

Rebecca Evans AS/MS
Y Gweinidog Cyllid a Llywodraeth Leol
Minister for Finance and Local Government



Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref: RE- 232-2023

Peredur Owen Griffiths MS
Chair, Finance Committee
Senedd Cymru
Cardiff Bay
Cardiff
CF99 1SN

07 July 2023

Dear Peredur,

WELSH RATES OF INCOME TAX OUTTURN STATISTICS 2021-22

The Committee will wish to be aware that HMRC has published the third set of annual outturn statistics for the Welsh rates of income tax. The outturn statistics show that the Welsh rates of income tax in 2021-22 generated £2.4 billion, up £244 million or 11.4% on 2020-21.

This is £320 million (16%) higher than forecast by the Office for Budget Responsibility in Autumn 2020 and used in the Welsh Government's 2021-22 Budget.

The outturn for England and Northern Ireland is also higher than used in the associated block grant adjustment (BGA) in the 2021-22 Budget. These outturn figures will be used to calculate a final block grant adjustment for 2021-22, once a series of population estimates consistent with the 2021 Census is published by the Office for National Statistics in September.

The difference between the income tax revenues and block grant adjustments used in the Welsh Government's 2021-22 Budget and the final outturn will be used to calculate a reconciliation amount. This will be applied to the Welsh Government's 2024-25 block grant allocation. Based on existing population estimates, the reconciliation is likely to be positive.

When the revised population estimates are published in September, the Welsh Government and UK Government will publish a jointly agreed statement detailing the reconciliation amount and how it has been calculated. This is intended to ensure full transparency in, and to help improve wider understanding of the Fiscal Framework. I will write to the Committee to make them aware of this information at the appropriate time.

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:
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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

A link to the statistics can be found at:

[Scottish and Welsh Income Tax Outturn Statistics - GOV.UK \(www.gov.uk\)](http://www.gov.uk)

Yours sincerely,

A handwritten signature in black ink that reads "Rebecca Evans". The signature is written in a cursive style.

Rebecca Evans AS/MS

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