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Dear Mr Leonard

At the meeting of the Public Audit Committee on 12 May I agreed to provide the Committee with details on the methodology used by the Scottish Fiscal Commission to forecast Scottish Income Tax.

The Scottish Fiscal Commission (SFC) published a comprehensive account of its methods and data used for forecasting Income Tax in May 2021. The document is available at:

<https://www.fiscalcommission.scot/publications/how-we-forecast-income-tax-may-2021/>

The Scottish Fiscal Commission is independent of Government and accountable to Parliament for the methods by which it discharges its statutory functions. The SFC's next publication of Scotland's Economic and Fiscal Forecasts will include any updates it has made to the modelling inputs and approach. This will be published on the same day as the Scottish Government publishes the Medium Term Financial Strategy on 31 May 2022.

I trust this information is helpful.

Alyson Stafford
DG Scottish Exchequer