
Scottish median incomes fact sheet: SFC estimates update

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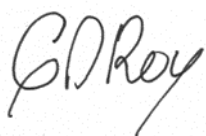
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Foreword

The Scottish Fiscal Commission is the independent fiscal institution for Scotland. Our statutory duty is to provide independent and official forecasts of Scottish GDP, devolved tax revenues, and devolved social security spending to inform the Scottish Budget.

As well as publishing our headline forecasts, we work to help people understand the wider fiscal context in Scotland. As part of this, we regularly publish supplementary figures to help explain Scottish taxes, social security spending, and the wider Scottish budget.

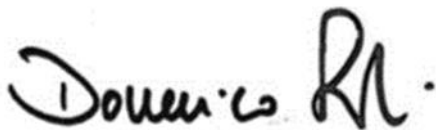
One example of this is the figures we have previously published on median incomes in Scotland. Following heightened public interest in these figures, as well as several direct requests to the Commission for more information about these figures, we thought it would be helpful to publish this fact sheet with our latest estimates of median incomes, as well as explaining some of the complexity around these figures.



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11 November 2025

Scottish median incomes fact sheet

- 1 This fact sheet provides an update on Scottish Fiscal Commission estimates of median incomes in Scotland. We are publishing this now as there has been a growing public interest in our estimates of median income. We have received several Freedom of Information requests asking for updated estimates of median income as well as questions about the distribution of taxpayers. We believe collecting these updated figures together and publishing them in this way is transparent and aids public understanding.
- 2 Median income is a measure of average income. If you listed the income of every individual taxpayer in Scotland from lowest to highest, then the median income is the income of the individual in the very middle of the list. Technically, it is the income of the individual at the 50th percentile. Median income helps us to understand more about the distribution of income in Scotland.
- 3 In December 2023 and December 2024, we published forecasts of median non-savings, non-dividend (NSND) income for the years 2024-25 and 2025-26, respectively.¹ These figures included all sources of NSND income – income from employment, self-employment, pensions, and property income. The figures are also on a gross income basis, meaning they are before any deductions that can reduce taxable income, in particular pension relief, which can have a substantial effect on tax liabilities. Now that we have some (though not complete) data available for 2024-25 and 2025-26, it is possible to create new estimates of median income.
- 4 It is possible to calculate a number of different estimates of median income for any one year. These include estimates of median income based on:
 - different categories of individuals – for example, employees or taxpayers only
 - different definitions of income – for example, including savings and dividends income
 - different data sources – for example the Annual Survey of Hours and Earnings (ASHE), the non-public version of the Survey of Personal Incomes (SPI), or HMRC's National Insurance and PAYE System (NPS)²
 - different methodologies and assumptions used to combine data sources
 - whether the figure is a forecast, or an estimate that is in part or totally based on data
 - whether the estimate is for gross incomes, or net of deductions such as pension relief

¹ The tax base for Scottish Income Tax is non-savings, non-dividends income (NSND). NSND income includes earnings from employment, pensions, profits from self-employed sources and property. It excludes savings and dividends income.

² At the SFC we use a range of sources to build our income tax model including the public use version of the Survey of Personal Incomes, referred to as the Public Use Tape (PUT), combined with Real Time Information (RTI) data and our economy forecasts. See the methodology section for more details.

- 5 The SFC's primary objective is to forecast total Scottish Income Tax revenues at the time of the Scottish Budget, and our models are specifically designed for this purpose. However, given the way we produce our forecast, we can also derive estimates of median income which are consistent with our forecast.
- 6 Income Tax data is often only available with a considerable lag, and more detailed data often has longer time lags. Over time, it will be possible to re-estimate median income for previous years based on a fuller picture of data. This is likely to lead to changes in available estimates of median income for a particular year over time.

Estimates of median income and the distribution of income in Scotland

- 7 We have updated our Income Tax models to accommodate the latest available information on taxpayer distributions and Income Tax outturn data. Based on this updated data we show estimates of the median NSND income of Scottish taxpayers in Figure 1, compared with our earlier forecasts that we published alongside the respective Budget setting Income Tax forecasts.
- 8 For 2023-24, our estimates are based on data including the Public Use Tape (PUT) and HMRC Income Tax outturn. Estimates for 2024-25 and 2025-26 are based on the 2023-24 data, but also contain an element of modelling and forecasting to project the distribution of taxpayer income forwards into years for which we do not yet have outturn data. The projected elements are based on our May 2025 forecast.
- 9 The Scottish Government has stated that for the remainder of this parliament it will "Maintain our commitment that over half of Scottish taxpayers will pay less Income Tax than they do in the rest of the UK." for example, in its December 2024 Tax Strategy.³ This is based upon our forecasts of median incomes, which we published alongside our Budget-setting forecasts for the following year.
- 10 It is important to note therefore that the values we published in our report are forecasts for 2024-25 and 2025-26. Outturn data will likely show a different value, either higher or lower, which is consistent with typical forecast error. We have included a set of Figures in this fact sheet that set out our estimates from the December 2023 and December 2024 Budget setting forecasts, alongside updated estimates which incorporate some more recent data including elements of outturn data.
- 11 In paragraph 4 we have also sketched out a number of additional factors that could lead to variation in median income estimates between HMRC and us given the differential access to outturn data we have. There will not be a single definitive estimate of median income, even after all the outturn data is in place. In addition, individual taxpayer circumstances vary, so any one estimate of median income will not provide a definitive answer as to whether a majority of Scottish taxpayers pay less Income Tax than they would in the rest of the UK.

³ Scottish Government (2024) - [Scotland's Tax Strategy: Building on our Tax Principles](#).

Figure 1: Estimates of median Scottish non-savings, non-dividend income

Median (£)	Gross (published Budget forecast) [1]	Gross (latest) [2]	Net of deductions [2][3]
2023-24	Not published	28,730	27,919
2024-25 [4]	28,200	29,455	28,637
2025-26 [5]	29,750	30,096	29,310

Source: Scottish Fiscal Commission.

[1] These figures were rounded to the nearest 50.

[2] For 2023-24, this is an estimate based on outturn. For 2024-25 and 2025-26, these are estimates based on forecasts.

[3] Deductions relate mostly to pension relief on earned income.

[4] Our Budget setting forecast for 2024-25 was published in December 2023.

[5] Our Budget setting forecast for 2025-26 was published in December 2024.

12 Figure 2, Figure 3 and Figure 4 show the number of Scottish taxpayers by bands for 2023-24, 2024-25 and 2025-26, respectively.

Figure 2: Number of Scottish taxpayers by non-savings, non-dividend income, 2023-24

Persons	Gross	Net of deductions [1]
From Personal Allowance to £25,688 [2]	1,267,457	1,271,077
From £25,689 to £27,850 [3]	150,533	185,194
Over £27,850	1,533,141	1,466,320
Total taxpayers	2,951,130	2,922,590

Source: Scottish Fiscal Commission.

Estimates of the number of Scottish taxpayers in 2023-24 are based on outturn.

[1] Deductions relate mostly to pension relief on earned income.

[2] From the Personal Allowance to the intermediate rate threshold.

[3] From the intermediate rate threshold to the point at which Scottish taxpayers pay more tax than they would elsewhere in the UK.

Figure 3: Number of Scottish taxpayers by non-savings, non-dividend income, 2024-25

Persons	Gross	Net of deductions [1]
From Personal Allowance to £26,561 [2]	1,344,590	1,364,675
From £26,562 to £28,867 [3]	145,518	165,433
Over £28,867	1,557,437	1,493,722
Total taxpayers	3,047,545	3,023,829

Source: Scottish Fiscal Commission.

Estimates of the number of Scottish taxpayers in 2024-25 are based on forecasts.

[1] Deductions relate mostly to pension relief on earned income.

[2] From the Personal Allowance to the intermediate rate threshold.

[3] From the intermediate rate threshold to the point at which Scottish taxpayers pay more tax than they would elsewhere in the UK.

Figure 4: Number of Scottish taxpayers by non-savings, non-dividend income, 2025-26

Persons	Gross	Net of deductions [1]
From Personal Allowance to £27,491 [2]	1,410,779	1,430,860
From £27,492 to £30,318 [3]	178,383	201,055
Over £30,318	1,535,202	1,469,651
Total taxpayers	3,124,364	3,101,566

Source: Scottish Fiscal Commission.

Estimates of the number of Scottish taxpayers in 2025-26 are based on forecasts.

[1] Deductions relate mostly to pension relief on earned income.

[2] From the Personal Allowance to the intermediate rate threshold.

[3] From the intermediate rate threshold to the point at which Scottish taxpayers pay more tax than they would elsewhere in the UK.

Annex A: Methodology

- 13 We use the Public Use Tape (PUT) version of the SPI for the initial distribution of potential taxpayers.⁴ We align this with the latest available HMRC Income Tax outturn data. We then use our economy forecasts, to project the distribution of incomes. We use this projected distribution to estimate median NSND income by year. We discuss the methodology in greater detail below.
- 14 For this analysis, we used PUT data for 2022-23 which we have aligned to the 2023-24 Scottish Income Tax outturn numbers of taxpayers and tax revenues. This is the latest data available on the Scottish taxpayer population.
- 15 In our May 2025 forecast we used PUT data for 2021-22 aligned to 2022-23 Income Tax outturn. That was the latest available when we produced those forecasts. This update to use more recent data means that taxpayer totals in this fact sheet differ from those presented in our May 2025 supplementary tables.
- 16 The PUT data is projected using economy determinants from our most recent forecast and our latest population data. These projections include gross NSND income, and NSND income net of deductions. Deductions mostly relate to tax relief on pension contributions but will also include deductions from investment income, such as charitable contributions, and any adjustments to the Personal Allowance.
- 17 In the first part of the analysis, we filter the projections to remove records that have income below the Personal Allowance and calculate the median income for Scottish taxpayers.
- 18 In the second part of the analysis, we use NSND income (gross and net of deductions) to allocate taxpayers to one of three income ranges for each year and report the totals by those ranges. These are defined below as:
 - the Personal Allowance to the intermediate rate threshold
 - the intermediate rate threshold to the crossover point, where Scottish taxpayers start to pay more Income Tax than they would in the rest of UK
 - above the crossover point
- 19 We outline our method for estimating median NSND income but as we have discussed there are alternative approaches. We use publicly available PUT data and our own forecasts for earnings, employment, participation and population. HMRC has greater access to information about Scottish taxpayers, and uses different forecasts for earnings, employment, participation and population. Differences in timing also impact on estimates.

⁴ The SPI PUT data is available from the [UK Data Service](#). The data is free to download after creating a user account.

Additional information

Abbreviations

ASHE	Annual Survey of Hours and Earnings
GDP	Gross domestic product
HMRC	His Majesty's Revenue and Customs
NPS	National Payment System for employers to pay PAYE
NSND	Non-savings, non-dividend
OECD	Organisation for Economic Co-operation and Development
PAYE	Pay As You Earn
PUT	Public Use Tape
RTI	Real Time Information
SFC	Scottish Fiscal Commission
SPI	Survey of Personal Incomes
UK	United Kingdom

A full glossary of terms is available on our website: [Glossary | Scottish Fiscal Commission](#).

Professional standards

The SFC is committed to fulfilling our role as an Independent Fiscal Institution, in line with the principles set out by the Organisation for Economic Co-operation and Development (OECD).⁵

The SFC also seeks to adhere to the highest possible standards for analysis. While we do not produce official statistics, we voluntarily apply as far as possible the UK Statistics Authority's Code of Practice for Statistics. Further details and our statement of voluntary application can be found on our website.⁶

Correspondence and enquiries

We welcome comments from users about the content and format of our publications. If you have any feedback or general enquiries about this publication or the SFC, please contact info@FiscalCommission.scot. Press enquiries should be sent to press@FiscalCommission.scot.

All charts and tables in this publication have also been made available in spreadsheet form on our website. For technical enquiries about the analysis and data presented in this paper please contact the responsible analyst:

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⁵ OECD (2014) [Recommendation of the Council on Principles for Independent Fiscal Institutions](#).

⁶ Scottish Fiscal Commission (2025) [Statement of Voluntary Application of the Code of Practice for Statistics and Error Policy](#).

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