

Mark Drakeford AS/MS
Ysgrifennydd y Cabinet dros Gyllid a'r Gymraeg
Cabinet Secretary for Finance and Welsh Language



Peredur Owen Griffiths MS
Chair, Finance Committee
Senedd Cymru
Cardiff Bay
Cardiff
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Llywodraeth Cymru
Welsh Government

3 October 2024

Dear Peredur

WELSH RATES OF INCOME TAX OUTTURN STATISTICS 2022-23

HM Revenue and Customs published annual outturn statistics for the Welsh rates of income tax in 2022-23 on 11 July 2024. The Committee will wish to be aware that the impact of these outturns on the Welsh Government budget by way of reconciliation has now been jointly agreed with HM Treasury. This is detailed in a joint technical note which was published on 3 October 2024.

The outturn statistics show that the Welsh rates of income tax (WRIT) in 2022-23 generated £2,618 million, up £254 million or 10.8% on 2021-22. The equivalent 10 pence in the pound Income Tax revenue for England and Northern Ireland also increased in 2022-23 resulting in a Block Grant Adjustment (BGA) of £2,535m. This means the net budgetary impact of WRIT was +£83m in 2022-23.

WRIT outturn was £140 million (6%) higher than forecast by the Office for Budget Responsibility in Autumn 2021 and used in the Welsh Government's 2022-23 Budget. The outturn for England and Northern Ireland was also higher than used in the associated BGA in the 2022-23 Budget, as a result the BGA was £87 million higher.

The difference between the income tax revenues and block grant adjustments used in the Welsh Government's 2022-23 Budget and the final outturn is +£53 million. This will be applied to the 2025-26 budget as a reconciliation amount.

Whilst producing the 2022-23 statistics, HMRC discovered a number of individuals that were recorded in two different data sources and were subsequently double counted. This issue was not limited to Welsh taxpayers. It did not result in any taxpayers paying the wrong amount of income tax. This issue has been resolved in the HMRC outturn publication through revisions to 2019-20 to 2021-22.

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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.

The treatment of these revisions has now been agreed with the UK Government. They are taken into account when calculating the outturn reconciliation in respect of 2022-23 and future years, but the impact on previously reconciled years will be ignored. (The impact of the revisions on previously reconciled years would have been -£0.4m in total).

The outturn statistics can be found here:

[Scottish and Welsh Income Tax Outturn Statistics - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/statistics/scottish-and-welsh-income-tax-outturn-statistics)

The joint technical note can be found here:

[Welsh rates of income tax reconciliation 2022 to 2023: Joint technical note by Welsh Government and HM Treasury | GOV.WALES](https://gov.wales/government-and-hm-treasury-joint-technical-note-welsh-rates-income-tax-reconciliation-2022-2023)

Yours sincerely,

A handwritten signature in black ink that reads "Mark Drakeford". The signature is written in a cursive style and is contained within a white rectangular box.

Mark Drakeford AS/MS

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