

**WRITTEN QUESTION TO THE MINISTER FOR TREASURY AND RESOURCES
BY DEPUTY R.S. KOVACS OF ST. SAVIOUR
QUESTION SUBMITTED ON MONDAY 15th MAY 2023
ANSWER TO BE TABLED ON MONDAY 22nd MAY 2023**

Question

“On page 13 of [P.80/2022](#) it is stated: “Based on the latest assumptions of the Fiscal Policy Panel (FPP) and work of the Income Forecasting Group (IFG), income is forecast to exceed the forecasts in the current Government Plan 2022-25 by more than the costs of these measures.”, will the Minister outline –

- (a) what the latest forecasts are from the IFG or any other reliable sources, regarding income tax measures that were proposed in the 2022-2025 Government Plan; and
- (b) by how much income from tax will exceed the earlier estimates, as per these forecasts, broken down by year across the period 2022-2025?”

Answer

- a) The [Government Plan 2022-2025](#), was based on the addendum to the IFG forecast for Spring 2021 produced by the IFG and presented to the States on 21st September 2021 [r.151-2021](#). The IFG produced two further forecasts in Spring and Summer 2022, presented to the States on 4th October 2022 [r.134-2022](#). The Summer 2022 IFG forecast was used as the basis for Government Plan 2023-2026.

I assume that the Deputy is referring specifically to updated forecast costs of the specific income tax measures that were agreed in the Government Plan 2022-202, as detailed in table 30 on page 151 (duplicated below - excluding Climate Emergency Fund budget measures). These estimates remain unchanged.

Budget Measure	£m
Personal income tax thresholds	(0.8)
Alcohol duty	(0.1)
Tobacco duty	0.2
Road fuel duty	0.6
Increase in vehicle excise duty	0.4
Total	0.3

- b) The variance between the Summer 2022 IFG forecast and addendum to the Spring 2021 forecast is detailed below. The increase in income forecast was included and factored into the financial envelope for Government Plan 2023-2026. An updated Spring 2023 IFG forecast has been published on 19th May as [r.89/2023](#). The Spring 2023 IFG forecast is the latest income forecast produced, based on FPP economic assumptions published in March 2023. This forecast incorporates tax measures included in Government Plan 2022-2025 and Government Plan 2023-2026. The tables below detail the total States income forecast published for Spring 2021 (addendum), Summer 2022 and Spring 2023 over the time period 2022-2025.

The updated forecasts demonstrate the strong overall economic recovery from Covid.

£'000	2022	2023	2024	2025
Addendum to Spring 2021 forecast	919,753	974,924	1,022,524	1,066,916
Summer 2022 forecast	969,948	1,057,371	1,139,257	1,188,953
Variance to Spring 2021 addendum	50,195	82,447	116,733	122,037

£'000	2022	2023	2024	2025
Spring 2023 forecast	1,006,754	1,080,360	1,147,922	1,160,678
Variance to Summer 2022	37,006	22,989	8,665	(28,275)