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Mr Kenneth Gibson MSP
Convener, Public Finance and Administration Committee
Scottish Parliament
Edinburgh
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By email
cc. Clerk to the Committee

14 December 2023

Dear Mr Gibson

Revenue Scotland's evidence to the Finance and Public Administration Committee – 5 December 2023

I am writing firstly to record my thanks for your support during the launch of our Annual Report at the Parliament on 22 November 2023. Your sponsorship significantly contributed to the event's success, and provided a platform for meaningful dialogue with many key stakeholders on our performance.

Thank you too for the opportunity for Aidan O'Carroll, Revenue Scotland's Chair, and I to present evidence to the Public Finance and Administration Committee on 5 December 2023 which allowed us to reflect on our performance and support transparency and accountability for public bodies.

During the session, you asked about cash in hand sums on page 26 of the Devolved Taxes Accounts and we undertook to provide further detail. Changes in net funds balances relate to balances of tax revenues received from taxpayers in the fiscal year 2022-23, which were paid during 2023-24. Cleared funds are paid over to the Scottish Consolidated Fund on a monthly basis in arrears, typically around the 10th of each month.

In 2021-22, and in previous years, balances received from taxpayers were paid to the Scottish Consolidated Fund at the end of the fiscal year on 31 March 2022. This explains the

balance of £6.8m on 1 April 2022. However, following a request from the Scottish Government, funds were not transferred at the fiscal year-end on 31 March 2023. Consequently, the balance on 1 April 2023, was significantly higher at £66.7m. These funds were transferred in mid-April 2023.

A further point raised during the evidence session related to the tax gap. For the avoidance of any doubt, I would like to confirm that the Scottish Fiscal Commission's role does not include measuring the tax gap. I have also attached the Chair's opening statement for the Official Record in annex A at the end of this letter.

We hope this response addresses your question and further supports in the Committee's understanding of the financial processes involved. Should you require further information, please let me know.

Finally, we look forward to our next appearance before the Committee which we anticipate will involve giving evidence in support of Scotland's third devolved tax, Scottish Aggregates Tax, at Stage 1 of the Scottish Aggregates Tax Bill in early 2024.

Yours sincerely,

By email

Elaine Lorimer
Chief Executive
Revenue Scotland

Annex A

Good morning and thank you for the invitation to join the Committee this morning. This is the first time we have appeared before the Committee in this way and we very much welcome the opportunity to discuss all aspects of Revenue Scotland's performance. Today's discussion is an important part of our governance as we are accountable to Scottish Parliament who set up Revenue Scotland in 2015.

It is my privilege to represent the Board of Revenue Scotland today alongside our Chief Executive and Accountable Officer, Elaine Lorimer.

Revenue Scotland is currently responsible for the management and collection of two fully devolved taxes, Land and Buildings Transaction Tax and Scottish Landfill tax. Since its inception we have collected more than £6 billion in revenues that stay in Scotland to help support public services, and we are proud that we have managed to deliver this in an effective and efficient way, with a 99% digital return rate and costs below 1% of taxes collected.

With the publication of our latest Annual Report and Accounts, both the devolved taxes and resource accounts, we are pleased to report on continued progress across the four pillars of our current Corporate Plan which covers the years 2021 to 2024, Excelling in Delivery, Investing in our People, Reaching Out and Looking Ahead. This has been achieved through really challenging times coming out of the pandemic and is a testament to the quality and commitment of the great team of people we have.

While we may be a relatively small team in overall numbers, we more than make up for this with a depth of expertise, a desire for continuous learning, and a commitment to work with others outside of Revenue Scotland to deliver the very best service we can.

Indeed in the latest People Survey taken across the whole of the Civil Service, Revenue Scotland scored consistently highly across a large number of key areas, including leading and managing change, Inclusion and Fair treatment and clarity on Purpose and Objectives.

We look forward to taking on further responsibilities with the introduction of the Scottish Aggregates Tax and the Building Safety Levy and we will continue to work closely with our Local government colleagues as they move towards the implementation of the Visitors Levy.

Looking ahead it is going to be vital that revenue Scotland continues to take advantage and invest in the most effective digital technology and solutions – this is what will keep us highly efficient in the way we operate – and to continue to seek better ways of capturing and using the important data that we collect as part of our responsibilities. By keeping the mindset of “Digital by Design” and doing this safely and effectively, we can be confident in keeping our operational costs as competitively low as possible, collaborating with others across Scottish Government and elsewhere to ensure we can continuously improve the way we deliver our services.

Next spring we will be laying our next Corporate Plan to cover 2024-27 before parliament for scrutiny and approval. This will cover a period where it is recognised that Government

Funding for its programmes will be under unprecedented pressure, so it is vital that Revenue Scotland plays its full part in delivering the Tax revenues we will be responsible for in the most effective and efficient way. That will always be our primary focus, and we are keen to share our experiences with others as we all have to continue to improve the efficiencies and effectiveness of our services. Collaboration will be key and that too will remain the cornerstone of all aspects of our operations and we will continue to reach out to all of the stakeholders who are in some way engaged in the tax systems in Scotland. We will maintain our commitment to training the very best professionals as we continue to build our capabilities and expertise as your Tax authority.

Finally I would like to record my and the Board's thanks to our Senior leadership team and all staff at Revenue Scotland for their continued dedication and professionalism. This is something we can be all very proud of as we move towards our 9th anniversary, and we can look forward with a high level of confidence that we can address the challenges ahead by aspiring to be an exemplar organisation that the public at large can rely on.

Thank you again for this opportunity to engage with the Committee and we genuinely look forward to our discussions today.