

Director-General Scottish Exchequer

Alyson Stafford

T: 0300 244 4000

E: DGScottishExchequer@gov.scot



Richard Leonard MSP
Public Audit Committee
The Scottish Parliament
Edinburgh
EH99 1SP
publicaudit.committee@Parliament.Scot

13 June 2023

Dear Mr Leonard

Administration of Scottish Income Tax 2021-22

Thank you for your letter of 17 May requesting further information in relation to the evidence given to the Public Audit Committee on 11 May 2023. With regards to the governance arrangements for the administration of Scottish Income Tax, as requested, please find attached the terms of reference for the Scottish Income Tax Board. I will write to the Committee again with a copy of the first minutes for 2023/24 after they have been approved at the next Board meeting, scheduled for July.

As I explained in my evidence to the Committee, the Fiscal Framework Review (FFR) is moving into an active space. The Deputy First Minister is engaging with the Chief Secretary to the Treasury on the FFR, and it is her intention to progress this. The Deputy First Minister's main objective is to improve the operation of the Fiscal Framework for Scotland. The Scottish Government's negotiating aims are set out in the Medium Term Financial Strategy published on the 25 May.

I trust this information is helpful.

My regards,

Alyson Stafford
DG Scottish Exchequer

Scottish Ministers, special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See www.lobbying.scot

St Andrew's House, Regent Road, Edinburgh EH1 3DG
www.gov.scot

αβχδε αβχδεφγ α



Scottish Income Tax Board Terms of Reference

Background

During the implementation of the Scotland Act 2012 and the Scotland Act 2016, governance of Scottish Income Tax was managed through the individual projects (Scottish Rate of Income Tax, Further Scottish Income Tax powers and Scottish Relief at Source) with a monthly Scottish Income Tax Project Board reporting to the quarterly Scottish Programme Board.

The Scottish Income Tax Board replaced that governance to oversee business as usual Scottish Income Tax delivery. It has been in place since January 2019.

Purpose

The Board is responsible for overseeing the operational delivery of Scottish Income Tax, ensuring that HMRC meets its obligations under the Service Level Agreement (SLA). The Board considers opportunities for continuous improvement in HMRC's administration of Scottish Income Tax and agrees costs to be recharged to the Scottish Government (SG).

Frequency

The Board meet quarterly to discuss Scottish Income Tax. Meetings are hybrid, alternating between SG and HMRC locations.

Chair

When the meeting is hosted by SG, Deputy Director Tax Strategy, Engagement, and Performance in the SG will chair. When the meeting is hosted by HMRC, Deputy Director Income Tax Policy in HMRC will chair.

Membership

The Board brings together key stakeholders of the administration of Scottish Income Tax to facilitate cross-cutting discussions. This allows HMRC and SG to build an overarching understanding of the business as usual elements of delivery and new issues as they arise. Board attendees are expected to provide papers where appropriate to guide these discussions.

Membership of the Board is primarily officials in HMRC and SG, although the Board may invite external stakeholders to attend the Board where appropriate. The current membership of the Board is:

- Deputy Director, Tax Strategy, Engagement, and Performance (SG)
- Deputy Director, Income Tax Policy (HMRC)
- Head of Tax Strategy and Income Tax (SG)
- Head of Income Tax Structure, Strategy, and Devolution (HMRC)
- Economic Adviser, Fiscal Analysis, Office of the Chief Economic Adviser (SG)
- Head of Inheritance, International, and Devolved Analysis (HMRC)
- Income Tax Team Leader and the Single Point of Contact for Scottish Income Tax (SG)
- Senior Policy Advisor, Devolved Income Tax and the Single Point of Contact for Scottish Income Tax (HMRC)

The Board is also supported by attendees from other key areas in HMRC and SG involved in the administration and oversight of Scottish Income Tax. These areas include:

- Customer Compliance Group (HMRC)
- Operational Excellence (HMRC)
- Finance (HMRC)
UK and Devolved Governments Team (HMRC)

Secretariat

Secretariat for the board is provided by the HMRC Income Tax Policy team. Papers will be available at least 5 working days in advance of the meeting and minutes will be circulated within 5 working days of the meeting. An Action Log keeps track of all outstanding and completed actions. Some items for discussion may by exception be agreed via correspondence.

The Board is keen to engage with external stakeholders to ensure it takes a comprehensive view of the administration of Scottish Income Tax and its impact on taxpayers. The Board has agreed to hold an annual stakeholder event from 2023 onwards to support this aim.

Further governance and escalation routes

The Single Points of Contact meet at least fortnightly and the Co-Chairs of the Board meet as required outside of the Board. The signatories of the SLA meet bi-annually. The SLA is subject to an annual review and one of these meetings sees the signatories confirm any changes.

Transparency

HMRC and SG are committed to ensuring the Board is transparent about its activities. Following approval, minutes for the Board will be published quarterly by both HMRC and SG from financial year 2023-24 onwards. The Terms of Reference will also be published on GOV.UK