

# SCOTTISH FISCAL COMMISSION ACT 2016

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## EXPLANATORY NOTES

### OVERVIEW OF THE ACT

#### *Functions*

#### *Section 2 - Forecasts and Assessments and section 3 - Meaning of terms used in section 2*

7. [Section 2](#) sets out the Commission's main functions. Under these provisions, the Commission is under a statutory duty to prepare forecasts of tax receipts and assessments of the Scottish Government's borrowing projections to inform the Scottish budget process. In particular, the Commission is to prepare 5-year forecasts of receipts from:
  - devolved taxes;
  - non-domestic rates; and
  - the Scottish rate of income tax.
8. All forecasts should cover a rolling five-year period, with a set of five-year forecasts to be prepared on at least two occasions each financial year. The Commission must publish an explanation of its methodology and the factors which it took into account when preparing forecasts, alongside publication of tax forecasts. This is intended to promote transparency and ensure that the basis for the forecasts are available for scrutiny by Parliament, academic commentators and others.
9. The Commission may prepare reports on other fiscal factors (including forecasts, assumptions or projections prepared by Scottish Ministers), in addition to those outlined above. A 'fiscal factor' is anything that the Scottish Ministers use to ascertain the resources available for the purposes of sections 1 to 3 of the Public Finance and Accountability (Scotland) Act 2000 (those sections make provision for the authorisation of the use of resources by the Scottish Administration and other bodies by Budget Act for each financial year). To help prevent the Commission being drawn into political discussion, it must have regard to Government policy but may not consider what the effect of alternative policies would be. The Commission may, however, consider the effect of alternative forecasting assumptions or methodologies on revenue forecasts.
10. [Section 3](#) provides definitions of the terms used in describing the Commission's functions in section 2 in order to provide clarity to the intentions and effect of section 2.