>
</tr>
<tr>
<td>Higher Rate</td>
<td>34.9%</td>
<td>36.6%</td>
</tr>
<tr>
<td>Additional/Top Rate</td>
<td>39.4%</td>
<td>35.2%</td>
</tr>
<tr>
<td><strong>rUK taxpayers</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic Rate</td>
<td>39.4%</td>
<td>40.0%</td>
</tr>
<tr>
<td>Higher Rate</td>
<td>34.9%</td>
<td>28.4%</td>
</tr>
<tr>
<td>Additional/Top Rate</td>
<td>15.1%</td>
<td>29.8%</td>
</tr>
</tbody>
</table>
3. Experimental Statistics Tables 1 to 3: SIT outturn data and rUK

Table 1 shows the final outturn for non-savings non-dividend (NSND) Income Tax for Scottish and rUK (non-Scottish) taxpayers presented in the same way as they are also published in HMRC’s Annual Report and Accounts publication. The total outturn for Scotland and rUK are used for setting Scotland’s Budget as part of the Block Grant process. For Block Grant purposes these outturn figures are considered to be final.

The PAYE and SA established liabilities are based on data from individual taxpayer accounts in either PAYE or SA. The PAYE rUK established liability is estimated by using data from Real Time Information in conjunction with how RTI data relates to outturn for Scottish taxpayers. There is a degree of estimation in the components which are not “established liabilities”.

Table 2 provides further detail for the Scottish and rUK outturn figures. It shows how many Scottish and rUK taxpayers there were for 2016-17 and 2017-18. It also shows how many taxpayers there were by highest marginal rate of tax and how much Scottish and rUK NSND Income Tax outturn falls into each tax band.

There is a degree of estimation in assigning the estimated components of the outturn to tax rates. Where this is required the distributions from the PAYE and SA established components are used to apportion the estimated tax to each tax rate.

Table 3 shows an estimate of how much of the Scottish and rUK outturn is collected through PAYE or paid via self assessment. For individuals in self assessment any payments made at source are assumed to be prioritised to NSND Income Tax.

It is not possible to allocate the components for “uncollectable amounts”, “Relief at Source (RAS)” and “Gift Aid” to a particular payment source so these have been shown separately.

The percentages in Table 3, that show how much of the outturn is collected via PAYE or SA, are calculated excluding the amounts for “uncollectable amounts”, “Relief at Source (RAS)” and “Gift Aid”.
### 3.1. Table 1: Income Tax on NSND income showing where liability is established

**Table 1: Income Tax on non-savings non-dividend income (NSND)**

<table>
<thead>
<tr>
<th></th>
<th>2016-17</th>
<th>2017-18</th>
<th>Yr on Yr growth</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Scottish Income Tax</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SA Established Liability</td>
<td>4,360</td>
<td>4,514</td>
<td>3.5%</td>
</tr>
<tr>
<td>PAYE Established Liability</td>
<td>6,367</td>
<td>6,293</td>
<td>-1.2%</td>
</tr>
<tr>
<td>Estimated further Liability</td>
<td>314</td>
<td>431</td>
<td>37.2%</td>
</tr>
<tr>
<td>Adjustment for uncollectable amounts</td>
<td>-70</td>
<td>-79</td>
<td>12.1%</td>
</tr>
<tr>
<td>Less Reliefs 8</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Relief at Source (RAS) 9</td>
<td>-146</td>
<td>-141</td>
<td>-3.6%</td>
</tr>
<tr>
<td>Gift Aid 10</td>
<td>-106</td>
<td>-103</td>
<td>-3.1%</td>
</tr>
<tr>
<td><strong>Final Scottish Income Tax Revenue</strong></td>
<td>10,719</td>
<td>10,916</td>
<td>1.8%</td>
</tr>
<tr>
<td><strong>Non-Scottish (rUK) Income Tax on NSND income</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SA Established Liability</td>
<td>79,760</td>
<td>83,403</td>
<td>4.6%</td>
</tr>
<tr>
<td>PAYE Established Liability</td>
<td>68,206</td>
<td>67,330</td>
<td>-1.3%</td>
</tr>
<tr>
<td>Estimated further Liability</td>
<td>5,766</td>
<td>7,443</td>
<td>29.1%</td>
</tr>
<tr>
<td>Adjustment for uncollectable amounts</td>
<td>-1,093</td>
<td>-1,198</td>
<td>9.5%</td>
</tr>
<tr>
<td>Less Reliefs 8</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Relief at Source (RAS) 9</td>
<td>-1,728</td>
<td>-1,587</td>
<td>-8.2%</td>
</tr>
<tr>
<td>Gift Aid 10</td>
<td>-1,197</td>
<td>-1,152</td>
<td>-0.4%</td>
</tr>
<tr>
<td><strong>Final non-Scottish Income Tax Revenue on NSND Income</strong></td>
<td>149,713</td>
<td>154,199</td>
<td>3.0%</td>
</tr>
<tr>
<td><strong>Scottish share of UK Income Tax</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SA Established Liability</td>
<td>5,2%</td>
<td>5,1%</td>
<td></td>
</tr>
<tr>
<td>PAYE Established Liability</td>
<td>8,5%</td>
<td>8,5%</td>
<td></td>
</tr>
<tr>
<td>Estimated further Liability</td>
<td>5,2%</td>
<td>5,0%</td>
<td></td>
</tr>
<tr>
<td>Adjustment for uncollectable amounts</td>
<td>6.0%</td>
<td>6.2%</td>
<td></td>
</tr>
<tr>
<td>Less Reliefs 8</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Relief at Source (RAS) 9</td>
<td>7.8%</td>
<td>8.1%</td>
<td></td>
</tr>
<tr>
<td>Gift Aid 10</td>
<td>8.2%</td>
<td>8.0%</td>
<td></td>
</tr>
<tr>
<td><strong>Final Scottish Income Tax Revenue</strong></td>
<td>6.7%</td>
<td>6.6%</td>
<td></td>
</tr>
</tbody>
</table>

Source: Outturn data from NPS, CESA and other HMRC systems
July 2019

**Notes on the Table**

1. All figures in this table relate to Income Tax devolved to Scotland based on Scotland Act 2016 - all tax due on Non-Savings Non-Dividend Income
2. NSND Outturn figures are finalised in the April 12 months after the tax year end.
3. SA established liabilities are based on SA returns received by HMRC by the April following the end of the tax year. This will include an element of PAYE for SA customers.
4. PAYE established liabilities are based on liabilities from accounts reconciled in PAYE plus PAYE settlement agreements.
5. Estimated further liability includes liabilities which will be realised in late filed SA returns received after the April when the Outturn is finalised, an estimate of liabilities from SA settlement agreements and an estimate for unrerconciled PAYE cases.
6. The estimated further liability in 2017-18 includes an increase in the number of unrerconciled PAYE cases. These account for around £111m of the Scottish estimated further liability and £1,544m of the non-Scottish. This explains the larger year on year increase for the further estimated liability component. For a more consistent comparison between 2016-17 and 2017-18 these amounts should be deducted from "estimated further liability" and added to "PAYE established liability".
7. Adjustment for uncollectable amounts reflects an estimate for NSND liability which will not be settled. This includes amounts for individuals failing to settle their SA liabilities and PAYE schemes having amounts of NSND liability written off or remitted.
8. These reliefs are those not allocated to individual taxpayer accounts.
9. Relief at Source reflects the amount of Basic rate tax claimed by pension providers when individuals pay into a pension scheme from post-taxed income.
10. Gift Aid reflects the amount of Basic rate tax claimed by charities when individuals make a donation from post-taxed income.
11. Scottish taxpayers are identified using the Scottish taxpayer indicator which identifies an individual being taxed under the Scottish tax system.
12. Figures may not sum to totals due to rounding.
13. Scottish share is based on unrounded figures.
### 3.2. Table 2: Income Tax on NSND income by tax rate & taxpayer marginal rate

Table 2: Income Tax on NSND income by tax rate and taxpayer marginal rate

<table>
<thead>
<tr>
<th></th>
<th>2016-17</th>
<th>2017-18</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Basic rate (2) taxpayers</td>
<td>Higher rate (2) taxpayers</td>
</tr>
<tr>
<td>Basic Rate 5</td>
<td>4,878</td>
<td>63</td>
</tr>
<tr>
<td>Higher Rate 5</td>
<td>-</td>
<td>941</td>
</tr>
<tr>
<td>Additional Rate 5</td>
<td>-</td>
<td>941</td>
</tr>
<tr>
<td>All</td>
<td>4,878</td>
<td>1,621</td>
</tr>
<tr>
<td>Scottish taxpayers 4</td>
<td>Number of taxpayers</td>
<td>2,221</td>
</tr>
<tr>
<td>(Using Scottish tax bands)</td>
<td>Tax on earnings at:</td>
<td></td>
</tr>
<tr>
<td>Basic Rate</td>
<td>4,878</td>
<td>1,812</td>
</tr>
<tr>
<td>Higher Rate</td>
<td>-</td>
<td>2,408</td>
</tr>
<tr>
<td>Additional Rate</td>
<td>-</td>
<td>941</td>
</tr>
<tr>
<td>All</td>
<td>4,878</td>
<td>2,420</td>
</tr>
<tr>
<td>Non-Scottish (rUK) taxpayers</td>
<td>24,264</td>
<td>3,970</td>
</tr>
<tr>
<td>(Using rUK tax bands)</td>
<td>Tax on earnings at:</td>
<td></td>
</tr>
<tr>
<td>Basic Rate</td>
<td>52,271</td>
<td>22,365</td>
</tr>
<tr>
<td>Higher Rate</td>
<td>-</td>
<td>32,503</td>
</tr>
<tr>
<td>Additional Rate</td>
<td>-</td>
<td>27,700</td>
</tr>
<tr>
<td>All</td>
<td>52,271</td>
<td>54,868</td>
</tr>
<tr>
<td>All taxpayers</td>
<td>Number of taxpayers</td>
<td>26,485</td>
</tr>
<tr>
<td></td>
<td>Tax on earnings at:</td>
<td></td>
</tr>
<tr>
<td>Basic Rate</td>
<td>57,149</td>
<td>24,177</td>
</tr>
<tr>
<td>Higher Rate</td>
<td>-</td>
<td>34,911</td>
</tr>
<tr>
<td>Additional Rate</td>
<td>-</td>
<td>28,641</td>
</tr>
<tr>
<td>All</td>
<td>57,149</td>
<td>59,089</td>
</tr>
</tbody>
</table>

Source: Outturn data from NPS, CESA and other HMRC systems
July 2019

Notes on the Table

1. Notes 1-10 from Table 1 also apply to Table 2.
2. This table only covers individuals with some liability to tax on their non-savings/non-dividend income.
3. Taxpayers have been classified as a Basic/Higher/Additional rate taxpayer based on their non-savings/non-dividends tax liabilities only, and with
4. Scottish taxpayers are identified using the Scottish taxpayer indicator which identifies an individual being taxed under the Scottish tax system.
5. Figures may not sum to totals due to rounding.
## 3.3. Table 3: Income Tax on NSND income showing where it is collected

Table 3: Established Scottish and rUK NSND tax by collection method

### Scottish Income Tax

<table>
<thead>
<tr>
<th></th>
<th>2016-17</th>
<th>2017-18</th>
<th>Yr on Yr growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Collected through PAYE</td>
<td>9,768</td>
<td>9,897</td>
<td>1.3%</td>
</tr>
<tr>
<td>Paid through Self Assessment</td>
<td>1,274</td>
<td>1,342</td>
<td>5.3%</td>
</tr>
<tr>
<td>Uncollected, RAS and Gift Aid repayments</td>
<td>-323</td>
<td>-323</td>
<td>0.0%</td>
</tr>
<tr>
<td><strong>Total Scottish NSND PAYE &amp; SA established liabilities</strong></td>
<td><strong>10,719</strong></td>
<td><strong>10,916</strong></td>
<td><strong>1.8%</strong></td>
</tr>
<tr>
<td>% excluding Uncollected, RAS and Gift Aid repayments</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Collected through PAYE</td>
<td>88.5%</td>
<td>88.1%</td>
<td></td>
</tr>
<tr>
<td>Paid through Self Assessment</td>
<td>11.5%</td>
<td>11.9%</td>
<td></td>
</tr>
</tbody>
</table>

### Non-Scottish (rUK) Income Tax on NSND income

<table>
<thead>
<tr>
<th></th>
<th>2016-17</th>
<th>2017-18</th>
<th>Yr on Yr growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Collected through PAYE</td>
<td>131,801</td>
<td>135,063</td>
<td>2.5%</td>
</tr>
<tr>
<td>Paid through Self Assessment</td>
<td>21,931</td>
<td>23,113</td>
<td>5.4%</td>
</tr>
<tr>
<td>Uncollected, RAS and Gift Aid repayments</td>
<td>-4,019</td>
<td>-3,977</td>
<td>-1.1%</td>
</tr>
<tr>
<td><strong>Total rUK NSND PAYE &amp; SA established liabilities</strong></td>
<td><strong>149,713</strong></td>
<td><strong>154,199</strong></td>
<td><strong>3.0%</strong></td>
</tr>
<tr>
<td>% excluding Uncollected, RAS and Gift Aid repayments</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Collected through PAYE</td>
<td>85.7%</td>
<td>85.4%</td>
<td></td>
</tr>
<tr>
<td>Paid through Self Assessment</td>
<td>14.3%</td>
<td>14.6%</td>
<td></td>
</tr>
</tbody>
</table>

### Scottish share of UK Income tax on NSND income

<table>
<thead>
<tr>
<th></th>
<th>2016-17</th>
<th>2017-18</th>
<th>Yr on Yr growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Collected through PAYE</td>
<td>6.9%</td>
<td>6.8%</td>
<td></td>
</tr>
<tr>
<td>Paid through Self Assessment</td>
<td>5.5%</td>
<td>5.5%</td>
<td></td>
</tr>
<tr>
<td>Uncollected, RAS and Gift Aid repayments</td>
<td>7.4%</td>
<td>7.5%</td>
<td></td>
</tr>
<tr>
<td><strong>Total rUK NSND PAYE &amp; SA established liabilities</strong></td>
<td><strong>6.7%</strong></td>
<td><strong>6.6%</strong></td>
<td></td>
</tr>
</tbody>
</table>

Source: Outturn data from NPS, CESA and other HMRC systems
July 2019

Notes on the Table

1. Notes 1-10 from Table 1 also apply to Table 3.
2. This table provides an estimate for how much of the non-savings/non-dividend Outturn established liability was collected through PAYE or paid through Self Assessment.
3. All PAYE established liability is deemed collected through PAYE.
4. For SA established liability any payments made via PAYE or sent for coding out in a later year are deemed as prioritised to non-savings/non-dividend liability. Any remaining liability is deemed as paid through Self Assessment.
5. The parts of the further estimated liability component relating to late SA filed returns and SA settlement agreements have been assigned to “collected through PAYE” and “paid through self assessment” based on the split for the SA established liability.
6. The parts of the further estimated liability component relating to unreconciled PAYE cases have been fully assigned “collected through PAYE”.
7. This differs to the information presented in Table 4 which shows all amounts collected through PAYE for anything coded out and will include savings, non-Income Tax charges (eg. HICBC) and also reflects overpayments. Table 3 is aimed at showing how much of the non-savings/non-dividend Outturn liability is collected via PAYE or Self Assessment.
8. Scottish taxpayers are identified using the Scottish taxpayer indicator which identifies an individual being taxed under the Scottish tax system.
9. Figures may not sum to totals due to rounding.
10. Scottish share is based on unrounded figures.
4. Real Time Information: Indicative In-Year Scottish Income Tax

HMRC provides in year monitoring data for Scottish Income Tax from the Real Time Information (RTI) data to the Scottish Government, the Scottish Fiscal Commission and the Office for Budgetary Responsibility each month.

Table 4 shows the information HMRC shares as a monthly time series for how much tax is collected through employers (as reported in RTI) for the UK as a whole and how much of that is from Scottish taxpayers.

The Income Tax measure in Table 4 is not the same as that presented in Tables 1-3 which provide a breakdown of the outturn.

The tax reported in RTI will include amounts for things other than NSND tax, including any tax code adjustments for savings income or the Higher Income Charge for Child Benefit (HICBC) and non-taxable employee expenses paid through payroll with tax deducted.

These figures are a snapshot in time, based on the information held at the time they are compiled each month (i.e. taxpayer status was assessed at that point in time, and tax figures are prior to reconciliation at year end).

Scottish taxpayers are identified using the Scottish indicator from NPS (see section 6.1 for more details of how Scottish taxpayers are defined).

The RTI figures are provisional and subject to change specifically as taxpayer’s Scottish status changes through the year as residential address changes occur.

These monthly figures will generally not be updated after the end of the tax year.
4.1. Summary of key statistics

The following section details tax information reported through the RTI system by employers when they make payments to their employees. The data used in this section is a different source from that used in the outturn and presented in Table 1-3 above. The outturn data only reflects Income Tax on non-savings non-dividend income.

The tax reported in RTI is the amount that the employer has retained from their employees pay and will be passed to HMRC. This is determined by the individuals’ tax code which the employer applies to each employee. The tax code may include adjustments for other incomes (including savings/dividend income as well as NSND income), reliefs, underpayments from previous years and non-Income Tax charges such as the Higher Income Child Benefit Charge.

Therefore, Table 4 is not directly comparable to Table 1-3. However, it can be used alongside Table 3 to give an indication of how the outturn is expected to grow between years as the RTI data becomes available around 12 months before the outturn figures are finalised.

Key findings:

<table>
<thead>
<tr>
<th></th>
<th>2016-17</th>
<th>2017-18</th>
<th>2018-19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total tax withheld in RTI</td>
<td>£144,088m</td>
<td>£148,472m</td>
<td>£156,105m</td>
</tr>
<tr>
<td>Of which:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>rUK taxpayers</td>
<td>£134,102m</td>
<td>£138,251m</td>
<td>£145,277m</td>
</tr>
<tr>
<td>Scottish taxpayers</td>
<td>£9,986m</td>
<td>£10,221m</td>
<td>£10,828m</td>
</tr>
<tr>
<td>Scottish share of RTI total tax</td>
<td>6.93%</td>
<td>6.88%</td>
<td>6.94%</td>
</tr>
</tbody>
</table>

Year on year tax growth from:

<table>
<thead>
<tr>
<th></th>
<th>2016-17 to 2017-18</th>
<th>2017-18 to 2018-19</th>
</tr>
</thead>
<tbody>
<tr>
<td>rUK taxpayers</td>
<td>+3.1%</td>
<td>+5.1%</td>
</tr>
<tr>
<td>Scottish taxpayers</td>
<td>+2.4%</td>
<td>+5.9%</td>
</tr>
</tbody>
</table>

The monthly time series of tax withheld in RTI is relatively similar for Scottish and rUK taxpayers. There is a clear spike in tax in March each year and this reflects when bonuses are generally paid, at the end of the tax year.

The Scottish share of tax withheld in March, when tax withheld peaks in the monthly time series, is lower than all other months in the year. This likely reflects bonus payments forming a smaller proportion of remuneration for Scottish employees when compared to those in the rest of the UK.

There is also a smaller spike in December which is likely to reflect an increase in employment activity around the Christmas holiday period.

In 2018-19 Scottish Income Tax was changed to introduce two new tax bands, the Starter Rate (19%) and the Intermediate Rate (21%) either side of the
Basic Rate (20%). The Higher and Additional rates of tax were also increased by 1% for Scottish taxpayers increasing from 40% and 45% to 41% and 46% respectively. These changes are likely to have contributed to the faster growth of NSND Income Tax for Scottish taxpayers between 2017-18 and 2018-19 compared to the rest of the UK.
## 5. Experimental Statistics Table 4

### Table 4: Real Time Information: Indicative In-Year tax withheld from Scottish taxpayers through RTI

<table>
<thead>
<tr>
<th>Month</th>
<th>Scottish Income Tax</th>
<th>All UK Income Tax</th>
<th>Scottish share</th>
</tr>
</thead>
<tbody>
<tr>
<td>April</td>
<td>855</td>
<td>11,893</td>
<td>7.19%</td>
</tr>
<tr>
<td>May</td>
<td>820</td>
<td>11,489</td>
<td>7.14%</td>
</tr>
<tr>
<td>June</td>
<td>833</td>
<td>11,639</td>
<td>7.16%</td>
</tr>
<tr>
<td>July</td>
<td>821</td>
<td>11,560</td>
<td>7.10%</td>
</tr>
<tr>
<td>August</td>
<td>782</td>
<td>10,872</td>
<td>7.19%</td>
</tr>
<tr>
<td>September</td>
<td>788</td>
<td>11,068</td>
<td>7.12%</td>
</tr>
<tr>
<td>October</td>
<td>812</td>
<td>11,227</td>
<td>7.23%</td>
</tr>
<tr>
<td>November</td>
<td>778</td>
<td>10,995</td>
<td>7.08%</td>
</tr>
<tr>
<td>December</td>
<td>846</td>
<td>12,147</td>
<td>6.96%</td>
</tr>
<tr>
<td>January</td>
<td>808</td>
<td>12,121</td>
<td>6.67%</td>
</tr>
<tr>
<td>February</td>
<td>840</td>
<td>13,124</td>
<td>6.40%</td>
</tr>
<tr>
<td>March</td>
<td>1,002</td>
<td>15,952</td>
<td>6.28%</td>
</tr>
<tr>
<td>April-March Total</td>
<td>9,986</td>
<td>144,088</td>
<td>6.93%</td>
</tr>
</tbody>
</table>

Source: HMRC analysis of RTI data

### Notes on the Table

1. UK Income Tax includes Scottish Income Tax.
2. This data does not include End of Year updates.
3. The sum of these figures will not equate to the final Scottish Income Tax Outturn calculation and are only intended to be an indication of part of Scottish Income Tax (from employments covered by PAYE).
4. RTI data does not include Self-Assessment, and thus only provides partial picture of non-savings non-dividends (NSND) income tax liabilities and pay in Scotland. The incomes of self-employed individuals will not be included.
5. Coded out savings income is included in RTI data and therefore appears in these figures.
6. RTI data in-year is subject to revision and update throughout the year, and any end-of-year updates that may occur are not included.
7. These figures are pre-reconciliation and provisional.
8. The NPS (National Insurance and PAYE Service) flag is taken as a snapshot in time and this means that as taxpayers change residential address during the year, their status and therefore the figures may change.
9. This differs to the information presented in Table 3 which only shows an estimate to how the NSND Outturn is collected. Amounts in Table 4 will include collections for anything coded out through PAYE including savings, non-Income Tax charges (eg. HICBC) and also reflects overpayments.
6. Background, definitions and methodology

6.1 What is Scottish Income Tax?

Background

The Scotland Act 2012 gave the Scottish Parliament the power to set a Scottish rate of Income Tax. Scottish rate of Income Tax (SRIT) applies to non-savings non-dividend (NSND) income. It allows the Scottish Government to change the amount of Income Tax that Scottish taxpayers pay and, as a result, the amount that the Scottish Government had to spend in Scotland.

SRIT replaced ten percentage points of each of the main UK rates of tax for the tax year commencing 6 April 2016. In that year the UK basic, higher and additional rates for NSND income were reduced by 10p in the pound for Scottish taxpayers. This reduction was replaced by a Scottish rate set at ten percentage points, so the overall rates paid by Scottish taxpayers remained the same as elsewhere in the UK.

The Scotland Act 2016 extended these powers, enabling the Scottish Parliament to set the tax band thresholds (excluding the personal allowance) as well as the rates. This applies to all non-savings, non-dividend income of Scottish taxpayers, and took effect from 6 April 2017.

Who is a Scottish taxpayer?

The definition of a Scottish taxpayer is based on where an individual lives in the course of a tax year. Scottish taxpayer status applies for a whole tax year – it’s not possible to be a Scottish taxpayer for part of a tax year.

For most taxpayers, the location where they live will be obvious, but there will be less straightforward cases – for example, where people have more than one home, or have moved into or out of Scotland during the year. HMRC has provided guidance to help in these circumstances.

The location of a person’s employer is not relevant. So, for example, someone who works in Scotland, but has their home elsewhere in the UK, will not be a Scottish taxpayer.

In order for an individual to be a Scottish taxpayer, they MUST be UK resident for tax purposes – an individual who is not UK tax resident cannot be a Scottish taxpayer.

Detailed guidance on who Scottish Income Tax will apply to.
How do the tax systems on NSND income compare for Scottish and rUK taxpayers?

<table>
<thead>
<tr>
<th>Rate Band thresholds:</th>
<th>2016-17</th>
<th>2017-18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal Allowance</td>
<td>£11,000</td>
<td>£11,500</td>
</tr>
<tr>
<td>Higher Rate Threshold</td>
<td>£43,000</td>
<td>£43,000</td>
</tr>
<tr>
<td>Additional Rate threshold</td>
<td>£150,000</td>
<td>£150,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Tax Rates:</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic Rate</td>
<td>20%</td>
<td>20%</td>
</tr>
<tr>
<td>Higher Rate</td>
<td>40%</td>
<td>40%</td>
</tr>
<tr>
<td>Additional Rate</td>
<td>45%</td>
<td>45%</td>
</tr>
</tbody>
</table>

The differences in thresholds between 2016-17 and 2017-18 are highlighted in red in the table.

For 2016-17 the Scottish and rUK tax systems are identical. For 2017-18, the only difference is that the Higher Rate threshold for rUK taxpayers is £2,000 higher than for Scottish taxpayers.

The impact of these changes is that:

1. For the same level of taxable NSND income a Scottish taxpayer in 2017-18 would have an income tax liability of (up to):
   - £100 less if they were a Basic rate taxpayer
   - £100 less if they were a Higher rate taxpayer
   - £100 more if they were an Additional rate taxpayer

   compared to their tax liability for 2016-17.

2. For the same level of taxable NSND income an rUK taxpayer in 2017-18 would have an income tax liability of (up to):
   - £100 less if they were a Basic rate taxpayer
   - £500 less if they were a Higher rate taxpayer
   - £300 less if they were an Additional rate taxpayer

   compared to their tax liability for 2016-17.
6.2 Why are we producing these statistics now?

HMRC first published an outturn liability figure, for tax year 2016-17, for Scottish Income Tax as part of the Annual Report and Accounts published in July 2018.

In their September 2018 “Statement of Data Needs publication” the Scottish Fiscal Commission highlighted one of their main priorities was for HMRC to develop an Official Statistics publication of Scottish outturn Income Tax Liabilities (p16).

These statistics help to meet this aim and also help give more context to the figures published in HMRC’s Annual Report.

6.3 What is the relationship between these statistics and other personal tax statistics and information?

There are other publications which show similar statistics to what is shown in this Scottish Income Tax publication. It is important to understand how these other statistics relate to what is being released here and highlight differences in coverage or data used to compile each set of statistics.

The following publications are explained below:

- Devolved tax and spending forecasts (OBR)
- Scotland’s Economic and Fiscal forecasts (SFC)
- Personal Income Statistics from the Survey of Personal Incomes
- Earnings and Employment Statistics from PAYE Real Time Information
- Income Tax Receipts Publication

**Devolved tax and spending forecasts (OBR)**

The Office for Budgetary Responsibility (OBR) was established in 2010 to provide independent and authoritative analysis of the UK’s public finances. Alongside the UK Government’s Budgets and other fiscal statements, they produce forecasts for the economy and the public finances. They publish these in their Economic and fiscal outlook (EFO).

Since 2012, the OBR have also forecasted the tax streams that are devolved to the Scottish Parliament. The OBR publish devolved tax and spending forecasts alongside each EFO that are consistent with their main UK forecasts. The Treasury draws on the OBR’s tax forecasts when making spending settlements for the Scottish Government in accordance with their fiscal framework.
In the EFO, the OBR forecast on the basis of the national accounts with SA treated when it is received. Whilst in the OBR Devolved tax and spending publication, and in the statistics set out here, SA is treated on a liabilities basis.

The latest OBR devolved forecasts of Scottish Income Tax was published in March 2019. This shows the OBR forecast of Scottish Income Tax for 2017-18 to be £11.1bn and the rUK NSND equivalent to be £155.8bn.


Scotland’s Economic and Fiscal forecasts (SFC)

The Scottish Fiscal Commission was established in 2017 and is Scotland’s official and independent budget forecaster. The SFC reports to the Scottish Parliament. The Scottish Fiscal Commission (SFC) produces five-year forecasts of Scottish Government tax revenues and social security expenditure, and of the Scottish economy.

The SFC publication “Scotland’s Economic and Fiscal Forecasts” details their forecasts of devolved taxes including devolved Income Tax. This publication also provides an explanation of how the SFC and OBR forecasts, as well as the outturn presented in this Scottish Income Tax publication, are used to adjust Scotland’s Budget.

The latest SFC Economic and Fiscal forecasts publication was released in May 2019. This shows the SFC forecast of Scottish Income Tax to be £11,005m for 2017-18.


Personal Income Statistics from the Survey of Personal Incomes

HMRC release an annual publication from the Survey of Personal Incomes (SPI) which shows statistics for taxpayers’ personal incomes. This publication provides breakdowns to highlight the number of individuals with different sources of income and subject to certain reliefs.

In March 2019 HMRC published the annual Personal Income statistics for 2016-17 which are based on the SPI. For the first time this included two new additional tables focused on Scottish Income Tax and the comparable rUK NSND Income Tax. The data used in the SPI publication is different to the data used in this publication on Scottish Income Tax.

The SPI is a sample of around 750,000 individuals in either SA or PAYE. The SPI is designed to measure total income and the total tax impact on the
Exchequer and therefore includes the tax impact of relief at source (RAS) payments to pension providers and gift aid payments to charities. It also measures liability and takes no account of some tax not being collected.


There is a further HMRC publication, “Income Tax Statistics and Distributions”, which provides projections for future tax years based on the SPI. The projections in that publication reflect announced changes to the Income Tax system and use determinants from the OBR to model tax liabilities in future years. The latest publication of this series was released in June 2019 and provides projections for tax years 2017-18 to 2019-20 based on the 2016-17 SPI.


The statistics presented in these two publications are not expected to be consistent with what is shown in this Scottish Income Tax publication, due to sampling variation, the measurement differences described above and the fact that projections are a forecast of how tax liabilities may evolve for future years.

The 2017-18 Personal Income Statistics publication is not due to be published until February/March 2020 with the accompanying Income Tax Statistics and Distributions publications expected to follow in May/June 2020.

**Earnings and Employment Statistics from PAYE Real Time Information**

Since January 2018 HMRC has released quarterly statistics on earnings and employment statistics using data from PAYE Real Time Information (RTI). The aim of this publication is to provide users with information on the number of individuals receiving pay from Pay As You Earn (PAYE), their mean and median pay as paid through PAYE and the total amount of pay from PAYE in each country or region of the UK.


The statistics in the RTI earnings and employment publication are different to the RTI statistics shown in Table 4 of this Scottish Income Tax publication, although both are compiled from the same source of data. The key differences are:

- The RTI publication only presents information relating to employees only and excludes data on payments made to occupational pensioners.
- The Scottish IT publication includes tax collected from occupational pensions as well as employments.
The RTI publication only presents statistics for number of employees and their pay. On the other hand this release shows tax collected via PAYE, which may include collection of tax due on other income collected via the PAYE tax code. This can arise from savings or dividend income and other charges such as the Higher Income Child Benefit Charge.

**Income Tax Receipts Publication**

HMRC publish an annual National Statistics publication on Income Tax Receipts. The statistics presented in this Scottish Income Tax publication show tax liabilities for specific tax years.

https://www.gov.uk/government/collections/income-tax-receipts-statistics

Liabilities are amounts of tax due on incomes arising in a given tax year, whereas receipts show amounts paid and collected in a given year. Due to lags in the Income Tax payment regimes, particularly for SA, liabilities and receipts for the same year can differ significantly.

Liabilities and receipts will also differ for other reasons, for example when over or underpayments occur which are repaid or recovered in a later year altering total receipts in that year in a way unrelated to tax liabilities for that year.

If you require statistics about the Income Tax liability on non-savings non-dividend income, and how Scottish Income Tax compares to the rest of the UK (rUK) equivalent, then the information you require is contained within this publication.

**6.4 Publication and revision strategy**

The Scottish Income Tax outturn data presented in this publication is the final outturn for these tax years and the total Income Tax for non-savings non-dividend income presented will be used to determine the Scottish Government’s income tax revenues.

HMRC routinely shares RTI data with the Scottish Fiscal Commission and OBR to assist their monitoring and forecasting purposes. We expect to publish monthly updates of this RTI data for the next tax year as we progress through the year.

We are also aiming to conduct a statistical user consultation after the publication of these experimental statistics. This will help ensure we are informed by user needs and can then consider how or what to enhance for future publications.

We plan to publish these new statistics annually, when the HMRC Annual Report and Accounts is published.
6.5 Outturn data methodology

The methodology set out in this section reflects the methodology for calculating the Scottish Income Tax outturn which has been agreed between the Scottish Government and HMRC.

The final SIT and rUK outturn figures reflect accrued revenue and have been calculated using actual liabilities data together with some estimation where actual data is unavailable. Details of this for each of the 6 components of the outturn figure is explained below.

\[
\text{Total SIT/rUK NSND outturn} = \text{SA Established liability (1)} + \text{PAYE established liability (2)} + \text{Estimated further liability (3)} - \text{Adjustment for uncollectable amounts (4)} - \text{Relief At Source (RAS) pension relief (5)} - \text{Gift Aid (6)}
\]

The methods for SIT and rUK outturn are the same except for PAYE established liabilities where a different method was applied for rUK cases due to data availability.

The methodology for 2016-17 and 2017-18

1) **SA Established Liability**

Income Tax liability is established for all individuals in SA once their SA return has been received and their tax calculation has been conducted.

This includes any individual who is required to file a SA return who also has an employment or occupational pension for which tax is deducted at source through PAYE.

The established liability for those who submit an SA return is calculated for each taxpayer identified in SA by summing the Income Tax due at each tax rate on non-savings non-dividend income and then reducing it by a share of reliefs.

**Reliefs**

Income Tax reliefs reduce the total amount of Income Tax an individual is liable to pay.

Some reliefs, such as relief for qualifying distributions and refinance relief for landlords, can only be claimed when an individual has a specific source of income. In calculating the SA established liability such reliefs are prioritised to the appropriate stream of income before any excess is apportioned to other streams of income.
All other reliefs, such as marriage allowance, married couples’ allowance and relief for gift aid payments, can be claimed irrespective of what income sources an individual has. These “generic” reliefs are applied proportionately to tax due on savings/dividend income and tax due on non-savings non-dividend income based on the level of gross Income Tax liability.

Other SA charges and CRCs

There are other charges which can be raised against an individual in SA through investigations/assessments or via a “Create Return Charge” when an individual has failed to submit their return.

These additional charges, if known when data is being compiled, are also included when determining the SA established Income Tax liability.

Scottish share

The total SA established SIT liability is then calculated by summing the non-savings non-dividend liability, net of reliefs, across each Scottish taxpayer in SA.

The rUK established SA liability is calculated in a similar way but summing across all rUK taxpayers.

(2) PAYE Established Liability

PAYE established liability includes:

- Liabilities for individuals who are reconciled in PAYE, and
- PAYE settlement agreements

Liabilities from PAYE reconciliations

For individuals who are in PAYE but have not been issued with a notice to file in SA, their Income Tax liability is established when their PAYE account is reconciled.

A bespoke data extract of all Scottish taxpayer accounts in the National Insurance and PAYE system (NPS) for each tax year was commissioned specifically to assist in compiling the Scottish Income Tax outturn figure required for the Trust Statement.

This provided the liability for non-savings non-dividends income, net of reliefs, for all Scottish taxpayers by tax rate.
rUK PAYE established

However, for rUK taxpayers no equivalent data extract currently exists. Therefore, the rUK NSND PAYE established liability has been compiled in a different way from that of Scottish taxpayers.

The rUK PAYE established figure is estimated by making use of data from Real Time Information (RTI) and scaling RTI receipts for rUK taxpayers based on the relationship between the PAYE established liability and RTI receipts for Scottish taxpayers.

The method assumes that for non-SA individuals in PAYE the propensity for Scottish taxpayers to over or under pay tax is the same as for rUK taxpayers.

This rate of over/under paying is applied to the RTI receipts data of rUK non-SA taxpayers to estimate the level of rUK PAYE established liability.

PAYE settlement agreements

The established PAYE amount includes a share of liabilities raised through PAYE Settlement Agreements (PSA).

A PSA allows an employer to make one annual payment to cover all the tax and National Insurance due on minor, irregular or impracticable expenses or benefits for their employees.

The expenses and benefits reflected in the PSA are not recorded through payroll and are not required to be included on end of year P11D forms, in which other employment expenses and benefits are reported to HMRC.

The Scottish share is determined by using RTI data to determine the share of tax collected by employers through PAYE schemes which have a PSA.

(3) Estimated further liability

In addition to the established liability the final outturn figure includes an estimate for:

- Liabilities from late filed SA returns
- Liabilities realised from compliance activity, and
- Liabilities from unreconciled PAYE cases

These are included within the outturn component “Estimated further liability”.

Late filed SA returns

The value of late filed SA returns has been estimated for each tax year by examining a 10% sample of SA data to determine the pattern of SA filing in the preceding 5 tax years. It is assumed that the average growth of liabilities for these years will be similar to how the liabilities will grow for the years presented in these statistics.
Scottish share for late filed SA returns

Taxpayers with a Scottish postcode were used as a proxy for Scottish taxpayers in these years, as no Scottish indicator exists before Scottish Income Tax was introduced.

Only taxpayers with a Scottish postcode were used to determine the estimated further liability for the Scottish IT outturn. Similarly, only taxpayers with a non-Scottish postcode were used to determine the rUK estimated further liability.

Liabilities from compliance activity

Included in the estimated further liability is an amount to reflect SA settlement agreements not recorded through SA, which are raised as part of compliance investigations. The Scottish and rUK NSND share of this is assumed to be the same proportion as observed in the SA established liability.

Liabilities from unreconciled PAYE cases

In 2017-18 there was an increase in the number of unreconciled PAYE accounts at April 2019 with almost 400,000 cases unreconciled when these outturn figures were compiled. An estimate for the liability of these cases has been included in the 2017-18 “estimated further liability” component.

Almost all PAYE cases are normally reconciled within 12 months of the end of the tax year. However, complex tax affairs or operational changes means that HMRC occasionally delays some customers’ end of year reconciliations to prevent them receiving an incorrect tax calculation or accounting update. As the cause of these delays may vary each year, appropriate methodologies for estimating the value of these unreconciled PAYE cases are identified via consultation with business experts each year. For 2017-18, the value has been estimated by identifying the unreconciled cases and using tax receipt data from RTI.

(4) Adjustment for uncollectable amounts

Uncollected SA amounts:

This amount has been estimated based on the same sample of HMRC taxpayer data over the previous 5 tax years used to establish the late filed SA returns for the “estimated further liability” component.

The adjustment for uncollected amounts for each tax year is then estimated by applying the average from these historic collection rates to the known established and unestablished SA liability figures. This is completed separately for Scottish and rUK taxpayers in order to calculate specific uncollected amounts for each.
Uncollected PAYE amounts:

Not all tax due is collected by HMRC and some is subsequently remitted or written off when it cannot be recovered.

This component reflects the amount written off from PAYE employers when they have failed to pay all the Income Tax they were expected to.

The uncollected amount is estimated by analysing data for the last four years, then a forecast is created based on the pattern demonstrated from this data. This gives an estimate of how much PAYE Income Tax (at a UK level) is expected to be remitted or written off in the future for each tax year.

The Scottish share of this uncollected amount is determined by analysing PAYE schemes whom are known to have had an amount remitted or written off for that specific year.

RTI data is then analysed for each of these PAYE schemes to calculate what proportion of total tax collected by these schemes is in respect of Scottish/UK taxpayers.

(5) Relief At Source (RAS) pension relief

When an individual pays into a pension scheme the scheme treats this as being received net of basic rate tax and reclaims that basic rate tax relief back from HMRC to add to the member's pension pot.

This adjustment in the outturn calculation reflects the Basic rate tax being passed to the pension provider and no longer held as Income Tax by the exchequer.

The relief at source (RAS) for pension contributions in this SIT calculation is determined by using information from annual returns made by pension schemes which show the amount of gross contributions made by scheme members in the appropriate tax year.

The proportion relating to Scottish taxpayers is calculated by identifying individual contributions made by scheme members who have a Scottish postcode held on the pension contribution data.

(6) Gift Aid

When a taxpayer makes a charitable donation, the charity is able to claim basic rate tax relief from HMRC on the value of the donation.

This adjustment in the outturn calculation reflects the Basic rate tax being passed to the charity and no longer held as Income Tax by the exchequer.
Charities can back date claims for this Basic rate tax by up to four years. Therefore, the value which will ultimately relate to a specific tax year has been estimated using previous years data.

The Scottish share has been estimated as an average of Scotland’s share of the UK population and Scotland’s share of total UK Income as measured by the Survey of Personal Incomes. Scottish cases were identified based on postcode as the Scottish indicator did not exist before Scottish Income Tax was introduced.

6.6 HMRC Real Time Information for PAYE methodology

The estimates in Table 4 have been sourced from data held on HMRC’s PAYE Real Time Information (PAYE RTI) administrative system. The RTI administrative system covers all individuals who have a live employment open on a PAYE Scheme.

Most people pay Income Tax through PAYE. This is the system that employers or pension providers use to take Income Tax and National Insurance contributions before they pay an employee’s wages or pension. An employee’s tax code tells the employer how much Income Tax to deduct.

Under RTI, employers are required to send HMRC information about tax and other deductions made through the PAYE system every time an employee is paid. Since April 2014, all employers have been required to report in real time with around 2.3 million PAYE schemes covering a total of 45 million employees and pensioners reporting through RTI. This provides HMRC with a very rich source of data, which can be used to better inform public understanding of the labour market.

Individuals who pay tax through the SA system are included in these statistics if they are also employed and paid via PAYE. Individuals with more complex financial affairs (for example the self-employed or those who have a high income) may also pay or be refunded Income Tax and National Insurance through SA. Individuals in SA who are not in the PAYE system will not be included in these statistics.

HMRC provides Table 4 to the Scottish Government each month for Scottish Income Tax from the RTI data to aid in year monitoring.

Production of in-year monitoring of Scottish tax receipts, provided in Table 4 of this publication, has the following caveats.
- The sum of these figures will not equate to the final Scottish Income Tax outturn and are only intended to be an indication of part of Scottish Income Tax (from employments covered by PAYE).
- RTI data does not include all income reported through self assessment such as profits from self employment or income from property and thus only provides a partial picture of non-savings non-dividends (NSND) Income Tax liabilities in Scotland.
- Income Tax due on other sources of income such as savings interest may be collected through PAYE using a process known as coding out. This process is also used to collect amounts due for some non-Income Tax charges, such as Higher Income Charge for Child Benefit. Coded out tax amounts are included in RTI data and therefore appear in these figures.
- RTI data in-year is subject to amendments throughout the year, and any end-of-year updates that may occur are not included.
- These figures are pre-reconciliation and provisional.
- The NPS (National Insurance and PAYE Service) flag is taken as a snapshot in time and this means that as taxpayers change residential address during the year, their status and therefore the figures may change.

7. Glossary

**PAYE** – Pay As You Earn  
**NPS** – National Insurance and PAYE System  
**NSND** – Non-Savings Non-Dividend (ie. earned income)  
**RAS** – Relief at Source  
**RTI** – Real Time Information  
**rUK** – Rest of the UK  
**SA** – Self Assessment  
**SIT** – Scottish Income Tax  
**SRIT** – Scottish Rate of Income Tax