

Financial Statement and Budget Report 1975-76

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the House by the CHANCELLOR OF THE EXCHEQUER when opening the BUDGET

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PART I

THE ECONOMIC BACKGROUND TO THE BUDGET

REVIEW OF THE PAST YEAR

The world economy

1. During the past year the level of economic activity has fallen in many countries. The rise in oil prices effectively reduced purchasing power in oil importing countries, and restrictive policies which had been adopted to curb inflationary pressure were generally maintained until quite recently. It is estimated that the level of gross national product for OECD countries as a whole was at a peak at the end of 1973 and fell during 1974. Between the first and second halves of last year GNP may have fallen at an annual rate of about one per cent. This represents a rapid fall in the pressure of demand: the average rate of increase in output since the beginning of the 1960s had been 5-6 per cent a year. The scale of spare capacity and unemployment was serious in many countries by the turn of the year and has continued to increase. In Germany, for example, the rate of registered unemployment was near 4 per cent (seasonally adjusted) early in 1975, far above past levels. In the United States the latest monthly labour force enquiry shows an unemployment rate of over 8½ per cent.

2. The slackening of economic activity was reflected in world trade. The volume of world exports rose perhaps 7 per cent between 1973 and 1974, only half the rise in the previous year. Towards the end of 1974 the volume of trade was probably falling and this may well have continued so far this year.

3. In recent months, as the intensity of the recession has become more apparent, fiscal and monetary policies have been altered in a number of countries. The fear of aggravating inflation continues to be widespread and has influenced the extent to which demand management policies have so far been re-directed. There is as yet no international consensus on how soon output and trade will show clear signs of recovery. On past experience, the growth of trade could, once begun, be fast.

4. The check to world activity and trade broke the boom in industrial commodity prices. Prices of metals were most affected but the prices of nearly all industrial materials have fallen during the past year. Prices of most foodstuffs except sugar have been fairly stable. Thus, apart from the increased cost of oil, material costs have recently brought some relief to the rate of increase in consumer prices. In some

major OECD countries, consumer prices seem to have risen relatively little in recent months, with month to month changes of well under 1 per cent. In others, including the United Kingdom, rates of increase are still rapid. The rate of increase of earnings also appears to be falling in some countries.

Output and employment

5. In the United Kingdom the gross domestic product (GDP) recovered quickly from the disruptions early in 1974 and in the third quarter of last year was 1-2 per cent above the level of a year earlier. Demand and output fell towards the end of the year but, on the little evidence so far available, may have remained broadly unchanged in the early months of this year. Though GDP changed little, taking the year as a whole, the adverse shift in the terms of trade between 1973 and 1974 meant that the nation's real disposable income fell by about 4 per cent last year.

6. The weakening of economic activity was reflected in a falling demand for labour. By late autumn employment began to drop, and in the three months to January 1975 employment in manufacturing industry was three-quarters of one per cent less than in the period August to October. By mid-March United Kingdom registered unemployment (seasonally adjusted, excluding school leavers and adult students) had risen to a rate of 3.2 per cent compared with 2.5 per cent in the spring and early summer of 1974. The present level, although fairly high by domestic standards, is relatively low compared with the amount of unemployment in some other major countries. The rise in unemployment had been slow in the autumn but between November and March the increase averaged nearly 30,000 a month, a fast rate. Accompanying the rise in registered unemployed was a rapid spread in short-time working. In mid-December 72,000 workers were on short-time. By mid-March numbers had risen to approximately 220,000, nearly half of them in the motor vehicle and textile and clothing industries.

The development of demand

7. The principal factors in the reduction of domestic activity towards the end of 1974 were the weakness of demand for exports and an evident wish to curtail the accumulation of stocks. In addition new home orders

for investment goods continued to fall. The volume of exports had continued to rise until the third quarter of last year. The figures since then are not easy to interpret but the rather large month-to-month fluctuations seem to be around a rather flat trend a little below the level reached last summer.

8. Stocks had been rapidly rebuilt after their reduction during the period of three day working. In the third quarter of the year the increase was particularly large and, with changing market conditions and increasing shortages of cash, there seems to have been a widespread intention to check further accumulations. In the last quarter stocks of materials and work in progress were reduced but there was another large addition to stocks of finished goods. Early indications, including the recent low level of imports of industrial materials, suggest that stocks continued to fall early this year.

9. The volume of direct public sector expenditure on goods and services increased less than 2 per cent between 1973 and 1974. Current expenditure rose about 2 per cent and fixed investment by rather less. Most investment by central government and local authorities fell substantially, but investment in housing rose, and purchases of land were markedly higher. The increase in investment by some nationalised industries gained momentum.

10. In the private sector investment by manufacturing industry is estimated to have been over 10 per cent higher in 1974 than in 1973. Though this was less than industry had intended late in 1973 it suggests that subsequent decisions to restrict investment did not have much affect on projects already in train. Other industrial investment by contrast began to fall early last year. Investment in house building in the private sector fell some 20 per cent between 1973 and 1974 but the rate of starts and completions seems to have been recovering by the turn of the year, and the net inflow of funds to building societies has been very large recently.

11. The volume of personal consumption is estimated to have changed little between 1973 and 1974 as a whole, but it rose during the second half of last year and probably continued to rise a little in the first months of this year. Real personal disposable incomes changed little last year, falling in the first half and rising in the second, and the proportion of income saved seems to have continued at a rather high level. Rapid inflation might have been expected to lessen the share of income saved, but the fall in asset values and a desire to have some readily accessible funds may have been influences working in the opposite direction. Table 1 summarises estimated changes in personal income, expenditure and saving between 1973 and 1974.

TABLE 1. ESTIMATED CHANGES IN PERSONAL INCOME, CONSUMER PRICES AND CONSUMERS' EXPENDITURE

	1973 to 1974		2nd half 1973 to 2nd half 1974 Seasonally adjusted	
	£ million	Per cent	£ million	Per cent
Wages and salaries	7,070	18.7	4,600	23.7
Total personal income	11,610	18.6	7,350	22.8
Personal disposable income ⁽¹⁾	7,830	15.5	4,730	18.1
Consumers' expenditure deflator		14.5		16.4
Real personal disposable income, at 1970 prices	330	0.8	310	1.5
Personal saving, at 1970 prices ⁽²⁾	350		140	
Consumers' expenditure, at 1970 prices	-20	-0.1	170	0.9

⁽¹⁾ Total personal income less direct tax payments and National Insurance contributions, etc.

⁽²⁾ Real personal disposable income less consumers' expenditure, both at 1970 prices. Saving as a percentage of RPDI was 12.3 per cent in the second half of 1973 and 12.8 per cent in the second half of 1974.

The balance of payments

12. Despite difficult domestic and international conditions there was a large net movement of resources in favour of the balance of payments last year. The volume of exports of goods and services rose 5½ per cent and the volume of imports less than 1 per cent. Imports reflected the slow growth of aggregate demand and a response to the depreciation of sterling in the previous year. Exports, on the other hand, kept up well during most of the year, in part because large orders dating from 1972-73 were still to be fulfilled. The favourable shift of resources seems to have continued so far this year, partly reflecting the exceptionally low level of imports.

13. Price competitiveness for United Kingdom exports of manufactures tended to fall during last year, but the further effective depreciation of sterling of 4½ per cent between end-October and end-December offset part of the deterioration, and at the end of 1974 export prices are estimated to have been still about 9 per cent more competitive than in the first half of 1972.

14. Despite the changes in the volumes of exports and imports the current account deficit for 1974 rose sharply to £3.8 billion, equivalent to about 5½ per cent of GDP at factor cost. The adverse movement was more than explained by the fall of 17 per cent in the terms of trade between 1973 and 1974 (which led, as already indicated, to a loss of real national income relative to GDP). By the spring of last year, however, the rise in import prices began to slow down. Export prices continued to rise rapidly, with the result that the terms of trade began to swing back from May onwards. Despite the further depreciation of sterling late in the year, by February 1975 the terms of trade had risen 8 per cent since May, with export unit values rising some 16 per cent and import prices nearly 8 per cent over the period. Improved terms of trade and the volume trends have reduced the rate of current deficit: in the six months to February this year it was at an annual rate of some £3¼ billion.

15. The trade visible deficit in petroleum and petroleum products was steady for much of last year, with continued price increases offset by falling volumes. The visible deficit in non-oil products improved considerably over the turn of the year, after a very poor performance in the late autumn. In the three months to February it averaged only £20 million a month. By February exports to oil exporting countries had more than doubled in value, compared with a year earlier; but other countries' exports to oil producers also rose very fast. In the third quarter of 1974 the United Kingdom's share in OPEC markets had slipped from 12 per cent in the third quarter of 1973 to an

estimated 9¼ per cent. Net invisible earnings totalled nearly £1½ billion last year, a considerable increase on the year before.

16. The current account deficit in 1974 was largely financed by capital flows (including unidentified flows) of £3.3 billion. The remaining deficit was more than covered by drawings of £644 million on the HMG \$2½ billion loan facility, and £79 million was added to the reserves. Some details and comparative figures for earlier years are set out in Table 2. Foreign currency borrowing by the public sector (other than the HMG loan facility) amounted to some £1¼ billion, compared with £1.1 billion in 1973 and total sterling balances rose £1.6 billion in the year. The oil exporting countries added £2.2 billion to their holdings, representing some 9½ per cent of their estimated cash surplus of \$56 billion. This inflow exceeded the net withdrawals made by other holders.

17. In February this year the final drawing of the HMG \$2½ billion loan was made, and the reserves at the end of March amounted to \$7,117 million (£2,962 million at closing market rates). The effective exchange rate of sterling was around 21½ per cent below Smithsonian in March 1975.

Prices and incomes

18. Retail prices have risen faster in recent months and in February the retail prices index was some 20 per cent higher than a year earlier. The wholesale price index for basic materials and fuel used by manufacturing industry has not changed much since the autumn, so that import costs are now exerting relatively little direct pressure on output prices. The main pressures come from domestic factors.

19. Average earnings increased by about 27 per cent during the year to last January, a little less than the rise in minimum wage rates in national settlements. The rise in earnings includes payments under threshold provisions in pay agreements made during the currency of the Stage 3 pay code. Some special settlements made in the public sector in the second half of 1974 were intended to correct anomalies that developed from the operation of statutory policy. Other settlements have been large in percentage terms because of progress towards the low pay target in the guidelines formulated by the Trades Union Congress for pay negotiations. However, settlements (including threshold payments received) have on average given increases substantially in excess of the rise in the cost of living over the preceding 12 months and this high rate of pay increase will affect the rate of price increase in 1975-76 and beyond.

Financial and monetary developments

20. Very preliminary estimates suggest that, as a complement to the current balance of payments deficit and the deficit of the public sector in 1974, there was a large financial surplus in the personal sector and a deficit in the company sector of the order of £3-3½ billion, four to five times as large as the deficit in 1973. Much of the company sector deficit was financed by bank borrowing but demand for borrowing fell towards the end of last year and has remained low. The recovery of share prices which began at the turn of the year has improved the prospects for raising new equity capital and in the first quarter of this year rights issues totalling nearly £250 million were announced.

21. The public sector borrowing requirement is estimated to have been some £7½ billion in 1974-75. Substantially more than half of this was financed by sales of debt to the non-bank private sector, with large sales of local authority debt as well as gilt-edged. The remainder was met by borrowing abroad directly or through the banks (including the drawing of the HMG \$2½ billion loan arranged by a group of banks), leaving little recourse to borrowing from the banks in sterling.

22. During 1974 both the narrow and the wider definitions of money supply (M1 and M3) grew by around 12 per cent, substantially less than the growth of GDP in current prices. For M3 this represented a considerable slowing down from the growth recorded in the preceding years. The main factors behind this

were the slackening demand for bank credit, the pattern of financing the large external deficit, and the large sales of public sector debt outside the banking system. M1, on the other hand, after a year of little growth, accelerated in the latter part of 1974. This was probably associated in part with falling interest rates on term deposits with the banks.

23. The slower growth of bank deposits meant that the banks kept well within the guideline for their interest bearing eligible liabilities laid down in the supplementary deposits scheme and the scheme was suspended for the time being in February 1975. Qualitative guidance on bank lending was maintained, the banks being asked particularly to favour export activities, import substitution, and productive investments and to exercise restraint on lending to persons and for financial or property transactions. In the year to mid-February, total advances by banks to manufacturing industry rose 34 per cent while lending to the personal and financial sectors showed a tendency to fall.

24. In the autumn of 1974 clearing banks' base rates and the Minimum Lending Rate stood at 12 per cent and 11½ per cent respectively. In the New Year rates came down progressively, much in line with international rates, and by March 24 the Minimum Lending Rate had reached 10 per cent and the clearers' base rates 10¼-10½ per cent. Yields on gilt-edged securities rose sharply in the fourth quarter of last year, but the movements were more than reversed in the New Year with long-term yields falling to around 13½ per cent at mid-March.

TABLE 2. BALANCE OF PAYMENTS

£ million

£ million									
	1972	1973	1974	1973		1974			
				1st half	2nd half	1st half	2nd half		
CURRENT ACCOUNT									
Visible trade: Oil ⁽¹⁾	-658	-941	-3,446	-408	-533	-1,651	-1,795		
Other goods	-25	-1,360	-1,813	-347	-1,013	-944	-869		
Invisibles	+765	+1,184	+1,431	+361	+823	+639	+792		
Current Balance	+82	-1,117	-3,828	-394	-723	-1,956	-1,872		
CURRENCY FLOW AND OFFICIAL FINANCING									
				Not seasonally adjusted					
Current balance	+82	-1,117	-3,828	-553	-564	-2,052	-1,776		
Capital transfers	—	-59	-75	-57	-2	-29	-46		
Investment and other capital flows:									
Official long-term capital	-255	-252	-274	-85	-167	-93	-181		
Overseas investment in United Kingdom public sector	+113	+345	+746	+119	+226	+341	+405		
Private sector investment (net)	-619	-17	+768	+149	-166	+702	+66		
Overseas currency borrowing or lending (net) by United Kingdom banks	+471	+1,359	+96	+433	+926	+534	-438		
Changes in external sterling liabilities	+196	+154	+1,558	+336	-182	+565	+993		
Trade credit and other short-term flows	-577	-379	-703	-97	-282	-243	-460		
Balancing item	-676	+176	+1,147	+201	-25	+347	+800		
Total Currency Flow	-1,265	+210	-565	+446	-236	+72	-637		
Allocation of Special Drawing Rights	+124	—	—	—	—	—	—		
Total	-1,141	+210	-565	+446	-236	+72	-637		
Financed as follows:									
Net transactions with overseas monetary authorities ⁽²⁾	+449	—	—	—	—	—	—		
Foreign currency borrowing by Her Majesty's Government	—	—	+644	—	—	—	+644		
Drawings on (+)/additions to (-) official reserves	+692	-210	-79	-446	+236	-72	-7		

⁽¹⁾ Petroleum and petroleum products.

⁽²⁾ From July 1972 transactions with the IMF affecting the United Kingdom reserve position in the Fund are included as changes in the official reserves.

SHORT-TERM FORECASTS OF ECONOMIC ACTIVITY

26. Public authorities' current expenditure on goods and services, which rose relatively little last year, is expected to show a somewhat larger increase this year but the rate of increase slows down again towards the end of the forecast period. Local authorities' investment is reduced below last year. Investment by some nationalised industries and other public corporations continues to rise.

28. The volume of exports is not forecast to change much from its present level till late this year and then to rise with the revival of world trade. The volume of imports has recently been particularly low and is

29. The forecast assumes that stocks are being reduced in the present half year. This rests on an inference from the recent indicators of demand, production and imports. The small amount of direct evidence so far available is conflicting. Some fall in stocks continues, though on a diminished scale reflecting both the pattern of activity and the reaction to last year's financial stringency.

31. The subdued level of home demand and the lack of growth of exports lead to a forecast of little change in gross domestic product till late this year. It begins to rise more strongly in the early part of 1976, reflecting the recovery of the world economy. The pressure of demand continues to ease this year, and a continued rise in unemployment has to be expected.

SHORT-TERM FORECASTS OF ECONOMIC ACTIVITY—continued

TABLE 3: FORECASTS OF EXPENDITURE, IMPORTS AND GROSS DOMESTIC PRODUCT⁽¹⁾

£ million at 1970 prices, seasonally adjusted												
	Consumers' expenditure	Public expenditure on goods and services			Private fixed investment	Exports of goods and services	Investment in stocks	Total final expenditure	Less imports of goods and services	Less adjustment to factor cost	Gross domestic product at factor cost	GDP index 1970 = 100
		Public authorities' consumption	Public investment	Total								
1972	34,150	9,750	3,950	13,700	5,850	12,350	-50	66,000	12,500	8,550	44,950	104.1
1973	35,750	10,100	3,950	14,050	6,250	13,500	650	70,200	13,900	9,000	47,300	109.6
1974	35,700	10,300	4,050	14,350	5,900	14,250	-50	70,150	14,000	8,900	47,250	109.5
1975	36,350	10,800	4,000	14,800	5,550	14,350	-400	70,650	13,650	9,100	47,900	110.9
1972 First half	16,800	4,850	2,000	6,850	2,850	6,200	-150	32,550	6,100	4,250	22,200	102.8
second half	17,350	4,900	1,950	6,850	3,000	6,150	100	33,450	6,400	4,300	22,750	105.4
1973 first half	17,850	5,000	1,950	6,950	3,100	6,700	350	34,950	6,800	4,500	23,650	109.6
second half	17,900	5,100	2,000	7,100	3,150	6,800	300	35,250	7,100	4,500	23,650	109.6
1974 first half	17,650	5,100	2,050	7,150	2,950	7,150	-200	34,700	7,050	4,400	23,250	107.7
second half	18,050	5,200	2,000	7,200	2,950	7,100	150	35,450	6,950	4,500	24,000	111.2
1975 first half	18,250	5,350	2,000	7,350	2,800	7,150	-300	35,250	6,750	4,600	23,900	110.7
second half	18,100	5,450	2,000	7,450	2,750	7,200	-100	35,400	6,900	4,500	24,000	111.2
1976 first half	18,250	5,550	2,050	7,600	2,700	7,550	-100	36,000	7,100	4,600	24,300	112.6
<i>Percentage changes</i>												
First half 1973 to first half 1974	-1.0	2.0	3.5	2.5	-4.0	7.0		-0.5	3.5	-2.0	-1.5 ⁽²⁾	
Second half 1973 to second half 1974	1.0	2.0	—	1.5	-6.5	4.5		0.5	-1.5	0.0	1.5	
First half 1974 to first half 1975	3.5	5.0	-2.5	2.5	-5.0	0.0		1.5	-4.0	4.0	2.5 ⁽²⁾	
Second half 1974 to second half 1975	—	4.5	1.0	3.5	-5.5	1.0		—	-1.0	0.5	—	
First half 1975 to first half 1976	—	3.5	2.0	3.0	-4.0	5.0		2.0	4.5	—	1.5	
<i>Percentage changes at annual rate</i>												
Second half 1973 to first half 1975	1.5	3.0	—	2.0	-6.5	3.5		—	-3.0	1.5	0.5	
Second half 1974 to first half 1976	0.5	4.0	1.0	3.0	-5.0	4.0		1.0	1.0	1.5	1.0	

(1) All figures in Table 3 are based on 44 seasons.

(1) All figures in Table 3 are based on "compromise" estimates of gross domestic product.
(2) Affected by fuel shortages which reduced output early in 1974.
Note: Figures in £ million are rounded to £50 million. Percentage changes are calculated on column is calculated from rounded numbers.

The GDP index in the final

PART II

PUBLIC SECTOR TRANSACTIONS

INTRODUCTION

The tables in this Part present the transactions of the public sector analysed in accordance with the principles and methods used in the compilation of the national income accounts statistics*. They are designed to assist in a better understanding of the impact on the economy of the operations of the public sector and to show how the transactions of the various authorities comprising the public sector combine to produce a consolidated account for the sector as a whole. The figures in all the tables are consistent with the relevant components of the economic forecasts, which are shown in Part I at constant 1970 prices.

The public sector accounts cover the current and capital transactions of the central government (including the Consolidated and National Loans Funds, the National Insurance Funds and all other central government funds and accounts) and of local authorities, together with the transactions of the nationalised industries and other public corporations on appropriation and capital accounts. All transactions within the public sector, such as grants and loans from the central government to local authorities and public corporations, disappear on consolidation.

The figures for receipts and expenditure both in 1974-75 and in 1975-76 are measured at the estimated outturn prices of each year. In Tables 4 and 6 the November 1974 Budget estimates for 1974-75 are shown alongside the provisional outturn and for 1975-76 the estimated

* A full description of the principles on which the national income accounts are based and of the methods used in their compilation is given in "National Accounts Statistics: Sources and Methods", H.M.S.O., 1968.

position before and after the 1975 Budget changes is shown.

The provisional outturn figures for local authorities and public corporations are based on information for only three-quarters of the financial year, while those for the central government are based on the known totals of receipts and issues for the whole year. The estimates of local authorities and public corporations are also of a different character from those for central government, since they are not directly related to an authorisation by Parliament.

Table 4 analyses the transactions of the public sector in accordance with the national accounts or economic classification. For certain categories of receipts and expenditure, transactions of the central government are distinguished from those of local authorities and public corporations.

Table 5 shows in broad economic categories the transactions of the central government, local authorities and public corporations and how they combine to produce a consolidated account for the public-sector; the major transfers between these three sub-sectors are displayed.

Table 6 presents a summary of the transactions of the public sector as a whole, and of each sub-sector, in a form designed to bring out their financing implications. It shows how far savings and net receipts of capital transfers exceed, or are exceeded by, expenditure on fixed assets and increases in the value of stocks and work in progress; and how the resultant financial surplus or deficit is matched by changes in financial assets or by borrowing.

TABLE 4. PUBLIC SECTOR TRANSACTIONS

	1974-75		1975-76 Estimate	
	November Budget estimate ⁽¹⁾	Provisional outturn	Before Budget changes	After Budget changes
CURRENT RECEIPTS				
Taxes on income	13,314	13,156	15,856 ⁽²⁾	16,074
National insurance contributions, etc. ...	5,353	5,435	6,635	6,635
Taxes on expenditure, central government ...	8,570	8,619	9,392	10,520
Local rates	3,099	3,127	4,184	4,184
Gross trading surplus ⁽³⁾ —				
Central government and local authorities ...	101	103	125	120
Public corporations	2,586	2,594	3,009	3,009
Rent ⁽⁴⁾	1,951	1,983	2,397	2,397
Interest, dividends, etc.	671	630	839	839
TOTAL	35,645	35,647	42,437	43,778
CAPITAL RECEIPTS				
Current surplus/deficit ⁽⁵⁾	2,805	1,765	-130	1,191
Taxes on capital	776	823	761	761
Capital transfers	27	31	32	32
Receipts from certain pension "funds" (net) ...	145	255	155	155
Adjustments for accruals of taxes on expenditure ...	-108	-235	-143	-238
Miscellaneous capital transactions (net)	50	28	45	45
Borrowing requirement (net balance)⁽⁴⁾				
Central government	3,930	5,109	9,028	7,827
Local authorities	1,324	1,664	297	297
Public corporations	1,077	829	931	931
Total borrowing requirement	6,331	7,602	10,256	9,055
TOTAL	10,026	10,269	10,976	11,001

⁽¹⁾ Differences from the figures given in Table 3 of the Supplementary Financial Statement and Budget Report 1974-75 (H.C. 18) reflect changes of classification.

⁽²⁾ The estimate for 1975-76 receipts takes account of the total cost of stock relief in 1975-76 of £1,300 million, of which £70 million relates to relief for individuals and partnerships, £105 million to companies for accounting periods ending in 1973-74 and £1,125 million to companies for accounting periods ending in 1974-75.

⁽³⁾ Before allowing for depreciation and stock appreciation.

⁽⁴⁾ Defined as in Financial Statistics.

⁽⁵⁾ Includes payments under sterling guarantee arrangements in 1974-75.

⁽⁶⁾ Includes refinancable export credits.

BY ECONOMIC CATEGORY

£ million

	1974-75		1975-76 Estimate	
	November Budget estimate ⁽¹⁾	Provisional outturn	Before Budget changes	After Budget changes
CURRENT EXPENDITURE				
Current expenditure on goods and services—				
Central government	9,952	10,517	13,022	13,029
Local authorities	7,160	7,310	9,338	9,338
Subsidies—				
Central government	2,995	3,147	3,214	3,214
Local authorities	307	267	428	428
Debt interest	3,839	3,982	5,074	5,074
Current grants to personal sector—				
Central government	7,734	7,823	10,358	10,371
Local authorities	516	513	754	754
Current grants abroad	337	323	379	379
Total current expenditure	32,840	33,882	42,567	42,587
Current surplus/deficit⁽³⁾	2,805	1,765	-130	1,191
TOTAL	35,645	35,647	42,437	43,778
CAPITAL EXPENDITURE				
Gross domestic fixed capital formation—				
Central government	1,027	960	1,219	1,219
Local authorities	3,023	3,147	3,231	3,231
Nationalised industries	2,228	2,336	2,835	2,835
Other public corporations	758	596	893	893
Increase in value of stocks—				
Central government	71	31	37	37
Nationalised industries	390	428	187	187
Capital grants to private sector	866	960	1,154	1,154
Capital transfers abroad ⁽⁵⁾	71	75	-1	-1
Net lending to private sector	763	805	477	502
Net lending to overseas governments	97	67	118	118
Drawings from United Kingdom subscriptions to international lending bodies	53	56	57	57
Other net lending and transactions abroad ⁽⁶⁾ ...	641	560	499	499
Cash expenditure on company securities (net) ...	38	248	270	270
TOTAL	10,026	10,269	10,976	11,001

TABLE 5. PUBLIC SECTOR TRANSACTIONS BY ECONOMIC CATEGORY AND SUB-SECTOR

£ million

Receipts positive/payments negative	1974-75 Provisional outturn				1975-76 Estimate after Budget changes			
	Central government	Local authorities	Public corporations ⁽¹⁾	Total	Central government	Local authorities	Public corporations ⁽¹⁾	Total
A. RECEIPTS								
Taxes on income ...	13,146	15	-5	13,156	16,074	5	-5	16,074
National insurance contributions, etc. ...	5,435	—	—	5,435	6,635	—	—	6,635
Taxes on expenditure ...	8,619	3,127 ⁽²⁾	—	11,746	10,520	4,184 ⁽²⁾	3,009	14,704
Gross trading surplus ⁽³⁾ ...	22	81	2,594	2,697	30	90	481	3,129
Rent ⁽³⁾ , interest and dividends, etc. ...	310	1,889	414	2,613	485	2,270	—	3,236
Taxes on capital and other capital transfers ...	823	—	31	854	761	—	32	793
Other financial transactions ⁽⁴⁾ ...	419	14	-385	48	-605	98	469	-38
Borrowing requirement ⁽⁵⁾ ...	5,109	1,664	829	7,602	7,827	297	931	9,055
TOTAL RECEIPTS ...	33,883	6,790	3,478	44,151	41,727	6,944	4,917	53,588
B. EXPENDITURE								
Current expenditure on goods and services ...	-10,517	-7,310	—	-17,827	-13,029	-9,338	—	-22,367
Debt interest ...	-2,197	-1,262	-523	-3,982	-2,987	-1,383	-704	-5,074
Current grants to personal sector ...	-7,823	-513	—	-8,336	-10,371	-754	—	-11,125
Other current expenditure ...	-3,470	-267	—	-3,737	-3,593	-428	—	-4,021
Gross domestic fixed capital formation ...	-960	-3,147	-2,932	-7,039	-1,219	-3,231	-3,728	-8,178
Increase in value of stocks ...	-31	—	-428	-459	-37	—	-187	-224
Capital transfers ...	-804	-231	—	-1,035	-957	-171	-25	-1,153
Lending, etc. ...	-1,024	-494	-218	-1,736	-992	-214	-240	-1,446
TOTAL EXPENDITURE ...	-26,826	-13,224	-4,101	-44,151	-33,185	-15,519	-4,884	-53,588
C. TRANSACTIONS WITHIN PUBLIC SECTOR								
Interest and dividends ...	1,785	-748	-1,037	—	1,981	-831	-1,150	—
Current grants ...	-5,822	5,822	—	—	-7,885	7,885	—	—
Capital grants ...	-467	225	242	—	-531	261	270	—
Net lending ...	-2,553	1,135	1,418	—	-2,107	1,260	847	—
TOTAL ...	-7,057	6,434	623	—	-8,542	8,575	-33	—

(1) Excludes transactions on operating account, i.e., receipts from sales and subsidies, and payments for current goods and services.
 (2) Local rates.
 (3) Before allowing for depreciation and stock appreciation.
 (4) Includes unidentified items.
 (5) Contributions to the public sector borrowing requirement as defined in Financial Statistics.

TABLE 6. PUBLIC SECTOR FINANCIAL SURPLUS AND BORROWING

£ million

	1974-75		1975-76 Estimate	
	November Budget estimate ⁽¹⁾	Provisional outturn	Before Budget changes	After Budget changes
TOTAL PUBLIC SECTOR				
Saving ⁽²⁾ ...	2,805	1,765	-130	1,191
Capital transfers (net) ...	-134	-181	-360	-360
Less: Gross domestic fixed capital formation	-7,036	-7,039	-8,178	-8,178
Increase in value of stocks	-461	-459	-224	-224
Financial deficit ...	-4,826	-5,914	-8,892	-7,571
Financial transactions:				
Increase (-) in assets, etc. ⁽³⁾	-1,505	-1,688	-1,364	-1,484
Borrowing requirement ⁽⁴⁾ ...	6,331	7,602	10,256	9,055
CENTRAL GOVERNMENT				
Saving ⁽²⁾ ...	598	512	-3461	-2,140
Capital transfers (net) ...	-529	-448	-727	-727
Less: Gross domestic fixed capital formation	-1,027	-960	-1,219	-1,219
Increase in value of stocks	-71	-31	-37	-37
Financial deficit ...	-1,029	-1,951	-5,444	-4,123
Financial transactions:				
Net lending to local authorities and public corporations	-2,203	-2,553	-2,107	-2,107
Increase (-) in other assets, etc. ⁽³⁾	-698	-605	-1,477	-1,597
Borrowing requirement ⁽⁴⁾ ...	3,930	5,109	9,028	7,827
LOCAL AUTHORITIES				
Saving ⁽²⁾ ...	660	834	1,700	1,700
Capital transfers (net) ...	110	-6	90	90
Less: Gross domestic fixed capital formation	-3,023	-3,147	-3,231	-3,231
Financial deficit ...	-2,253	-2,319	-1,441	-1,441
Financial transactions:				
Increase (-) in assets, etc. ⁽³⁾	-341	-480	-116	-116
Borrowing from central government	1,270	1,135	1,260	1,260
Borrowing from other sources ⁽⁵⁾ ...	1,324	1,664	297	297
PUBLIC CORPORATIONS				
Saving ⁽²⁾ ...	1,547	1,443	1,631	1,631
Capital transfers (net) ...	285	273	277	277
Less: Gross domestic fixed capital formation	-2,986	-2,932	-3,728	-3,728
Increase in value of stocks	-390	-428	-187	-187
Financial deficit ...	-1,544	-1,644	-2,007	-2,007
Financial transactions:				
Increase (-)/Decrease (+) in assets, etc. ⁽³⁾	-466	-603	229	229
Borrowing from central government	933	1,418	847	847
Borrowing from other sources ⁽⁵⁾ ...	1,077	829	931	931

(1) Differences from the figures given in Table 4 of the Supplementary Financial Statement and Budget Report 1974-75 (H.C. 18) reflect changes of classification.
 (2) This is the current surplus or deficit in the current account of the central government and local authorities, and the undistributed income (including additions to interest and tax reserves) in the appropriation account of public corporations. Saving is measured before allowing for depreciation and stock appreciation.
 (3) Includes unidentified items.
 (4) Contributions to the public sector borrowing requirement as defined in Financial Statistics.

PART III **CENTRAL GOVERNMENT TRANSACTIONS**

TABLE 7. SUMMARY OF CONSOLIDATED FUND RECEIPTS AND ISSUES

£ million			
	1974-75	1975-76 Estimate	
	Outturn	Before Budget changes	After Budget changes
REVENUE (Table 8)			
Taxation	22,132	25,600	26,851
Miscellaneous Receipts	1,438	1,259	1,259
TOTAL	23,570	26,859	28,110
EXPENDITURE (Table 9)			
Supply Services	25,605	28,684	28,729
Consolidated Fund Standing Services	1,197	2,129	2,129
TOTAL	26,802	30,813	30,858
DEFICIT MET FROM THE NATIONAL LOANS FUND (Table 10)	-3,232	-3,954	-2,748

TABLE 8. TAXATION AND MISCELLANEOUS RECEIPTS

£ million

	1974-75	1975-76 Estimate	
	Outturn	Before Budget changes	After Budget changes
TAXATION			
<i>Inland Revenue—</i>			
Income Tax	10,237	13,830	14,008
Surtax	186	85	85
Corporation Tax	2,850	2,085	2,125
Capital Gains Tax	381	325	325
Estate Duty	339	165	165
Capital Transfer Tax	—	150	150
Stamp Duties	197	220	220
Other	1	—	—
Total Inland Revenue	14,191	16,860	17,078
<i>Customs and Excise—</i>			
Value added tax	2,497	3,054	3,275
Oil	1,549	1,550	1,550
Tobacco	1,337	1,410	1,675
Spirits, Beer and Wine	1,133	1,180	1,475
Betting and Gaming	238	273	275
Car Tax	122	168	170
Other Revenue Duties	8	10	10
Protective Duties, etc.	499	530	530
Agricultural Levies	24	40	40
Total Customs and Excise*	7,407	8,215	9,000
Vehicle Excise Duties	532	525	773
Selective Employment Tax	2	—	—
TOTAL TAXATION	22,132	25,600	26,851
MISCELLANEOUS RECEIPTS			
Broadcast Receiving Licences	164	234	234
Interest and Dividends	171	145	145
Other	1,103	880	880
Total	23,570	26,859	28,110

* Includes Customs Duties and Agricultural Levies accountable to the European Communities as "own resources"; actual payments to the Communities are recorded in Table 9.

TABLE 9. SUPPLY SERVICES AND CONSOLIDATED FUND
STANDING SERVICES

£ million

	1974-75	1975-76 Estimate	
	Outturn	Before Budget changes	After Budget changes
SUPPLY SERVICES			
I. Defence	4,245	4,526	4,526
II. Overseas Services	664	686	686
III. Agriculture, Fisheries and Forestry	1,080	957	957
IV. Trade, Industry and Employment	2,435	2,636	2,636
VI. Roads and Transport	1,229	1,227	1,227
VII. Housing	1,442	1,518	1,518
VIII. Other Environmental Services	351	297	297
IX. Law, Order and Protective Services	654	753	753
X. Education and Libraries, Science and Arts	1,015	1,132	1,132
XI. Health and Personal Social Services	3,680	4,015	4,015
XII. Social Security	2,487	3,144	3,144
XIII. Other Public Services	639	759	759
XIV. Common Services	602	759	759
XV. Northern Ireland	340	369	369
XVII. Rate Support Grant, Financial Transactions, &c.	4,742	5,709	5,709
Total	25,605	28,487	28,487
Supplementary provision (net)	—	197*	242*
TOTAL SUPPLY SERVICES	25,605	28,684	28,729
CONSOLIDATED FUND STANDING SERVICES			
Payment to the National Loans Fund in respect of service of the National Debt	576	1,245	1,245
Northern Ireland—share of taxes, etc.	421	484	484
Payments to the European Communities, etc.	243	382	382
Contingencies Fund	—68	—	—
Other Services	25	18	18
Total	26,802	30,813	30,858

* This is the estimated net increase in Supply Votes in 1975-76 to take account of the following:

	£ million	£ million
Common Agricultural Policy price review	67	
Domestic farm price review	25	
Fuel oil subsidy to fishing industry	6	
EEC referendum	10	
Nurses pay award	89	
	197	197

Manpower Services Commission training programmes, etc.	20
Selective assistance for industrial investment	25
	242

TABLE 10. SUMMARY OF NATIONAL LOANS FUND RECEIPTS AND PAYMENTS

Receipts				Payments				£ million
	1974-75	1975-76 Estimate			1974-75	1975-76 Estimate		
	Outturn	Before Budget changes	After Budget changes		Outturn	Before Budget changes	After Budget changes	
INTEREST, ETC.				SERVICE OF THE NATIONAL DEBT				
Interest on loans, profits of the Issue Department of the Bank of England, etc.	2,282	2,405	2,405	Interest	2,789	3,570	3,570	
Service of the National Debt—balance met from the Consolidated Fund	576	1,245	1,245	Management and expenses ...	69	80	80	
TOTAL	2,858	3,650	3,650	TOTAL	2,858	3,650	3,650	
DEATH DUTIES SURRENDERED SECURITIES ACCOUNT—transfer of surplus ...	11	—	—	CONSOLIDATED FUND DEFICIT ...	3,232	3,954	2,748	
EXCHANGE EQUALISATION ACCOUNT—changes in sterling capital	—200	—	—	LOANS (NET)*				
NET BORROWING	5,772	5,839	4,633	To nationalised industries	578	110	110	
				To other public corporations ...	627	457	457	
				To local and harbour authorities ...	1,130	1,251	1,251	
				To private sector	—7	—14	—14	
				Within central government ...	23	81	81	
				TOTAL	2,351	1,885	1,885	
	8,441	9,489	8,283		8,441	9,489	8,283	

* Details in Tables 11 and 12.

TABLE 11. LOANS FROM THE NATIONAL LOANS FUND
(Net issues)

	1974-75	1975-76 Estimate
LOANS TO NATIONALISED INDUSTRIES (see Table 12) ...	578	110
LOANS TO OTHER PUBLIC CORPORATIONS:		
New Towns—Development Corporations and Commission	207	283
Scottish Special Housing Association	22	31
Housing Corporation ...	124	89
Covenant Garden Market Authority	-2	5
Sugar Board ...	-4	-21
Civil Aviation Authority	17	13
Maplin Development Authority	—	1
Regional Water Authorities ...	265	426
Royal Ordnance Factories ...	-2	3
Royal Mint ...	—	2
National Enterprise Board ...	—	50
Scottish and Welsh Development Agencies	—	25
Shortfall and provision for borrowing from other sources	—	-450
TOTAL	627	457
LOANS TO LOCAL AND HARBOUR AUTHORITIES:		
Local Authorities	1,126	1,235
Harbour Authorities	4	16
TOTAL	1,130	1,251
LOANS TO PRIVATE SECTOR:		
Shipbuilding Industry Board ...	-1	-9
Ship Credit Scheme	-3	-2
Building Societies	-3	-3
TOTAL	-7	-14
LOANS WITHIN CENTRAL GOVERNMENT:		
Purchase of United States military aircraft ...	-32	-21
Married quarters for armed forces ...	-4	-1
Town and Country Planning compensation	-4	-4
Northern Ireland	63	107
TOTAL	23	81
Total—Net Lending	2,351	1,885

TABLE 12. FINANCING OF CAPITAL REQUIREMENTS OF NATIONALISED INDUSTRIES⁽¹⁾

£ million

	1974-75								1975-76						
	Provisional outturn								Estimate						
	Capital requirements			Financed by					Capital requirements			Financed by			
	Fixed investment (²)	Other	Total	Internal resources (³)	Capital receipts	Net borrowing from the N.L.F.	Net borrowing from other sources		Fixed investment (²)	Other	Total	Internal resources (³)	Capital receipts	Net borrowing from the N.L.F.	Net borrowing from other sources
							Overseas	U.K.							
NATIONALISED INDUSTRIES															
National Coal Board ...	136	35	171	69	109	—	35	-42	167 ⁽⁴⁾	33	200	82	10	-57	165
Electricity Council and Boards	500	210	710	270	30	207	114	89	700	100	800	670	30	100	—
North of Scotland Hydro-Electric Board ...	31	10	41	6	1	26	10	-2	82	15	97	15	—	82	—
South of Scotland Electricity Board ...	69	32	101	15	17	1	59	9	94	21	115	41	20	56	-2
British Gas Corporation ...	213	137	350	280	2	68	—	—	307	65	372	304	—	-118	186
British Steel Corporation ...	275	168	443	157	10	-78	218	136	418	115	533	113	—	88	332
Post Office ...	775	5	780	204	3	363	209	1	979	9	988	791	2	95	100
British Airways Board ...	105	-17	88	41	—	-36	2	81	148	8	156	66	—	47	43
British Airports Authority ...	24	-5	19	17	2	—	—	—	39	5	44	17	9	17	1
British Railways Board ...	161	-20	141	123	23	1	-1	-5	113 ⁽⁵⁾	-17	96	25	6	45	20
British Transport Docks Board	8	4	12	12	—	—	—	—	14	1	15	14	1	—	—
British Waterways Board ...	2	—	2	1	—	1	—	—	2	—	2	1	—	1	—
National Freight Corporation	19	22	41	16	—	15	5	5	38	12	50	15	—	33	2
National Bus Company ...	21	-5	16	-3	8	10	—	1	33	3	36	3	11	22	—
Scottish Transport Group ...	7	-1	6	2	2	—	—	2	8	—	8	7	2	-1	—
Aircraft Corporation Great Britain ⁽⁶⁾
British Shipbuilders ⁽⁷⁾
British National Oil Corporation ⁽⁸⁾
Global adjustment ...	—	—	—	—	—	—	—	—	-300	—	-300	—	—	-300	—
TOTAL ...	2,346	575	2,921	1,210	207	578	651	275	2,842	370	3,212	2,164	91	110	847

(1) The figures are derived from material provided by the nationalised industries: the estimates of future net borrowing are necessarily subject to a number of uncertainties.

(2) Sales of fixed assets are included under internal resources.

(3) Includes payments of compensation for price restraint received in the year.

(4) Includes expenditure by NCB (Exploration) Ltd. until the company is taken over by the British National Oil Corporation.

(5) Excludes investment charged to revenue account and leasing.

(6) It is not possible to give realistic estimates for 1975-76.

TABLE 13. CENTRAL GOVERNMENT TRANSACTIONS BY ECONOMIC CATEGORY

£ million

	1974-75	1975-76 Estimate			1974-75	1975-76 Estimate	
	Provisional outturn	Before Budget changes	After Budget changes		Provisional outturn	Before Budget changes	After Budget changes
CURRENT RECEIPTS				CURRENT EXPENDITURE			
Taxes on income ...	13,146	15,856	16,074	Current expenditure on goods and services ...	10,517	13,022	13,029
National insurance contributions ...	5,147	6,129	6,129	Subsidies ...	3,147	3,214	3,214
National health contributions ...	236	424	424	Debt interest ...	2,197	2,987	2,987
Redundancy fund contributions ...	52	82	82	Current grants to—			
Taxes on expenditure ...	8,619	9,392	10,520	Local authorities ...	5,822	7,885	7,885
Gross trading surplus ⁽¹⁾ ...	22	35	30	Personal sector ...	7,823	10,358	10,371
Rent ⁽²⁾ ...	110	128	128	Abroad ...	323	379	379
Interest and dividends from—				Total current expenditure ...	29,829	37,845	37,865
Local authorities ...	748	831	831	Current deficit ⁽³⁾ ...	-512	-3,461	-2,140
Public corporations ...	1,037	1,150	1,150				
Other ...	200	357	357				
TOTAL ...	29,317	34,384	35,725	TOTAL ...	29,317	34,384	35,725
CAPITAL RECEIPTS				CAPITAL EXPENDITURE			
Current deficit ⁽¹⁾ ...	-512	-3,461	-2,140	Gross domestic fixed capital formation ...	960	1,219	1,219
Taxes on capital ...	823	761	761	Increase in value of stocks ...	31	37	37
Receipts from certain pension "funds" (net) ...	255	155	155	Capital grants to—			
Adjustments for accruals of taxes on expenditure ...	-234	-155	-250	Local authorities ...	240	280	280
Adjustments for accruals of subsidies ...	132	-610	-610	Public corporations ...	227	251	251
Miscellaneous capital transactions (net) ...	266	100	100	Private sector ...	729	958	958
Borrowing requirement (net balance)—				Capital transfers abroad ...	75 ⁽²⁾	-1	-1
Increase in net indebtedness to Bank of England				Net lending to—			
Banking Department ...	-544			Local authorities ...	1,135	1,260	1,260
Increase in notes and coin in circulation ...	917			Public corporations ...	1,418	847	847
Increase in non-marketable debt ...	73			Private sector ...	174	171	196
Net receipts from domestic market transactions	2,815			Net lending to overseas governments ...	67	118	118
Other domestic transactions ...	159			Drawings from United Kingdom subscriptions to international lending bodies ...	56	57	57
Direct borrowing (net) from overseas governments and institutions	1,068			Other net lending and transactions abroad ⁽³⁾ ...	506	418	418
Net change in gold and foreign currency reserves (increase -) ...	-254			Cash expenditure on company securities (net) ...	221	203	203
Overseas transactions in marketable debt ...	875						
Total borrowing requirement ...	5,109	9,028	7,827				
TOTAL ...	5,839	5,818	5,843	TOTAL ...	5,839	5,818	5,843

(1) Before allowing for depreciation and stock appreciation.

(2) Includes payments under sterling guarantee arrangements.

(3) Includes refinancable export credits.

TABLE 14. CENTRAL GOVERNMENT TRANSACTIONS BY ECONOMIC CATEGORY
Analysis and reconciliation by fund—1974-75 provisional outturn

£ million

Receipts positive/payments negative	Consolidated Fund			National Loans Fund		Other central government funds and accounts ⁽¹⁾	Total central government
	Taxation and other receipts	Supply services	Standing services and deficit	Receipts	Payments		
A. RECEIPTS							
(i) Items entering into public sector receipts (see Table 5)							
Taxes on income	13,171	-25	—	—	—	—	13,146
National insurance contributions, etc.	225	—	—	—	—	5,210	5,435
Taxes on expenditure	8,236	15	—	—	—	368	8,619
Other current receipts	101	-9	—	6	—	234	332
Taxes on capital and other capital transactions (net)	849	242	—	—	—	151	1,242
Borrowing requirement (net balance) ⁽²⁾	—	41	—	5,572	—	-504	5,109
TOTAL	22,357	489	—	5,578	—	5,459	33,883
(ii) Interest and dividends received from local authorities and public corporations	70	—	—	1,648	—	67	1,785
TOTAL RECEIPTS	22,427	489	—	7,226	—	5,526	35,668⁽³⁾
B. EXPENDITURE							
(i) Items entering into public sector expenditure (see Table 5)							
Current expenditure on goods and services	35	-9,916	-16	—	-15	-605	-10,517
Debt interest	—	-38	—	—	-2,020	-139	-2,197
Current grants to personal sector	—	-2,436	-4	—	—	-5,383	-7,823
Other current expenditure	33	-3,036	-204	—	—	-263	-3,470
Gross domestic fixed capital formation	1	-891	—	—	—	-70	-960
Other capital expenditure	495	-1,996	-44	—	7	-321	-1,859
TOTAL	564	-18,313	-268	—	-2,028	-6,781	-26,826
(ii) Grants and net lending to local authorities and public corporations	6	-6,256	—	—	-2,335	-257	-8,842
TOTAL EXPENDITURE	570	-24,569	-268	—	-4,363	-7,038	-35,668⁽³⁾
C. TRANSACTIONS WITHIN CENTRAL GOVERNMENT							
Grant to National Insurance Funds	—	-847	—	—	—	847	—
Northern Ireland central government: transfers and loans	—	-207	-421	—	-63	691	—
Purchase of United States military aircraft	—	-32	—	—	32	—	—
Other loans and advances	—	-76	68	—	8	—	—
Debt interest (including profits of Issue Department)	15	-6	-576	1,204	-823	186	—
B.B.C. licence revenue	164	-164	—	—	—	—	—
Surplus receipts for surrender, etc.	394	-193	—	11	—	-212	—
Deficit on Consolidated Fund	—	—	3,232	-3,232	—	—	—
TOTAL INTERNAL TRANSACTIONS	573	-1,525	2,303	-2,017	-846	1,512	—
Grand Total (A, B and C)	23,570⁽⁴⁾	-25,605⁽⁴⁾	2,035⁽⁴⁾	5,209⁽⁴⁾	-5,209⁽⁴⁾	—	—

(¹) Includes National Insurance Funds and the Northern Ireland central government: also includes receipts of and expenditure on imputed rent and sundry adjustments (timing, etc.).
(²) The borrowing requirement of the central government comprises the borrowing of the National Loans Fund (i.e. the Fund's net borrowing together with changes in Exchange Equalisation Account sterling capital) less any surplus (or plus any deficit) on the National Insurance Funds and changes in departmental balances invested in government debt, etc.
(³) As included within Table 13.
(⁴) As included in Table 7.
(⁵) As included in Table 10.

TABLE 14. CENTRAL GOVERNMENT TRANSACTIONS BY ECONOMIC CATEGORY
Analysis and reconciliation by fund—1975-76 estimate after Budget changes

£ million

Receipts positive/payments negative	Consolidated Fund			National Loans Fund		Other central government funds and accounts ⁽¹⁾	Total central government
	Taxation and other receipts	Supply services	Standing services and deficit	Receipts	Payments		
A. RECEIPTS							
(i) Items entering into public sector receipts (see Table 5)							
Taxes on income	16,098	-24	—	—	—	—	16,074
National insurance contributions, etc.	—	412	—	—	—	6,223	6,635
Taxes on expenditure	10,106	15	—	—	—	399	10,520
Other current receipts	84	86	—	5	—	340	515
Taxes on capital and other capital transactions (net)	791	144	—	—	—	-779	156
Borrowing requirement (net balance) ⁽²⁾	—	—	—	4,633	—	3,194	7,827
TOTAL	27,079	633	—	4,638	—	9,377	41,727
(ii) Interest and dividends received from local authorities and public corporations	61	—	—	1,796	—	124	1,981
TOTAL RECEIPTS	27,140	633	—	6,434	—	9,501	43,708⁽³⁾
B. EXPENDITURE							
(i) Items entering into public sector expenditure (see Table 5)							
Current expenditure on goods and services	84	-11,045	-11	—	-16	-2,041	-13,029
Debt interest	—	-37	—	—	-2,772	-178	-2,987
Current grants to personal sector	—	-2,982	-2	—	—	-7,387	-10,371
Other current expenditure	37	-3,499	-370	—	—	239	-3,593
Gross domestic fixed capital formation	1	-1,219	—	—	—	-1	-1,219
Other capital expenditure	204	-1,592	-16	—	14	-596	-1,986
TOTAL	326	-20,374	-399	—	-2,774	-9,964	-33,185
(ii) Grants and net lending to local authorities and public corporations	27	-7,267	—	—	-1,818	-1,465	-10,523
TOTAL EXPENDITURE	353	-27,641	-399	—	-4,592	-11,429	-43,708⁽³⁾
C. TRANSACTIONS WITHIN CENTRAL GOVERNMENT							
Grant to National Insurance Funds	—	-1,042	—	—	—	1,042	—
Northern Ireland central government: transfers and loans	—	-207	-484	—	-107	798	—
Purchase of United States military aircraft	—	-21	—	—	21	—	—
Other loans and advances	—	-5	-1	—	5	—	—
Debt interest (including profits of Issue Department)	15	-7	-1,245	1,849	-862	250	—
B.B.C. licence revenue	234	-234	—	—	—	—	—
Surplus receipts for surrender, etc.	368	-205	—	—	—	—	—
Deficit on Consolidated Fund	—	—	2,748	-2,748	—	-163	—
TOTAL INTERNAL TRANSACTIONS	617	-1,721	1,018	-899	-943	1,928	—
Grand Total (A, B and C)	28,110⁽⁴⁾	-28,729⁽⁴⁾	619⁽⁴⁾	5,535⁽⁵⁾	-5,535⁽⁵⁾	—	—

(¹) Includes National Insurance Funds and the Northern Ireland central government: also includes receipts of and expenditure on imputed rent and sundry adjustments (timing, prices and shortfall).
(²) The borrowing requirement of the central government comprises the borrowing of the National Loans Fund, less any surplus (or plus any deficit) on the National Insurance Funds and changes in departmental balances invested in government debt, etc.
(³) As included within Table 13.
(⁴) As included in Table 7.
(⁵) As included in Table 10.

ANNEX

TABLE 15. PROPOSED CHANGES IN TAXATION

INLAND REVENUE

Income tax

It is proposed to increase the single person's allowance and the maximum wife's earned income relief from £625 to £675 and the married allowance from £865 to £955.

It is proposed to increase the additional personal allowance from £180 to £280.

It is proposed to raise the basic rate and all the higher rates by 2p except for the top rate which will remain at 83 per cent. As a consequence of these changes the structure of personal tax rates in operation in 1975-76 will be:

BANDS OF TAXABLE INCOME

£	Per cent	£	Per cent
0-4,500	35	8,000-10,000	60
4,500-5,000	40	10,000-12,000	65
5,000-6,000	45	12,000-15,000	70
6,000-7,000	50	15,000-20,000	75
7,000-8,000	55	Over 20,000	83

It is proposed to amend the law relating to the taxation under Schedule E of benefits in kind. Certain benefits, in particular those related to contributions by employers to medical insurance schemes, will be taxed irrespective of the level of the recipient's earnings; and where employees receive vouchers which are exchangeable for cash the value of the vouchers will in general be taxed under PAYE. These provisions will take effect from 1976-77.

It is proposed to tighten up the arrangements for dealing with tax and national insurance abuses in the construction industry.

It is proposed to introduce provisions under which, for 1976-77 and subsequent years, income earned by certain workers supplied through agencies will be assessed under Schedule E instead of Schedule D.

Corporation tax

It is proposed that advance corporation tax for 1975-76 shall be payable at the rate of 35/65ths of the amount of the distribution.

It is proposed to limit the extent to which certain losses incurred by oil companies before 1 January 1973 can be set off against profits arising after 11 July 1974.

Capital gains tax and corporation tax

It is proposed to extend to capital gains tax the capital transfer tax arrangements for agricultural land and historic houses.

It is proposed to apply to capital gains tax the capital transfer tax facility to pay tax on certain business assets by instalments over eight years free of interest.

It is proposed to amend the law relating to the sale and purchase of shares and securities.

It is proposed to increase the capital gains tax credit allowed to investors in unit and investment trusts from 16½ per cent to 17½ per cent.

Delays in payment of tax

It is proposed to amend the provision relating to payments on account of tax charged where an assessment is under appeal and to the charge of interest on unpaid tax in order to encourage the more prompt payment of tax.

combustion engine; domestic refrigerators and freezers, however operated; most parts and accessories for these goods; certain services in respect of these goods; and goods supplied in connection with such services;

(b) radios, television sets, tape recorders, gramophones, hi-fi equipment and electronic musical instruments, being in each case goods of a

TABLE 15. PROPOSED CHANGES IN TAXATION—continued

CUSTOMS AND EXCISE—continued

kind suitable for domestic or recreational use; most parts and accessories for these goods; certain services in respect of these goods; and goods supplied in connection with such services;

(c) boats of a gross tonnage of less than 15 tons; aircraft of a weight of less than 8,000 kilograms; larger boats and aircraft, and hovercraft, designed or adapted for use for recreation or pleasure; some accessories for boats; most parts of certain boats and aircraft; various services in respect of these goods; and materials and parts supplied in connection with certain of these services;

(d) caravans suitable for use as trailers drawn by motor vehicles having an unladen weight of less than 2,030 kilograms; caravan units for motor vehicles; most parts of these goods; certain services in respect of these goods; and materials and parts supplied in connection with some of these services;

(e) cameras, projectors and other photographic and cinematographic equipment of a kind suitable for domestic or recreational use; binoculars, monoculars, field-glasses, opera-glasses and terrestrial telescopes; most parts and accessories for these goods; certain services in respect of these goods; and goods supplied in connection with such services;

(f) fur clothing, with certain exceptions; fur rugs; furskins; most processes and treatments applied to these goods; goods supplied in connection with such services; and the storage of furs;

(g) jewellery, goldsmiths' and silversmiths' wares and similar goods; precious stones (other than uncut diamonds and diamond powder or dust); semi-precious stones in the form of gems, jewels or beads; real or cultured pearls; jade and articles of jade; design and valuation of, and processes or treatments applied to these goods; and goods supplied in connection with such services; and

(h)* light hydrocarbon oil on which duty has been, or is to be charged without relief from, or rebate of, such duty, except light hydrocarbon oil put up for sale as fuel for mechanical lighters in containers of a capacity not exceeding 20 fluid ozs; petrol substitute; and power methylated spirits.

* The goods covered by sub-paragraph (h) are already chargeable with value added tax at the rate of 25 per cent under Section 2 of the Finance Act 1975.

It is proposed to disallow the deduction of input tax on certain goods supplied or imported on or after 1 May 1975 if those goods are installed in a car or similar vehicle and supplied together with the vehicle in circumstances where value added tax is charged at the rate appropriate to the vehicle; except that deduction will continue to be allowed for goods which are installed in a vehicle of a kind chargeable with car tax before the vehicle has been sent out from the premises of the person by whom the vehicle was manufactured or imported.

It is proposed to apply by Order from 1 November 1975 value added tax at the standard rate to gaming by means of gaming machines.

It is proposed that charges to value added tax may be imposed or increased and other provisions made in respect of certain cases where a person applies a treatment or process to another person's goods.

It is proposed to amend Section 7 (6) of the Finance Act 1972 with immediate effect to provide that the time at which supplies made by a taxable person are treated as taking place may be altered at the taxable person's request.

It is proposed to amend Section 9 (3) of the Finance Act 1972 to enable the Treasury by Order to alter the rates of value added tax by not more than 25 per cent thereof.

Car tax

It is proposed to extend car tax to motor caravans with effect from 1 May 1975, and to provide that where a chargeable vehicle is converted or adapted the conversion or adaptation may be treated for car tax purposes as the making of the vehicle which results from it.

Spirits, beer, wine, British wine, and tobacco

It is proposed to increase from 16 April 1975 the rates of customs and excise duty on these commodities, as follows:

(a) the rates of duty on spirits (other than perfumed spirits) are increased by £5·08 per proof gallon;

(b) the rates of duty on beer are increased by £4·32 per 36 gallons and the charge for each additional degree of original gravity above 1030° is increased by £0·144 per 36 gallons;

(c) the rates of duty on wine and British wine are increased by £1·33 per gallon, with an increase

TABLE 15. PROPOSED CHANGES IN TAXATION—continued

CUSTOMS AND EXCISE—continued

in the additional charge for each degree or fraction of a degree in excess of 42 degrees of £0.055;

- (d) the rates of duty on tobacco and tobacco products are increased by £2.05 per lb.

Customs revenue duties (conversion into excise duties chargeable on importation)

It is proposed with effect from 1 January 1976 to convert the duties of customs on spirits, beer, hydrocarbon oil, matches and mechanical lighters into duties of excise chargeable on importation. In connection therewith, it is further proposed:

- to discontinue the preferential rate of duty on imported perfumed spirits;
- to abolish the duty of customs on wine and the duty of excise on British wine;
- to impose a new duty of excise on wine of fresh grapes produced in or imported into the United Kingdom;
- to impose a new duty of excise on "made-wine" produced in or imported into the United Kingdom. It is proposed that the "made-wine" duty shall fall on all fermented alcoholic beverages other than beer, wine of fresh grapes, spirits and certain cider and perry;
- to make certain necessary consequential changes in warehousing arrangements.

Gaming licence duty

It is proposed to amend the Betting and Gaming Duties Act 1972 to provide that with effect from 1 October 1975 the following rates of gaming licence duty shall apply:

Rateable value of premises		Charge for each table (per half year)
Exceeding	Not exceeding	
£ —	£ 1,500	£ 500
1,500	3,000	750
3,000	4,500	1,250
4,500	6,000	2,500
6,000	7,500	3,750
7,500	9,000	5,000
9,000	10,500	6,250
10,500	12,000	8,750
12,000	—	11,250

It is also proposed that for the purposes of the above table the rateable values used shall be those shown in the valuation list or roll as in force for the time being.

Bingo duty

It is proposed to increase with effect from 29 September 1975 the rate of bingo duty to 5 per cent, plus 1/19th of any amount by which the total value of the prizes won in a week exceeds the total of the money taken after deduction of the duty payable.

It is proposed to increase with effect from 1 May 1975 the exemption limits for small scale bingo as follows:

- the amount payable by any person for a card for any one game of bingo shall not exceed 10p;
- the total amount taken as payment by players for their cards for any one game shall not exceed £5;
- no money prize shall exceed 10p.

It is proposed to increase by Order with effect from 1 May 1975 the exemption limits for bingo played at charitable and other similar entertainments as follows:

- not more than one payment shall be made by each player of bingo and no such payment shall exceed 75p;
- the total value of all prizes shall not exceed £75;
- the total value of all prizes at the final entertainment of a series shall not exceed £150.

Gaming machine licence duty

It is proposed to amend the Betting and Gaming Duties Act 1972 to provide that with effect from 1 October 1975 the following rates of duty on ordinary gaming machine licences shall apply:

TABLE A. PREMISES WITH LOCAL AUTHORITY APPROVAL

Description of machines authorised by the licence	Number of machines so authorised	Duty on whole-year licence
Chargeable at the lower rate	One machine Two or more machines	£12.50 £12.50 plus £50 per machine in excess of one
Chargeable at the higher rate	One machine Two or more machines	£25 £25 plus £100 per machine in excess of one

TABLE 15. PROPOSED CHANGES IN TAXATION—continued

CUSTOMS AND EXCISE—continued

TABLE B. PREMISES WITHOUT LOCAL AUTHORITY APPROVAL

Description of machines authorised by the licence	Number of machines so authorised	Duty on whole-year licence
Chargeable at the lower rate	One machine Two or more machines	£50 £50 plus £100 per machine in excess of one
Chargeable at the higher rate	One machine Two or more machines	£100 £100 plus £200 per machine in excess of one

and the rate of duty on holiday season licences shall be £7.50 for each penny machine.

It is proposed to make corresponding changes in the gaming machine licence duty in Northern Ireland by amending the Tables in Sections 44 and 45 of the

Miscellaneous Transferred Excise Duties Act (Northern Ireland) 1972 and by reducing the duty on an eight-month licence to £7.50 for each machine.

It is proposed to increase with effect from 1 May 1975 the exemption limits for the use of gaming machines at pleasure fairs as follows:

- no money prize shall exceed 15p;
- no non-monetary prize shall exceed 40p.
- no combination of money and non-monetary prize shall exceed 40p and the money element shall not exceed 15p.

Surcharges and rebates in respect of revenue duties

It is proposed to extend for a further year the existing powers under Section 9 of the Finance Act 1961 which enable the Treasury by Order to impose a surcharge or allow a rebate in respect of the main revenue duties of customs and excise.

VEHICLE EXCISE DUTIES

It is proposed to increase, from 16 April 1975, the excise duty on mechanically-propelled vehicles which is chargeable under section 1 of the Vehicles (Excise) Act 1971 and under section 1 of the Vehicles (Excise) Act (Northern Ireland) 1972. The duty for cars will increase by 60 per cent, i.e. to £40 for most cars.

For other vehicles and for trade licences the duty will, in general, increase by 33½ per cent.

It is also proposed that the unladen weight limitation imposed on vehicles covered by the First Schedules to the Acts of 1971 and 1972 shall be increased from 8 cwt to 8½ cwt.

TABLE 16. ESTIMATED EFFECTS OF CHANGES IN TAXATION

	£ million	
	Estimate for 1975-76	Estimate for a full year
INLAND REVENUE		
<i>Income Tax—</i>		
Increase in married allowance by £90 and in single allowance by £50	-437	-546
Increase in additional personal allowance by £100	-7	-8
Increase of basic and higher rates except top rate by 2p	+622	+771
Change in tax treatment of benefits in kind	Nil	+5
Change in tax arrangements for sub-contracting in the contracting industry	Nil	+10
Change in tax treatment of workers supplied through agencies	Nil	+2
<i>Corporation Tax—</i>		
Increase in rate of ACT to 35/65ths of the amount of the dividend	+40	(¹)
Restriction on accumulated losses of oil companies	Nil	(²)
<i>Petroleum Revenue Tax and Corporation Tax—</i>		
Proposals in Oil Taxation Bill for changes in taxation of oil companies	Nil	(²)
TOTAL INLAND REVENUE	+218	...
CUSTOMS AND EXCISE		
<i>Value Added Tax—</i>		
Higher rate	+200	+325
Gaming machines	+1	+5
Alterations in revenue duty rates	+20	+25
<i>Revenue Duties—</i>		
Increase in rate of tobacco duty	+265	+275
Increase in rates of spirits duties	+55	+60
Increase in rates of beer duty	+165	+185
Increase in rates of wine and British wine duties	+75	+80
Conversion of revenue duties other than tobacco	Negligible	Negligible
Restructure of gaming duties and alterations of rates	+2	+7
<i>Car Tax—</i>		
Motor caravans	+2	+3
TOTAL CUSTOMS AND EXCISE	+785	+965
VEHICLE EXCISE DUTIES		
Alteration in rates	+248	+270
Total	+1,251	...

(¹) Set off against subsequent liabilities to corporation tax.

(²) Estimates of the effect of changes in taxation of oil companies can only be very approximate, since they will depend to a considerable extent on the amount of losses and allowances which apart from the changes might have been set against profits from United Kingdom oil. Subject to changes in oil prices and North Sea profit forecasts however the net additional revenue resulting from the introduction of petroleum revenue tax is expected to be of the order of £2,000 million to £2,500 million up to the end of 1980. Substantial additions to revenue are also likely to result from the other changes.

TABLE 17. TAX ON SPECIMEN INCOMES

The tables which follow show the tax payable for 1974-75 and 1975-76 and the corresponding effective rate of tax, i.e., the average rate per cent over the whole income.

The personal allowances and reliefs appropriate to the circumstances shown are taken into account but a taxpayer may be entitled to further reliefs which would reduce the tax payable.

The earned income of a married couple is assumed to be the husband's; where any of the income is earned by the wife, the tax payable will be less than the amount shown.

The income includes family allowances where there is more than one child in the family, even though at some income levels it would be to the taxpayer's advantage not to claim it; "clawback" has also been taken into account at all levels of income.

SINGLE PERSONS—INCOME ALL EARNED

Income	Charge for 1974-75		Proposed charge for 1975-76	
	Income tax	Effective rate	Income tax	Effective rate
£	£	Per cent	£	Per cent
700	24.75	3.5	8.75	1.3
800	57.75	7.2	43.75	5.5
900	90.75	10.1	78.75	8.8
1,000	123.75	12.4	113.75	11.4
1,100	156.75	14.3	148.75	13.5
1,200	189.75	15.8	183.75	15.3
1,300	222.75	17.1	218.75	16.8
1,400	255.75	18.3	253.75	18.1
1,500	288.75	19.3	288.75	19.3
1,600	321.75	20.1	323.75	20.2
1,700	354.75	20.9	358.75	21.1
1,800	387.75	21.5	393.75	21.9
1,900	420.75	22.1	428.75	22.6
2,000	453.75	22.7	463.75	23.2
2,500	618.75	24.8	638.75	25.6
3,000	783.75	26.1	813.75	27.1
4,000	1,113.75	27.8	1,163.75	29.1
5,000	1,443.75	28.9	1,513.75	30.3
6,000	1,836.25	30.6	1,921.25	32.0
7,000	2,285.00	32.6	2,387.50	34.1
8,000	2,783.75	34.8	2,903.75	36.3
9,000	3,332.50	37.0	3,470.00	38.6
10,000	3,912.50	39.1	4,070.00	40.7
15,000	7,150.00	47.7	7,402.50	49.4
20,000	10,768.75	53.8	11,118.75	55.6
30,000	19,006.25	63.4	19,364.75	64.5
50,000	35,606.25	71.2	35,964.75	71.9
100,000	77,106.25	77.1	77,464.75	77.5

TABLE 17. TAX ON SPECIMEN INCOMES—*continued*

MARRIED COUPLES—INCOME ALL EARNED

Income	Charge for 1974-75		Proposed charge for 1975-76	
	Income tax	Effective rate	Income tax	Effective rate
	£	Per cent	£	Per cent
900	11.55	1.3	—	—
1,000	44.55	4.5	15.75	1.6
1,100	77.55	7.1	50.75	4.6
1,200	110.55	9.2	85.75	7.1
1,300	143.55	11.0	120.75	9.3
1,400	176.55	12.6	155.75	11.1
1,500	209.55	14.0	190.75	12.7
1,600	242.55	15.2	225.75	14.1
1,700	275.55	16.2	260.75	15.3
1,800	308.55	17.1	295.75	16.4
1,900	341.55	18.0	330.75	17.4
2,000	374.55	18.7	365.75	18.3
2,500	539.55	21.6	540.75	21.6
3,000	704.55	23.5	715.75	23.9
4,000	1,034.55	25.9	1,065.75	26.6
5,000	1,364.55	27.3	1,415.75	28.3
6,000	1,733.05	28.9	1,795.25	29.9
7,000	2,169.80	31.0	2,247.50	32.1
8,000	2,656.55	33.2	2,749.75	34.4
9,000	3,193.30	35.5	3,302.00	36.7
10,000	3,773.30	37.7	3,902.00	39.0
15,000	6,986.80	46.6	7,206.50	48.0
20,000	10,593.55	53.0	10,908.75	54.5
30,000	18,807.05	62.7	19,132.35	63.8
50,000	35,407.05	70.8	35,732.35	71.5
100,000	76,907.05	76.9	77,232.35	77.2

TABLE 17. TAX ON SPECIMEN INCOMES—*continued*

MARRIED COUPLES, WITH ONE CHILD NOT OVER 11—INCOME ALL EARNED

Income	Charge for 1974-75		Proposed charge for 1975-76	
	Income tax	Effective rate	Income tax	Effective rate
	£	Per cent	£	Per cent
1,200	31.35	2.6	1.75	0.1
1,300	64.35	5.0	36.75	2.8
1,400	97.35	7.0	71.75	5.1
1,500	130.35	8.7	106.75	7.1
1,600	163.35	10.2	141.75	8.9
1,700	196.35	11.6	176.75	10.4
1,800	229.35	12.7	211.75	11.8
1,900	262.35	13.8	246.75	13.0
2,000	295.35	14.8	281.75	14.1
2,500	460.35	18.4	456.75	18.3
3,000	625.35	20.8	631.75	21.1
4,000	955.35	23.9	981.75	24.5
5,000	1,285.35	25.7	1,331.75	26.6
6,000	1,635.10	27.3	1,697.00	28.3
7,000	2,059.85	29.4	2,137.25	30.5
8,000	2,534.60	31.7	2,627.50	32.8
9,000	3,059.35	34.0	3,167.75	35.2
10,000	3,634.10	36.3	3,758.00	37.6
15,000	6,823.60	45.5	7,038.50	46.9
20,000	10,418.35	52.1	10,728.75	53.6
30,000	18,607.85	62.0	18,933.15	63.1
50,000	35,207.85	70.4	35,533.15	71.1
100,000	76,707.85	76.7	77,033.15	77.0

TABLE 17. TAX ON SPECIMEN INCOMES—*continued*

MARRIED COUPLES, WITH TWO CHILDREN NOT OVER 11—INCOME ALL EARNED

Income	Charge for 1974-75		Proposed charge for 1975-76	
	Income tax	Effective rate	Income tax	Effective rate
	£	Per cent	£	Per cent
1,300	2.31	0.2	—	—
1,400	35.31	2.5	5.95	0.4
1,500	68.31	4.6	40.95	2.7
1,600	101.31	6.3	75.95	4.7
1,700	134.31	7.9	110.95	6.5
1,800	167.31	9.3	145.95	8.1
1,900	200.31	10.5	180.95	9.5
2,000	233.31	11.7	215.95	10.8
2,500	398.31	15.9	390.95	15.6
3,000	563.31	18.8	565.95	18.9
4,000	893.31	22.3	915.95	22.9
5,000	1,223.31	24.5	1,265.95	25.3
6,000	1,563.66	26.1	1,621.80	27.0
7,000	1,979.01	28.3	2,052.65	29.3
8,000	2,444.36	30.6	2,533.50	31.7
9,000	2,959.71	32.9	3,064.35	34.0
10,000	3,525.06	35.3	3,645.20	36.5
15,000	6,695.76	44.6	6,906.90	46.0
20,000	10,281.11	51.4	10,587.75	52.9
30,000	18,451.81	61.5	18,777.11	62.6
50,000	35,051.81	70.1	35,377.11	70.8
100,000	76,551.81	76.6	76,877.11	76.9

TABLE 17. TAX ON SPECIMEN INCOMES—*continued*

SINGLE PERSONS—INCOME ALL FROM INVESTMENTS

Income	Charge for 1974-75		Proposed charge for 1975-76	
	Income tax	Effective rate	Income tax	Effective rate
	£	Per cent	£	Per cent
700	24.75	3.5	8.75	1.3
800	57.75	7.2	43.75	5.5
900	90.75	10.1	78.75	8.8
1,000	123.75	12.4	113.75	11.4
1,100	166.75	15.2	158.75	14.4
1,200	209.75	17.5	203.75	17.0
1,300	252.75	19.4	248.75	19.1
1,400	295.75	21.1	293.75	21.0
1,500	338.75	22.6	338.75	22.6
1,600	381.75	23.9	383.75	24.0
1,700	424.75	25.0	428.75	25.2
1,800	467.75	26.0	473.75	26.3
1,900	510.75	26.9	518.75	27.3
2,000	553.75	27.7	563.75	28.2
2,500	793.75	31.8	813.75	32.6
3,000	1,033.75	34.5	1,063.75	35.5
4,000	1,513.75	37.8	1,563.75	39.1
5,000	1,993.75	39.9	2,063.75	41.3
6,000	2,536.25	42.3	2,621.25	43.7
7,000	3,135.00	44.8	3,237.50	46.3
8,000	3,783.75	47.3	3,903.75	48.8
9,000	4,482.50	49.8	4,620.00	51.3
10,000	5,212.50	52.1	5,370.00	53.7
15,000	9,200.00	61.3	9,452.50	63.0
20,000	13,568.75	67.8	13,918.75	69.6
30,000	23,306.25	77.7	23,664.75	78.9
50,000	42,906.25	85.8	43,264.75	86.5
100,000	91,906.25	91.9	92,264.75	92.3

TABLE 17. TAX ON SPECIMEN INCOMES—continued

MARRIED COUPLES—INCOME ALL FROM INVESTMENTS

Income	Charge for 1974-75		Proposed charge for 1975-76	
	Income tax	Effective rate	Income tax	Effective rate
	£	Per cent	£	Per cent
900	11.55	1.3	—	—
1,000	44.55	4.5	15.75	1.6
1,100	87.55	8.0	60.75	5.5
1,200	130.55	10.9	105.75	8.8
1,300	173.55	13.4	150.75	11.6
1,400	216.55	15.5	195.75	14.0
1,500	259.55	17.3	240.75	16.1
1,600	302.55	18.9	285.75	17.9
1,700	345.55	20.3	330.75	19.5
1,800	388.55	21.6	375.75	20.9
1,900	431.55	22.7	420.75	22.1
2,000	474.55	23.7	465.75	23.3
2,500	714.55	28.6	715.75	28.6
3,000	954.55	31.8	965.75	32.2
4,000	1,434.55	35.9	1,465.75	36.6
5,000	1,914.55	38.3	1,965.75	39.3
6,000	2,433.05	40.6	2,495.25	41.6
7,000	3,019.80	43.1	3,097.50	44.3
8,000	3,656.55	45.7	3,749.75	46.9
9,000	4,343.30	48.3	4,452.00	49.5
10,000	5,073.30	50.7	5,202.00	52.0
15,000	9,036.80	60.2	9,256.50	61.7
20,000	13,393.55	67.0	13,708.75	68.5
30,000	23,107.05	77.0	23,432.35	78.1
50,000	42,707.05	85.4	43,032.35	86.1
100,000	91,707.05	91.7	92,032.35	92.0

TABLE 17. TAX ON SPECIMEN INCOMES—continued

INCOME UP TO £60 A WEEK—ALL EARNED

Income	Charge for 1974-75		Proposed charge for 1975-76	
	Income tax	Effective rate	Income tax	Effective rate
	£	Per cent	£	Per cent
Single persons				
728 (£14 a week)	33.99	4.7	18.55	2.5
832 (£16 a week)	68.31	8.2	54.95	6.6
936 (£18 a week)	102.63	11.0	91.35	9.8
1,040 (£20 a week)	136.95	13.2	127.75	12.3
1,144 (£22 a week)	171.27	15.0	164.15	14.3
1,248 (£24 a week)	205.59	16.5	200.55	16.1
1,352 (£26 a week)	239.91	17.7	236.95	17.5
1,456 (£28 a week)	274.23	18.8	273.35	18.8
1,560 (£30 a week)	308.55	19.8	309.75	19.9
1,820 (£35 a week)	394.35	21.7	400.75	22.0
2,080 (£40 a week)	480.15	23.1	491.75	23.6
2,340 (£45 a week)	565.95	24.2	582.75	24.9
2,600 (£50 a week)	651.75	25.1	673.75	25.9
2,860 (£55 a week)	737.55	25.8	764.75	26.7
3,120 (£60 a week)	823.35	26.4	855.75	27.4
Married couples				
936 (£18 a week)	23.43	2.5	—	—
1,040 (£20 a week)	57.75	5.6	29.75	2.9
1,144 (£22 a week)	92.07	8.0	66.15	5.8
1,248 (£24 a week)	126.39	10.1	102.55	8.2
1,352 (£26 a week)	160.71	11.9	138.95	10.3
1,456 (£28 a week)	195.03	13.4	175.35	12.0
1,560 (£30 a week)	229.35	14.7	211.75	13.6
1,820 (£35 a week)	315.15	17.3	302.75	16.6
2,080 (£40 a week)	400.95	19.3	393.75	18.9
2,340 (£45 a week)	486.75	20.8	484.75	20.7
2,600 (£50 a week)	572.55	22.0	575.75	22.1
2,860 (£55 a week)	658.35	23.0	666.75	23.3
3,120 (£60 a week)	744.15	23.9	757.75	24.3

TABLE 17. TAX ON SPECIMEN INCOMES—*continued*INCOME UP TO £60 A WEEK—ALL EARNED—*continued*

Income £	Charge for 1974-75		Proposed charge for 1975-76	
	Income tax	Effective rate	Income tax	Effective rate
	£	Per cent	£	Per cent
Married couples, with one child not over 11				
1,144 (£22 a week) ...	12.87	1.1	—	—
1,248 (£24 a week) ...	47.19	3.8	18.55	1.5
1,352 (£26 a week) ...	81.51	6.0	54.95	4.1
1,456 (£28 a week) ...	115.83	8.0	91.35	6.3
1,560 (£30 a week) ...	150.15	9.6	127.75	8.2
1,820 (£35 a week) ...	235.95	13.0	218.75	12.0
2,080 (£40 a week) ...	321.75	15.5	309.75	14.9
2,340 (£45 a week) ...	407.55	17.4	400.75	17.1
2,600 (£50 a week) ...	493.35	19.0	491.75	18.9
2,860 (£55 a week) ...	579.15	20.3	582.75	20.4
3,120 (£60 a week) ...	664.95	21.3	673.75	21.6
Married couples, with two children not over 11				
1,352 (£26 a week) ...	19.47	1.4	—	—
1,456 (£28 a week) ...	53.79	3.7	25.55	1.8
1,560 (£30 a week) ...	88.11	5.6	61.95	4.0
1,820 (£35 a week) ...	173.91	9.6	152.95	8.4
2,080 (£40 a week) ...	259.71	12.5	243.95	11.7
2,340 (£45 a week) ...	345.51	14.8	334.95	14.3
2,600 (£50 a week) ...	431.31	16.6	425.95	16.4
2,860 (£55 a week) ...	517.11	18.1	516.95	18.1
3,120 (£60 a week) ...	602.91	19.3	607.95	19.5

TABLE 17. TAX ON SPECIMEN INCOMES—*continued*SINGLE PERSON WITH ADDITIONAL PERSONAL ALLOWANCE
ONE CHILD NOT OVER 11—INCOME ALL EARNED

Income £	Charge for 1974-75		Proposed charge for 1975-76	
	Income tax	Effective rate	Income tax	Effective rate
	£	Per cent	£	Per cent
1,100 ...	18.15	1.7	—	—
1,200 ...	51.15	4.3	1.75	0.1
1,300 ...	84.15	6.5	36.75	2.8
1,400 ...	117.15	8.4	71.75	5.1
1,500 ...	150.15	10.0	106.75	7.1
1,600 ...	183.15	11.4	141.75	8.9
1,700 ...	216.15	12.7	176.75	10.4
1,800 ...	249.15	13.8	211.75	11.8
1,900 ...	282.15	14.9	246.75	13.0
2,000 ...	315.15	15.8	281.75	14.1
2,500 ...	480.15	16.6	456.75	18.3
3,000 ...	645.15	21.5	631.75	21.1
4,000 ...	975.15	24.4	981.75	24.5
5,000 ...	1,305.15	26.1	1,331.75	26.6
6,000 ...	1,657.90	27.6	1,697.00	28.3
7,000 ...	2,085.65	29.8	2,137.25	30.5
8,000 ...	2,563.40	32.0	2,627.50	32.8
9,000 ...	3,091.15	34.3	3,167.75	35.2
10,000 ...	3,668.90	36.7	3,758.00	37.6
15,000 ...	6,864.40	45.8	7,038.50	46.9
20,000 ...	10,462.15	52.3	10,728.75	53.6
30,000 ...	18,657.65	62.2	18,933.15	63.1
50,000 ...	35,257.65	70.5	35,533.15	71.1
100,000 ...	76,757.65	76.8	77,033.15	77.0

TABLE 17. TAX ON SPECIMEN INCOMES—*continued*

ELDERLY PERSONS—INCOME ALL EARNED

Income £	Charge for 1974-75		Proposed charge for 1975-76	
	Income tax	Effective rate	Income tax	Effective rate
	£	Per cent	£	Per cent
Single person—aged 65 or over				
900	49.50	5.5	—	—
1,000	104.50	10.5	17.50	1.8
1,100	156.75	14.3	52.50	4.8
1,200	189.75	15.8	87.50	7.3
1,300	222.75	17.1	122.50	9.4
1,400	255.75	18.3	157.50	11.3
1,500	288.75	19.3	192.50	12.8
1,600	321.75	20.1	227.50	14.2
1,700	354.75	20.9	262.50	15.4
1,800	387.75	21.5	297.50	16.5
1,900	420.75	22.1	332.50	17.5
2,000	453.75	22.7	367.50	18.4
2,500	618.75	24.8	542.50	21.7
3,000 ⁽¹⁾	783.75	26.1	717.50	23.9
Married couple—either of whom is aged 65 or over				
1,200	16.50	1.4	—	—
1,300	71.50	5.5	—	—
1,400	126.50	9.0	—	—
1,500	181.50	12.1	26.25	1.8
1,600	236.50	14.8	61.25	3.8
1,700	275.55	16.2	96.25	5.7
1,800	308.55	17.1	131.25	7.3
1,900	341.55	18.0	166.25	8.8
2,000	374.55	18.7	201.25	10.1
2,500	539.55	21.6	376.25	15.1
3,000 ⁽¹⁾	704.55	23.5	551.25	18.4

⁽¹⁾ For tax on incomes above £3,000 see tables on pages 31 and 32 respectively.

TABLE 18. RATES OF VEHICLE EXCISE DUTIES

GREAT BRITAIN

Annual rates of duty for vehicles under 8½ cwt unladen weight, motor cars and hackney carriages

Description of vehicle	Rate of duty	
	Present £	Proposed £
Bicycles and tricycles of which the cylinder capacity of the engine does not exceed 150 cubic centimetres; electrically propelled bicycles; electrically propelled tricycles which do not exceed 165 pounds in weight unladen	2.50	4.00
Bicycles of which the cylinder capacity of the engine exceeds 150 cubic centimetres but does not exceed 250 cubic centimetres; tricycles (other than those in the foregoing paragraph) and vehicles (other than mowing machines) with more than three wheels, being tricycles and vehicles neither constructed nor adapted for use nor used for the carriage of a driver or passenger	5.00	8.00
Bicycles and tricycles not in the foregoing paragraphs	10.00	16.00
Electrically propelled vehicles; vehicles not exceeding seven horse-power, if registered under the Roads Act 1920 for the first time before 1 January 1947	18.00	28.80
Vehicles not included above	25.00	40.00
Hackney carriages	12.00	20.00
	with an additional 50p for each person above 20 (excluding the driver) for which the vehicle has seating capacity	

TABLE 18. RATES OF VEHICLE EXCISE DUTIES—continued

GREAT BRITAIN—continued

Annual rates of duty on tractors, etc.

(1) Description of vehicle	Weight unladen of vehicle		Rate of duty			
			Present		Proposed	
	(2) Exceeding	(3) Not exceeding	(4) Initial	(5) Additional for each ton or part of a ton in excess of the weight in column 2	(6) Initial	(7) Additional for each ton or part of a ton in excess of the weight in column 2
			£	£	£	£
Agricultural machines; digging machines; mobile cranes; works trucks; mowing machines ...	—	—	5.00	—	6.65	—
Haulage vehicles, being showmen's vehicles ...	—	7½ tons	47.00	—	62.65	—
	7½ tons	8 tons	56.25	—	75.00	—
	8 tons	10 tons	65.50	—	87.35	—
	10 tons	—	65.50	9.50	87.35	12.65
Haulage vehicles, not being showmen's vehicles ...	—	2 tons	60.00	—	80.00	—
	2 tons	4 tons	108.00	—	144.00	—
	4 tons	6 tons	148.50	—	198.00	—
	6 tons	7½ tons	189.00	—	252.00	—
	7½ tons	8 tons	229.50	—	306.00	—
	8 tons	—	229.50	40.50	306.00	54.00

TABLE 18. RATES OF VEHICLE EXCISE DUTIES—continued

GREAT BRITAIN—continued

Annual rates of duty on goods vehicles

(1) Description of vehicle	Weight unladen of vehicle		Rate of duty			
			Present		Proposed	
	(2) Exceeding	(3) Not exceeding	(4) Initial	(5) Additional for each ¼ ton or part of a ¼ ton in excess of the weight in column 2	(6) Initial	(7) Additional for each ¼ ton or part of a ¼ ton in excess of the weight in column 2
			£	£	£	£
Farmers' goods vehicles ...	—	12 cwt	17.50	—	23.35	—
	12 cwt	16 cwt	19.25	—	25.65	—
	16 cwt	1 ton	21.00	—	28.00	—
	1 ton	1½ tons	22.75	—	30.35	—
	1½ tons	2½ tons	22.75	2.00	30.35	2.65
	2½ tons	4½ tons	32.75	2.50	43.60	3.35
	4½ tons	5½ tons	50.25	1.00	67.05	1.35
	5½ tons	8½ tons	56.25	1.25	75.15	1.65
	8½ tons	—	70.00	1.00	93.30	1.35
	—	12 cwt	17.50	—	23.35	—
Showmen's goods vehicles ...	12 cwt	16 cwt	19.25	—	25.65	—
	16 cwt	1 ton	21.00	—	28.00	—
	1 ton	3 tons	21.00	2.00	28.00	2.65
	3 tons	4 tons	37.00	2.25	49.20	3.00
	4 tons	5 tons	46.00	2.00	61.20	2.65
	5 tons	6 tons	54.00	1.75	71.80	2.35
	6 tons	—	61.00	2.00	81.20	2.65
	—	12 cwt	24.00	—	32.00	—
	12 cwt	16 cwt	26.25	—	35.00	—
	16 cwt	1 ton	29.50	—	39.35	—
Electrically propelled goods vehicles (other than farmers' goods vehicles or showmen's goods vehicles); tower wagons ...	1 ton	6 tons	29.50	3.00	39.35	4.00
	6 tons	7 tons	89.50	2.50	119.35	3.35
	7 tons	8½ tons	99.50	2.75	132.75	3.65
	8½ tons	—	113.25	3.00	151.00	4.00
	—	12 cwt	24.00	—	40.00	—
	12 cwt	16 cwt	30.00	—	40.00	—
Goods vehicles not included in any of the foregoing provisions of this part ...	16 cwt	1 ton	36.50	—	48.65	—
	1 ton	1½ tons	36.50	6.50	48.65	8.65
	1½ tons	2 tons	49.50	6.75	65.95	9.00
	2 tons	3 tons	63.00	7.50	83.95	10.00
	3 tons	4 tons	93.00	10.50	123.95	14.00
	4 tons	—	135.00	13.50	179.95	18.00
	—	12 cwt	24.00	—	40.00	—
	12 cwt	16 cwt	30.00	—	40.00	—

TABLE 18. RATES OF VEHICLE EXCISE DUTIES—continued

GREAT BRITAIN—continued

Annual rates of duty on goods vehicles used for drawing trailers

(1) Description of vehicle	Weight unladen of vehicle		Rate of duty	
	(2) Exceeding	(3) Not exceeding	(4) Present	(5) Proposed
			£	£
Showmen's goods vehicles	—	—	17.50	23.35
Electrically propelled goods vehicles (other than farmers' goods vehicles and showmen's goods vehicles); tower wagons	— 1½ tons 3 tons	1½ tons 3 tons —	14.00 24.00 27.00	18.65 32.00 36.00
Other goods vehicles	— 1½ tons 2½ tons 4 tons	1½ tons 2½ tons 4 tons —	14.00 24.00 40.00 54.00	18.65 32.00 53.35 72.00

TABLE 18. RATES OF VEHICLE EXCISE DUTIES—continued

NORTHERN IRELAND

Annual rates of duty for vehicles under 8½ cwt unladen weight, motor cars and hackney carriages

Description of vehicle	Rate of duty	
	Present	Proposed
	£	£
Bicycles and tricycles of which the cylinder capacity of the engine does not exceed 150 cubic centimetres; electrically propelled bicycles; electrically propelled tricycles which do not exceed 165 pounds in weight unladen	2.50	4.00
Bicycles of which the cylinder capacity of the engine exceeds 150 cubic centimetres but does not exceed 250 cubic centimetres; tricycles (other than those in the foregoing paragraph) and vehicles (other than mowing machines) with more than three wheels, being tricycles and vehicles neither constructed nor adapted for use nor used for the carriage of a driver or passenger	5.00	8.00
Bicycles and tricycles not in the foregoing paragraphs	10.00	16.00
Electrically propelled vehicles	18.00	28.80
Vehicles not electrically propelled:		
(a) if first registered under the Roads Act 1920 before 1 January 1947, or which, if its first registration for taxation purposes had been effected in Northern Ireland, would have been so first registered as aforesaid under that Act as in force in Northern Ireland—		
(i) not exceeding 6 horsepower	15.00	24.00
(ii) exceeding 6 horsepower but not exceeding 9 horsepower—for each unit or part of a unit of horsepower	2.50	4.00
(b) other	25.00	40.00
Hackney carriages	12.00	20.00
	with an additional 50p for each person above 20 (excluding the driver) for which the vehicle has seating capacity	

TABLE 18. RATES OF VEHICLE EXCISE DUTIES—*continued*NORTHERN IRELAND—*continued*

Annual rates of duty on tractors, etc.

(1) Description of vehicle	Weight unladen of vehicle		Rate of duty			
			Present		Proposed	
	(2) Exceeding	(3) Not exceeding	(4) Initial	(5) Additional for each ton or part of a ton in excess of the weight in column 2	(6) Initial	(7) Additional for each ton or part of a ton in excess of the weight in column 2
			£	£	£	£
Agricultural machines; digging machines; mobile cranes; works trucks; mowing machines ...	—	—	5.00	—	6.65	—
Haulage vehicles, being showmen's vehicles ...	— 7½ tons 8 tons 10 tons	7½ tons 8 tons 10 tons —	47.00 56.25 65.50 65.50	— — — 9.50	62.65 75.00 87.35 87.35	— — — 12.65
Haulage vehicles, not being showmen's vehicles ...	— 2 tons 4 tons 6 tons 7½ tons 8 tons	2 tons 4 tons 6 tons 7½ tons 8 tons —	53.25 96.00 132.00 168.00 204.00 204.00	— — — — — 36.00	71.00 128.00 176.00 224.00 272.00 272.00	— — — — — 48.00

TABLE 18. RATES OF VEHICLE EXCISE DUTIES—*continued*NORTHERN IRELAND—*continued*

Annual rates of duty on goods vehicles

(1) Description of vehicle	Weight unladen of vehicle		Rate of duty			
			Present		Proposed	
	(2) Exceeding	(3) Not exceeding	(4) Initial	(5) Additional for each ¼ ton or part of a ¼ ton in excess of the weight in column 2	(6) Initial	(7) Additional for each ¼ ton or part of a ¼ ton in excess of the weight in column 2
			£	£	£	£
Farmers' goods vehicles ...	— 12 cwt 16 cwt 1 ton 1½ tons 2½ tons 3½ tons	12 cwt 16 cwt 1 ton 1½ tons 2½ tons —	17.50 19.25 21.00 22.75 22.75 32.75 42.75	— — — — 2.00 2.50 0.75	23.35 25.65 28.00 30.35 30.35 43.60 57.00	— — — — 2.65 3.35 1.00
Showmen's goods vehicles; electrically propelled goods vehicles (other than farmers' goods vehicles); tower wagons ...	— 12 cwt 16 cwt 1 ton 3 tons 4 tons 5 tons 6 tons	12 cwt 16 cwt 1 ton 3 tons 4 tons 5 tons 6 tons —	22.50 24.00 27.00 27.00 37.00 46.00 54.00 61.00	— — — 1.25 2.25 2.00 1.75 2.00	30.00 32.00 36.00 36.00 49.20 61.20 71.80 81.20	— — — 1.65 3.00 2.65 2.35 2.65
Goods vehicles not included in any of the foregoing provisions of this part ...	— 12 cwt 16 cwt 1 ton 1½ tons 1½ tons 2 tons 3 tons 4 tons	12 cwt 16 cwt 1 ton 1½ tons 2 tons 3 tons 4 tons —	24.00 26.75 32.50 38.00 38.00 56.00 83.00 120.00	— — — — 6.00 6.75 9.25 12.00	40.00 40.00 43.35 50.65 50.65 74.65 110.65 160.05	— — — — 8.00 9.00 12.35 16.00

TABLE 18. RATES OF VEHICLE EXCISE DUTIES—*continued*NORTHERN IRELAND—*continued*

Annual rates of duty on goods vehicles used for drawing trailers

(1) Description of vehicle	Weight unladen of vehicle		Rate of duty	
	(2) Exceeding	(3) Not exceeding	(4) Present	(5) Proposed
Showmen's goods vehicles; electrically propelled goods vehicles (other than farmers' goods vehicles); tower wagons	—	—	£ 17·50	£ 23·35
Other goods vehicles	— 1½ tons 2½ tons 4 tons	1½ tons 2½ tons 4 tons —	14·00 21·25 36·00 48·00	18·65 28·35 48·00 64·00

Financial Statement and
Budget Report 1976–77

RETURN to an Order of The House of Commons dated 6 April 1976: for

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