**WRITTEN STATEMENT**

**BY**

**THE WELSH GOVERNMENT**

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| **TITLE** | **Publication of Welsh rates of income tax outturn statistics** |
| **DATE** | **08 July 2022** |
| **BY** | **Rebecca Evans MS, Minister for Finance and Local Government** |

HMRC has published the second set of annual outturn statistics for the Welsh rates of income tax. This marks another important step in the tax devolution process in Wales. The outturn statistics show that the Welsh rates of income tax in 2020-21 raised £2,140m, up 4.9% on 2019-20.

A link to the statistics can be found at:

<https://www.gov.uk/government/statistics/welsh-income-tax-outturn-statistics-2020-to-2021>

The income tax outturn statistics provide both the Welsh rates of income tax revenues and the equivalent Income Tax revenues for the rest of UK. These figures are used to calculate the Welsh Government’s Block Grant Adjustment and the reduction in funding from the UK Government to take account of revenues the Welsh Government receives directly from the devolved taxes. This is the first year where the outturn impacts on the Welsh Government Budget.

In accordance with the Fiscal Framework Agreement, the difference between the outturn and the forecasts used in the 2020-21 Budget will be added to the block grant for 2023-24 as a reconciliation adjustment. The net reconciliation effect is a £48m increase in the Welsh Government’s funding for 2023-24.

Provided here is a link to a statement, jointly agreed by the UK Government and the Welsh Government, to explain how this reconciliation adjustment has been arrived at. The statement shows both governments’ continued ambition to ensure full transparency in, and to improve wider understanding of, the Fiscal Framework.

<https://gov.wales/welsh-taxes#Fiscalframework>