

Rebecca Evans AS/MS
Ysgrifennydd y Cabinet dros Gyllid, y Cyfansoddiad
a Swyddfa'r Cabinet
Cabinet Secretary for Finance, Constitution & Cabinet Office



Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref: RE/124/2024

Peredur Owen Griffiths MS
Chair of Finance Committee

24 April 2024

Dear Peredur,

I am pleased to inform you that HMRC have published two analytical reports which use income tax data to explore migration.

The first publication is an analysis of the longitudinal dataset which was commissioned by the Welsh and Scottish Governments. It was jointly funded by the Welsh, Scottish and UK Governments. The dataset covers the location and incomes of UK taxpayers over a 12-year period and allows for detailed analysis of the movement of taxpayers and income within the UK.

The analysis finds that both Wales and Scotland saw a gradual increase in net in-migration of taxpayers from the rest of the UK from 2016-17 onwards, with a larger uptick in 2020-21 and 2021-22 – possibly in response to the COVID pandemic.

The second publication, 'Exploring impacts of 2018-19 Scottish Income Tax changes on intra-UK migration and labour force participation' uses econometric analysis to estimate responses to the 2018-19 Scottish Income Tax changes. Specifically, it estimates migration between Scotland and other parts of the UK, and whether people entered or left the labour market. The analysis suggests that net migration to Scotland for individuals earning above the Higher Rate threshold would have been higher in the absence of Scottish Income Tax changes.

I welcome these additions to the evidence base. The analysis will help to improve the methodology used to calculate the impact of changes in Welsh Rates of Income Tax (WRIT) and published in the WRIT Ready Reckoner alongside our draft Budget. The development of this evidence base also provides important information to help guide future tax policy decisions.

Yours sincerely,

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

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Pwyllgor Cyllid / Finance Committee
FIN(6)-10-24 PTN 4

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.