

TABLE 18. INCOME TAX

Amount of tax and effective rate of tax for each pound of income for specimen earned incomes

MARRIED COUPLES WITH CHILDREN NOT OVER 11—INCOME UP TO £40 A WEEK—ALL EARNED

Income	Charge for 1970-71		Proposed charge for 1971-72	
	Income tax	Effective rate	Income tax	Effective rate
£	£	Per cent	£	Per cent
Married couples, with one child not over 11				
780 (£15 a week)	11.00	1.4	—	—
832 (£16 a week)	27.68	3.3	10.50	1.3
936 (£18 a week)	61.05	6.5	41.85	4.5
1,040 (£20 a week)	94.41	9.1	73.19	7.0
1,144 (£22 a week)	127.78	11.2	104.53	9.1
1,248 (£24 a week)	161.15	12.9	135.88	10.9
1,352 (£26 a week)	194.51	14.4	167.22	12.4
1,456 (£28 a week)	227.88	15.7	198.57	13.6
1,560 (£30 a week)	261.25	16.7	229.91	14.7
1,820 (£35 a week)	344.66	18.9	308.27	16.9
2,080 (£40 a week)	428.08	20.6	386.63	18.6
Married couples, with two children not over 11				
884 (£17 a week)	14.25	1.6	—	—
936 (£18 a week)	30.93	3.3	—	—
1,040 (£20 a week)	64.30	6.2	29.40	2.8
1,144 (£22 a week)	97.67	8.5	60.75	5.3
1,248 (£24 a week)	131.03	10.5	92.09	7.4
1,352 (£26 a week)	164.40	12.2	123.44	9.1
1,456 (£28 a week)	197.77	13.6	154.78	10.6
1,560 (£30 a week)	231.13	14.8	186.12	11.9
1,820 (£35 a week)	314.55	17.3	264.49	14.5
2,080 (£40 a week)	397.97	19.1	342.85	16.5
Married couples, with three children not over 11				
936 (£18 a week)	0.82	0.1	—	—
1,040 (£20 a week)	34.19	3.3	—	—
1,144 (£22 a week)	67.55	5.9	16.96	1.5
1,248 (£24 a week)	100.92	8.1	48.30	3.9
1,352 (£26 a week)	134.29	9.9	79.65	5.9
1,456 (£28 a week)	167.65	11.5	110.99	7.6
1,560 (£30 a week)	201.02	12.9	142.34	9.1
1,820 (£35 a week)	284.44	15.6	220.70	12.1
2,080 (£40 a week)	367.85	17.7	299.06	14.4
Married couples, with four children not over 11				
1,040 (£20 a week)	4.07	0.4	—	—
1,144 (£22 a week)	37.44	3.3	—	—
1,248 (£24 a week)	70.81	5.7	4.52	0.4
1,352 (£26 a week)	104.17	7.7	35.86	2.7
1,456 (£28 a week)	137.54	9.4	67.20	4.6
1,560 (£30 a week)	170.91	11.0	98.55	6.3
1,820 (£35 a week)	254.32	14.0	176.91	9.7
2,080 (£40 a week)	337.74	16.2	255.27	12.3

Financial Statement and Budget Report 1972-73

RETURN to an Order of The House of Commons dated 21 March 1972: for

COPY of FINANCIAL STATEMENT AND BUDGET REPORT 1972-73 as laid before the House by the CHANCELLOR OF THE EXCHEQUER when opening the BUDGET

Treasury Chambers,
21 March, 1972 } PATRICK JENKIN

Ordered by The House of Commons to be printed
21 March, 1972

LONDON
HER MAJESTY'S STATIONERY OFFICE

52p net

CONTENTS

Table

Page

PART I. THE ECONOMIC BACKGROUND TO THE BUDGET

	Review of developments in 1971	3-6
1	Forecast and outcome for 1971	7
2	Changes in personal income, consumer prices and consumers' expenditure during 1971	7
3	Balance of payments 1969 to 1971	8
	The economic outlook to mid-1973	9
4	Forecasts of expenditure, imports and gross domestic product	10

PART II. PUBLIC SECTOR TRANSACTIONS

	Introduction	11
5	Public sector transactions by economic category	12-13
6	Public sector transactions by economic category and sub-sector	14
7	Public sector financial surplus and borrowing	15

PART III. CENTRAL GOVERNMENT TRANSACTIONS

8	Summary of Consolidated Fund receipts and issues	16
9	Taxation and miscellaneous receipts	17
10	Supply services and Consolidated Fund standing services	18
11	Summary of National Loans Fund receipts and payments	19
12	Loans from the National Loans Fund	20
13	Central government transactions by economic category	21
14	Central government transactions by economic category: analysis and reconciliation by fund	22-23

ANNEX

15	Proposed changes in taxation	24-26
16	Estimated effects of changes in taxation proposed for 1972-73	27
17	Estimated effects of changes in taxation proposed for 1973-74	28
18	Tax on specimen incomes	29-39
19	Estate duty—amount of duty payable and effective rate of duty on specimen estates	40

PART I

THE ECONOMIC BACKGROUND TO THE BUDGET

REVIEW OF DEVELOPMENTS IN 1971

1. Gross domestic product probably rose about 1½ per cent during 1971, *i.e.* between the second halves of 1970 and 1971. This was rather more than had been foreseen for this period at the time of the Budget. The recovery in the second half year was helped by the July measures and by more favourable trends than expected for the volumes of both exports and imports. Unemployment rose rapidly throughout the year, and by more than can be explained by the short-term response to the behaviour of gross domestic product. Exports rose faster than imports in value as well as in volume and the surplus on the current account of the balance of payments continued to increase: the surplus was at an annual rate of nearly £1,200 million in the second half year. In the course of the second half of the year the rates of increase in money earnings and in prices both lessened. The following paragraphs describe the year in more detail.

Domestic developments

2. The main features of the rise in final demand during 1971 were the moderate growth of consumers' expenditure—compounded of a fall followed by a fast rise—an upsurge of private housebuilding and the rise in the volume of exports of goods and services, which accelerated after changing relatively little during 1970. The public sector became more expansionary. Private industrial investment fell. There had been quite a high rate of stock accumulation in the latter part of 1970, probably in substantial part involuntary, but there was little investment in stocks in the latter part of 1971 and the ratio of stocks to output or turnover was reduced. This tended to hold back the growth of gross domestic product and also of imports.

3. By the second half of the year the rate of growth of gross domestic product was substantial—gross domestic product was nearly 2½ per cent above the low first half year. But this followed a rather prolonged period in which gross domestic product had grown substantially below the rate of growth of productive potential. For most of 1969 and 1970 employment and unemployment had not shown much change despite the slow growth of gross domestic product.

Note: Unless otherwise stated, Part I of this report is based on seasonally adjusted data.

During 1971 there was a sharp reversal of conditions in the labour market. By December 1971, the number wholly unemployed, excluding school-leavers, in Great Britain was nearly 260,000 (1·2 per cent of total employees) more than a year earlier. Part of the rise can be ascribed to a normal reaction to the previous path of gross domestic product but there was also a change in the views of employers as to the level of labour force which they needed to maintain a given level of production. The respective movements of output and employment resulted in a fast increase in output per head last year. By the last quarter of the year it was 4½–5 per cent higher than a year earlier in the index of production industries as a whole.

4. The pattern of events during the year suggests that companies made a determined effort from late 1970 to reverse the earlier deterioration in their financial position. This showed itself initially in a faster increase in prices (which had been lagging behind rising costs, especially labour costs) and in the restrictive attitudes to stock holding, fixed investment and employment. In the course of the year, helped also by the rise in gross domestic product, there was a distinct rise in company profits. In 1971 the company sector as a whole had a financial deficit of £200 million compared with the deficit of £1,300 million in 1970.

5. From the middle of the year there was a marked deceleration of the rate of increase in prices, helped by the CBI initiative and the response of the nationalised industries, by the reductions in rates of purchase tax and of selective employment tax and by the trend in import prices. It was also evident in the latter part of the year that a lower level of wage settlements was becoming established.

6. The monthly index of average earnings, which had risen by nearly 14 per cent between the fourth quarters of 1969 and 1970, showed a smaller increase of about 9½ per cent during 1971. The rate of increase of retail prices (excluding seasonal food) had reached an annual rate of rise over the six months' period to June of 11 per cent but fell back to an increase of 5½ per cent by December (and 5½ per cent in January). Wholesale prices of home sales of manufactures increased by rather over 1½ per cent during the six months to December 1971, compared with 4 per cent during the same period in 1970.

Monetary developments

7. Monetary conditions eased considerably during 1971, as policy became more expansionary. Interest rates fell substantially, especially short term rates, where overseas influences were marked. Bank rate was reduced from 7 per cent to 6 per cent on 1 April and from 6 per cent to 5 per cent on 2 September. Long-dated gilt-edged stocks also showed appreciable reductions in yields, from above 9½ per cent at the end of 1970 to just over 8 per cent by the end of 1971. Bank lending expanded strongly in the second half of the year. For the calendar year as a whole money supply, using the broadest definition (M3), rose by 13 per cent.

8. There was a large inflow of funds from overseas throughout the year, reflecting both a balance of payments surplus and capital inflows. The financing of this inflow and of the public sector borrowing requirement was considerably assisted by official sales of government debt to domestic holders outside the banking system. Purchases of gilt-edged by non-bank domestic holders totalled nearly £1,900 million, an unprecedented figure, and there were record purchases of National Savings. Nevertheless the public sector still had to borrow a substantial amount from the banking system.

9. Much of the exceptional overseas inflow on capital account in the final quarter of the year went to increase overseas residents' bank deposits, which are excluded from the statistical definition of the domestic money supply. Nevertheless, the growth of money supply accelerated strongly between the two halves of the year. In the first half it rose by 4½ per cent, in the second half by 8½ per cent. This acceleration was associated with the upturn in the economy, and reflected a strong surge in bank lending to the private sector following the easing of quantitative restrictions in the Budget and their abolition in September. The rapid increase in bank lending was mainly to personal borrowers and to the financial and service sectors. Lending to industrial companies remained sluggish, in part a reflection of the much improved liquidity position of this sector, although overdraft facilities available to industry increased markedly during 1971.

10. Important changes in the techniques of monetary control, foreshadowed in the Budget Speech, were put into effect in September. The quantitative restrictions on bank lending, and the conventional liquidity ratios observed by the clearing banks, were abolished; in their place all banks have now agreed to observe a uniform minimum reserve ratio of 12½ per cent and are liable to calls for special deposits. As part of the new arrangements, the clearing banks abandoned their collective agreements on interest

rates. The changes, which are intended to allow greater freedom of competition among the banks, involve a shift to more flexible controls, which rely more on interest rates. As an integral part of the new policy, the Bank of England have restricted their operations in the gilt-edged market. Since May 1971 they have no longer been prepared (except at their own discretion and initiative) to make outright purchases of stocks with more than a year to run to maturity.

The balance of payments

11. The balance of payments on current account showed a surplus of about £950 million in 1971 as a whole—an increase of nearly £350 million on 1970. The rate of surplus increased sharply between the two halves of the year. Visible trade was nearly £300 million in surplus, following near balance in 1970 and a deficit in 1969; and the net surplus on invisible earnings improved by some £50 million to about £650 million. There was a large net inflow on capital account during the year. The inflow was particularly heavy in the first quarter, when relatively tight domestic monetary conditions coincided with the weakness of the dollar. Further large inflows associated with currency uncertainties preceded the Washington Agreement in December. In all the total currency inflow in 1971 was over £3,200 million, about two and a half times the inflow in 1970. Repayments of official short-term and medium-term debt of £953 million during the year left only £415 million of IMF debt outstanding by December: this begins to fall due for repayment in June this year. There was a further allocation of special drawing rights equivalent to £125 million in 1971. At the end of the year a total of £864 million was swapped forward with overseas monetary authorities; and the reserves had more than doubled in value, from £1,178 million at the end of 1970 to £2,526 million at the end of 1971.

12. World output and trade grew more slowly in 1971 than in 1970. The value of United Kingdom exports of goods on a balance of payments basis rose by 13 per cent between 1970 and 1971, a little more than in the previous year. In both years higher prices accounted for more than half the increase in the value of exports. These price increases were at a significantly faster rate than the increases in the export prices of the United Kingdom's main overseas competitors. The volume of exports increased by about 5 per cent last year; export volume improved sharply in the first half of the year, and showed a further increase in the second half. This followed a period of eighteen months when the volume of exports remained virtually unchanged. On a balance of payments basis United Kingdom imports in 1971

rose in value by 9 per cent, about the same as the year before. Higher prices accounted for about half the increase. These included very large rises in oil prices, mainly reflecting the agreement between the oil companies and the Organisation of Petroleum Exporting Countries. But prices of food and finished manufactures (as measured by unit values) also increased sharply. Unit values of basic materials increased slightly, but those of semi-manufactures showed a decline of 6 per cent reflecting lower prices of non-ferrous metals. The rise in import volume was slightly less than in the previous year. Imports of fuel rose sharply in the first half, but fell back slightly in the second half. Basic materials were well below the previous year, reflecting the low level of stock-building and the slow rise in manufacturing production. Imports of manufactured goods showed a very large increase, including particularly sharp rises in deliveries of ships and aircraft and in arrivals of consumer goods.

13. The net surplus on the invisible account again increased in 1971. Earnings from insurance, as in 1970, showed a substantial increase. The shipping account also showed some improvement. But net receipts on travel account were lower than in 1970; a larger number of United Kingdom residents took holidays abroad, while the growth of foreign visitors to the United Kingdom slowed down. Net receipts from interest, profits and dividends rose. The account benefited from increased earnings on the currency reserves, the reduction in official overseas debt, and a fall in United Kingdom interest rates, but overseas residents' earnings on their direct investment in the United Kingdom were higher.

14. Among investment and other capital transactions in 1971, as in 1970, there was an increase in the net outflow of official long-term capital. In 1971 there were repayments under the German offset loan agreement, and the United Kingdom's subscription to the International Development Association increased. There was a large net inflow of overseas investment into the United Kingdom public sector, following the small outflow in 1970. This change was due to renewed net investment in gilts by private overseas investors, and borrowing abroad by public corporations and local authorities. Overseas investment in the United Kingdom private sector showed a further large increase, mainly as a result of heavy inflows of overseas funds into United Kingdom company securities, following a reduction in this type of investment in 1970, and substantial foreign currency issues by United Kingdom companies. United Kingdom private investment overseas remained unchanged. The growth of import credit outstanding was fairly high, although well below the increase in 1969, when credit was

received from overseas in connection with the import deposit scheme. The growth in export credit outstanding was at a record level, partly reflecting the continued growth in the use of fixed rate credit.

15. The total currency inflow was exceptionally high last year, and reflected substantial net inward movements of funds associated with domestic and external monetary factors. The relatively tight domestic monetary conditions early in the year combined with the weakness of the dollar to produce large inflows; and in the second half of the year there were further large inflows as a result of currency uncertainties preceding the Washington Agreement in December. These later inflows were reflected in increases totalling about £850 million in overseas official and private sterling balances, and also in the large and favourable balancing item. The continuing strength of the balance of payments of overseas sterling area countries during 1971, partly as a result of the large oil price increases, also contributed to the rise in official sterling balances, which occurred despite the withdrawal by Libya of her sterling reserves.

Forecasts and outturn for 1971

16. The Financial Statement and Budget Report for 1971–72 continued the practice, started in the Financial Statement for 1968–69, of setting out a detailed forecast of demand and gross domestic product over the period up to the middle of the following year. In Table 1 the forecasts for 1971 are compared with provisional estimates of the outcome.

17. The increase in gross domestic product between the second halves of 1970 and 1971 was about 1½ per cent as against a forecast of about 1 per cent, which naturally did not include the effects of the July measures or of bringing forward public investment. The volume of exports increased substantially more, and the volume of imports rather less, than forecast. Public consumption increased faster than expected, while consumers' expenditure, despite the July measures, rose more slowly than foreseen. The change in private and public fixed investment was broadly as forecast. As a consequence of the effect of the July measures on the demand for durable goods, the net indirect tax content (at 1963 rates and prices) of the increase in final expenditure was greater than forecast, so that the adjustment to factor cost rose more than expected.

18. The qualitative forecasts for the external current account were that the visible balance would be "less favourable than in 1970". In the event it was substantially better. In addition to the more favourable trends in the volume of exports and imports, there was as forecast "some further improvement in the

terms of trade". The expectation that net invisible earnings would be "maintained at their recent high level" was exceeded, with net earnings at about £650 million compared with some £600 million in 1970. Overall, the current account surplus was higher than in 1970 instead of being lower as expected. The forecast "large currency inflow in the first

quarter" materialised, but in the succeeding quarters, when it was suggested that the flow might be "smaller and fluctuating", it remained large and consistently favourable. This was in large part because of the currency uncertainties which exerted a particularly powerful effect towards the end of the year.

TABLE 1. 1971, FORECAST AND OUTCOME

Changes: 2nd half 1970 to 2nd half 1971 (at constant 1963 prices)

	Forecast		Estimated outcome	
	£ million	Per cent	£ million	Per cent
Consumers' expenditure	460	3.9	280	2.4
Public expenditure on goods and services:	80	1.8	150	3.4
Public authorities' consumption	40	1.4	110	3.7
Public fixed investment	40	2.8	40	2.8
Private fixed investment	—	—	—	—
Exports of goods and services	160	3.8	270	6.3
Stockbuilding	—220	—	—160	—
Total final expenditure	480	2.1	540	2.4
Imports of goods and services	220	5.2	180	4.2
Adjustment to factor cost	80	3.5	140	6.2
Gross domestic product at factor cost ...	180	1.1	220	1.4

Notes:

1. The present view of the composition of expenditure in the second half of 1970 differs somewhat from that formed a year ago. Private investment, exports and imports are now estimated to have been higher and stockbuilding lower.

2. All figures in Tables 1 and 4 are based on the "compromise" estimates of gross domestic product. Alternative estimates of gross domestic product are available from expenditure, income and output data and these estimates may differ in their short-period movements. For forecasting purposes a single appreciation of recent developments is desirable and the figures for the past are essentially a compromise between the three alternative estimates. In addition, estimated adjustments are made for obvious distortions and some expenditure series are smoothed. The differences between the compromise and expenditure series are allocated, at the forecasters' discretion, between the components of expenditure. The level in £ million of the compromise estimate of gross domestic product shown in Table 4 was chosen to be the same on average in 1969 and 1970 as the expenditure estimate. For additional explanatory notes on the fixed investment figures, see the footnote on page 9.

TABLE 2. CHANGES IN PERSONAL INCOME, CONSUMER PRICES AND CONSUMERS' EXPENDITURE DURING 1971

2nd half 1970 to 2nd half 1971

	£ million	Per cent
Wages and salaries	1,410	10.2
Total personal income	2,150	9.8
Personal disposable income ⁽¹⁾	1,790	10.2
Consumer prices	—	8.0
Real personal disposable income, at 1963 prices	270	2.1
Personal savings, at 1963 prices ⁽²⁾	—10	—
Consumers' expenditure, at 1963 prices ⁽³⁾	280	2.4

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

⁽²⁾ Real personal disposable income less consumers' expenditure, both at 1963 prices.

⁽³⁾ As in Table 1.

TABLE 3. BALANCE OF PAYMENTS

£ million

	1969	1970	1971	1970		1971	
				1st half	2nd half	1st half	2nd half
				Seasonally adjusted			
A. CURRENT ACCOUNT	7,061	7,886	8,882	3,891	3,995	4,280	4,602
Exports	7,202	7,879	8,585	3,867	4,012	4,233	4,352
Imports							
Visible balance	-141	+7	+297	+24	-17	+47	+250
Invisible balance	+584	+604	+655	+308	+296	+319	+336
Current balance—seasonally adjusted	+443	+611	+952	+332	+279	+366	+586
				Not seasonally adjusted			
Current balance—not seasonally adjusted	+443	+611	+952	+360	+251	+381	+571
B. INVESTMENT AND OTHER CAPITAL FLOWS	-98	-204	-274	-85	-119	-88	-186
Official long-term capital							
Overseas investment in United Kingdom public sector	—	-10	+187	—	-10	+156	+31
Overseas investment in United Kingdom private sector	+673	+749	+974	+433	+316	+573	+401
United Kingdom private investment overseas	-667	-761	-762	-368	-393	-434	-328
Trade credit (net)	-172	-212	-275	-79	-133	-163	-112
Other identified capital transactions ⁽¹⁾	+167	+1,000	+1,997	+736	+264	+907	+1,090
C. BALANCING ITEM	+397	+114	+429	+145	-31	+275	+154
Total Currency Flow (A+B+C)	+743	+1,287	+3,228	+1,142	+145	+1,607	+1,621
Allocation of Special Drawing Rights (+)	—	+171	+125	+171	—	+125	—
Gold subscription to IMF (-)	—	-38	—	—	-38	—	—
Total of above	+743	+1,420	+3,353	+1,313	+107	+1,732	+1,621
Official financing:							
Net transactions with overseas monetary authorities	-699	-1,295	-1,817	-1,203	-92	-1,402	-415
Official reserves (drawings on, +/additions to, -)	-44	-125	-1,536	-110	-15	-330	-1,206 ⁽²⁾

⁽¹⁾ Including Euro-dollar borrowing in London for investment overseas.

⁽²⁾ From 23 August, 1971, valued in sterling at the rates of exchange at which transactions occurred. Therefore in the second half of 1971 the sterling valuation of the flow does not equal the difference between the published figures of the opening and closing levels calculated at the middle rates.

THE ECONOMIC OUTLOOK TO MID-1973

Domestic prospects

19. The appraisal of the domestic outlook in the following paragraphs and in Table 4 is focused on the likely path of demands on resources. The margins of error are wide; and the actual course of events must be sensitive to the degree of inflationary pressure in the economy. This is likely to continue to influence employers' attitudes to investment, the level of stocks and manning, as well as the international competitiveness of the United Kingdom.

20. During the eighteen months' period from the second half of 1971 to the first half of 1973 the gross domestic product is forecast to increase at an annual rate of about 5 per cent. The sources of expansion are expected to be widely spread between the different components of final expenditure. Gross domestic product is forecast to rise faster over the period than the estimated growth of productive potential, so that the pressure of demand should rise and the level of unemployment should decline.

21. The following paragraphs sketch in outline the prospects for each of the main components of demand in terms of the annual rate of increase between the second half of 1971 and the first half of 1973. The full run of figures, by half-years, is given in Table 4.

22. Total demand for goods and services by the public sector is forecast to rise at an annual rate of about 3½ per cent; quite a rapid increase in the early part of the period, reflecting the accelerated programmes announced during 1971, is followed by a slower increase later. In volume terms *public authorities' current expenditure on goods and services*⁽¹⁾ is expected to increase at an annual rate of 2½–3 per cent. Within the total, expenditure by local authorities shows the stronger rise. *Public sector investment*⁽¹⁾ is forecast to increase at an annual rate of 4½ per cent. Public corporations' investment rises gently in the period. Increases in investment are forecast for the electricity industry, the British Steel Corporation and the Post

⁽¹⁾ The figures mentioned here and given in Tables 1 and 4 differ from the usual published series and from those shown in the corresponding categories in Table 5 for the following reasons:

- (a) All series are revalued at constant 1963 prices.
- (b) Some of the figures for the past have been smoothed.
- (c) The figures exclude purchases and sales of land and existing buildings.

The forecast movements between the financial years 1971–72 and 1972–73 are increases of 2½–3 per cent in public authorities' consumption and about 5 per cent in public sector investment.

Office. Public authorities' investment should rise strongly, reflecting increases in the Roads, Health and Personal Social Services, and Miscellaneous Local Services programmes.

23. A strong rise at an annual rate of about 8½ per cent is forecast for the total of *private sector fixed investment*. The official investment intentions inquiry, published in January, suggested a year-on-year fall in manufacturing fixed investment in 1972 and a rise in 1973, and some increases in fixed investment by the distributive and service industries (other than shipping) in both years; but this inquiry was held before the present Budget changes were known. The inquiry also indicated a substantial rise in fixed investment by the shipping industry in 1972 but possibly a reduction in 1973. Demand for private sector housing should continue to increase over the period covered by the forecast. The supply of funds, given the expected inflow into building societies, is unlikely to be a limiting factor.

24. The rate of *stockbuilding* is expected to rise substantially from the very low level experienced in both halves of last year.

25. *Consumers' expenditure*, which forms more than half of total final expenditure, is forecast to rise at an annual rate of about 5 per cent—about twice as fast as between the second halves of 1970 and 1971.

The balance of payments

26. World trade in manufactures (by volume) is expected to rise faster over the period of the forecast than in 1970 and 1971. The volume of *exports of goods and services* is forecast to increase by 4–4½ per cent a year.

27. The forecasts of domestic demand and exports together give an increase in *total final expenditure* of 5½–6 per cent a year. Associated with this rise, *imports of goods and services* are forecast to rise faster, by about 9½ per cent a year. In 1972 the current account surplus is, therefore, likely to be lower than last year.

28. Net invisible earnings should be maintained at around their recent high level, but the balance of visible trade is expected to be less favourable than in 1971.

29. The total currency flow cannot be forecast with any certainty. It depends not only on the current balance but also on the flow of investment and capital items, including overseas aid, net trade credit, outward and inward private investment and monetary transactions.

TABLE 4. FORECASTS OF EXPENDITURE, IMPORTS AND GROSS DOMESTIC PRODUCT⁽¹⁾

	£ million at 1963 prices, seasonally adjusted									
	Public expenditure on goods and services			Private 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
	Consumers' expenditure	Public authorities' consumption	Public investment							
1969	22,700	5,800	2,920	3,870	8,170	340	43,800	7,950	4,200	31,650
1970	23,370	5,870	2,880	3,980	8,590	290	44,980	8,370	4,420	32,190
1971	23,850	6,070	2,960	3,980	8,980	60	45,900	8,820	4,620	32,460
1972	25,220	6,230	3,110	4,240	9,380	350	48,530	9,590	4,940	34,000
1969 first half	11,280	2,900	1,470	1,910	3,960	240	21,760	3,970	2,070	15,720
1970 first half	11,420	2,900	1,450	1,960	4,210	100	22,040	3,980	2,130	15,930
1971 first half	11,550	2,930	1,450	1,960	4,290	110	22,290	4,130	2,170	15,990
1972 first half	11,820	2,940	1,430	2,020	4,300	180	22,690	4,240	2,250	16,200
1971 first half	11,750	3,020	1,490	1,960	4,410	40	22,670	4,400	2,230	16,040
1972 first half	12,100	3,050	1,470	2,020	4,570	20	23,230	4,420	2,390	16,420
1972 first half	12,400	3,090	1,550	2,070	4,600	90	23,800	4,700	2,430	16,670
1973 first half	12,820	3,140	1,560	2,170	4,780	260	24,730	4,890	2,510	17,330
1973 first half	13,040	3,180	1,570	2,280	4,870	340	25,280	5,070	2,550	17,660
Percentage changes										
First half 1970 to first half 1971	1.7	3.1	2.8	—	2.8		1.7	6.5	2.8	0.3
Second half 1970 to second half 1971	2.4	3.7	2.8	—	6.3		2.4	4.2	6.2	1.4
First half 1971 to first half 1972	5.5	2.3	4.0	5.6	4.3		5.0	6.8	9.0	3.9 ⁽²⁾
Second half 1971 to second half 1972	6.0	3.0	6.1	7.4	4.6		6.5	10.6	5.0	5.5
First half 1972 to first half 1973	5.2	2.9	1.3	10.1	5.9		6.2	7.9	4.9	5.9 ⁽²⁾
Second half 1971 to first half 1973 (annual rate)	5.1	2.8	4.5	8.4	4.3		5.8	9.6	4.4	5.0

⁽¹⁾ All figures in Table 4 are based on the "compromise" estimate of gross domestic product. For further explanation, see note to Table 1.

⁽²⁾ These figures are affected by the coal strike and associated power cuts, which reduced output in the first half of 1972. Adjusting for the effect of the strike would raise the figure of 3.9 per cent and lower the figure of 5.9 per cent.

Note: The rounding of the figures in the table to the nearest £10 million does not imply accuracy of this order; similar reservations apply to the percentage changes given in the table.

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 1963 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 1971–72 and in 1972–73 are measured at the estimated outturn prices of each year. In Tables 5 and 7 the 1971 Budget estimates for 1971–72 are shown alongside the provisional outturn and for 1972–73 the estimated position before and after the 1972 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 to mid-March. 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.

* 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.

Table 5 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 6 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 7 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.

The estimate of public expenditure in 1972–73 which is shown in Table 6 as £28,560 million is about £1,200 million higher than the corresponding estimate (adjusted for imputed rent and price changes) in Public Expenditure to 1975–76 (Cmd. 4829). The reasons for this increase are the additions to the White Paper programmes which have been announced for the purposes of helping to regulate demand and to deal with unemployment (£300 million), including the bringing forward of payments of post-war credits; the 1972 Agricultural Price Review and the subsidy to the Sugar Board, (£75 million); the increased provision for social security benefits (£300 million); the further industrial and regional measures included in the Budget (£170 million); and the effect of changes announced by the Secretary of State for Trade and Industry on 15 March in the arrangements for providing finance for exports and shipbuilding (£350 million).

TABLE 5. PUBLIC SECTOR TRANSACTIONS

	1971-72		1972-73 Estimate	
	Budget estimate ⁽¹⁾	Provisional outturn	Before Budget changes	After Budget changes
CURRENT RECEIPTS				
Taxes on income	8,343	8,216	9,250	8,251
National insurance contributions, etc. ...	2,990	2,985	3,520	3,520
Taxes on expenditure, central government ⁽²⁾ ...	6,552	6,652	6,892	6,741
Local rates	2,135	2,167	2,489	2,489
Gross trading surplus ⁽³⁾ —				
Central government and local authorities ...	142	125	124	124
Public corporations	1,575	1,516	1,670	1,670
Rent ⁽³⁾	1,297	1,348	1,500	1,500
Interest, dividends, etc.	323	321	319	319
TOTAL	23,357	23,330	25,764	24,614
CAPITAL RECEIPTS				
Current surplus ⁽³⁾	4,562	4,112	4,332	3,152
Taxes on capital... ..	662	719	798	727
Capital transfers	22	22	28	28
Receipts from certain pension "funds" (net) ...	66	69	66	66
Adjustments for accruals of—				
Taxes on expenditure	—20	—20	—25	—15
Subsidies	—	—	—	—
Import deposits	—115	—112	—	—
Miscellaneous capital transactions (net) ⁽⁴⁾ ...	—452	—294	—218	—218
Borrowing requirement (net balance) ⁽⁵⁾ —				
Central government ⁽⁶⁾	686	731	1,740	3,116
Local authorities ⁽⁷⁾	510	573	404	409
Public corporations ⁽⁸⁾	13	32	—167	—167
Total borrowing requirement	1,209	1,336	1,977	3,358
TOTAL	5,934	5,832	6,958	7,098

(1) Differences from the figures given in Table 5 of the Financial Statement and Budget Report 1971-72 (H.C. 330—30 March, 1971) reflect changes of classification.

(2) Includes selective employment tax.

(3) Before allowing for depreciation and stock appreciation.

(4) For 1971-72 refinancable export and shipbuilding credits are included in "miscellaneous capital transactions". For 1972-73 export credits are included in "other net lending and investment abroad"; shipbuilding credits are included partly in "miscellaneous capital transactions" and partly in "net lending to private sector".

(5) Defined as in Financial Statistics.

(6) Includes borrowing of £72 million in 1971-72 and £183 million in 1972-73 to finance redemption of nationalised industries' stock.

(7) Borrowing other than from central government and public corporations.

(8) Borrowing other than from central government and local authorities; includes redemption of stock.

BY ECONOMIC CATEGORY

£ million

	1971-72		1972-73 Estimate	
	Budget estimate ⁽¹⁾	Provisional outturn	Before Budget changes	After Budget changes
CURRENT EXPENDITURE				
Current expenditure on goods and services—				
Central government	5,936	6,280	6,932	6,932
Local authorities	4,369	4,320	4,885	4,885
Subsidies—				
Central government	860	920	944	969
Local authorities	112	140	104	104
Debt interest	2,223	2,237	2,307	2,307
Current grants to personal sector—				
Central government	4,909	4,926	5,676	5,681
Local authorities	196	190	335	335
Current grants abroad	190	205	249	249
Total current expenditure	18,795	19,218	21,432	21,462
Current surplus ⁽²⁾	4,562	4,112	4,332	3,152
TOTAL	23,357	23,330	25,764	24,614
CAPITAL EXPENDITURE				
Gross domestic fixed capital formation—				
Central government	679	623	735	740
Local authorities	2,077	2,104	2,326	2,331
Nationalised industries	1,736	1,786	1,965	1,965
Other public corporations	158	166	209	209
Increase in value of stocks—				
Central government	46	55	55	55
Nationalised industries	—8	13	104	104
Capital grants to private sector	942	783	814	944
Net lending to private sector ⁽⁴⁾	172	139	237	237
Net lending to overseas governments	63	86	71	71
Drawings from United Kingdom subscriptions to international lending bodies... ..	20	21	29	29
Other net lending and investment abroad ⁽⁴⁾ ...	26	44	364	364
Cash expenditure on company securities (net) ...	23	12	49	49
TOTAL	5,934	5,832	6,958	7,098

TABLE 6. PUBLIC SECTOR TRANSACTIONS BY ECONOMIC CATEGORY AND SUB-SECTOR

£ million

Receipts positive/payments negative	1971-72 Provisional outturn				1972-73 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	8,226	—	—10	8,216	8,263	—	—12	8,251
National insurance contributions, etc....	2,985	—	—	2,985	3,520	—	—	3,520
Taxes on expenditure	6,652	2,167 ⁽²⁾	—	8,819	6,741	2,489 ⁽²⁾	—	9,230
Gross trading surplus ⁽³⁾	41	84	1,516	1,641	35	89	1,670	1,794
Rent ⁽³⁾ , interest and dividends, etc. ...	234	1,281	154	1,669	230	1,427	162	1,819
Taxes on capital and other capital transfers	719	—	22	741	727	—	28	755
Other financial transactions ⁽⁴⁾	—214	—100	—43	—357	169	—50	—286	—167
Borrowing requirement	731	573	32	1,336	3,116	409	—167	3,358
TOTAL RECEIPTS	19,374	4,005	1,671	25,050	22,801	4,364	1,395	28,560
B. EXPENDITURE								
Current expenditure on goods and services	—6,280	—4,320	—	—10,600	—6,932	—4,885	—	—11,817
Debt interest	—1,422	—705	—110	—2,237	—1,492	—695	—120	—2,307
Current grants to personal sector	—4,926	—190	—	—5,116	—5,681	—335	—	—6,016
Other current expenditure	—1,125	—140	—	—1,265	—1,218	—104	—	—1,322
Gross domestic fixed capital formation ...	—623	—2,104	—1,952	—4,679	—740	—2,331	—2,174	—5,245
Increase in value of stocks	—55	—	—13	—68	—55	—	—104	—159
Capital transfers	—720	—63	—	—783	—851	—93	—	—944
Lending, etc.	—174	—67	—61	—302	—529	—104	—117	—750
TOTAL EXPENDITURE	—15,325	—7,589	—2,136	—25,050 ⁽⁵⁾	—17,498	—8,547	—2,515	28,560
C. TRANSACTIONS WITHIN PUBLIC SECTOR								
Interest and dividends	1,192	—412	—780	—	1,359	—486	—873	—
Current grants	—2,955	2,955	—	—	—3,401	3,401	—	—
Capital grants	—247	193	54	—	—320	269	51	—
Net lending	—2,039	848	1,191	—	—2,941	999	1,942	—
TOTAL	—4,049	3,584	465	—	—5,303	4,183	1,120	—

(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) This figure is £115 million above the comparable total in the November White Paper on Public Expenditure to 1975-76 (Cmd. 4829), after including imputed rent. £100 million of this increase is the recently announced subsidy to the National Coal Board.

TABLE 7. PUBLIC SECTOR FINANCIAL SURPLUS AND BORROWING

£ million

	1971-72		1972-73 Estimate	
	Budget estimate	Provisional outturn	Before Budget changes	After Budget changes
TOTAL PUBLIC SECTOR				
Saving ⁽¹⁾	4,562	4,112	4,332	3,152
Capital transfers (net)	—258	—42	12	—189
Less: Gross domestic fixed capital formation ...	—4,650	—4,679	—5,235	—5,245
Increase in value of stocks	—38	—68	—159	—159
Financial deficit	—384	—677	—1,050	—2,441
Financial transactions:				
Increase (—) in assets, etc. ⁽²⁾	—825	—659	—927	—917
Borrowing requirement	1,209	1,336	1,977	3,358
CENTRAL GOVERNMENT				
Saving ⁽¹⁾	3,157	2,622	2,604	1,424
Capital transfers (net)	—490	—248	—243	—444
Less: Gross domestic fixed capital formation ...	—679	—623	—735	—740
Increase in value of stocks	—46	—55	—55	—55
Financial surplus	1,942	1,696	1,571	185
Financial transactions:				
Net lending to local authorities and public corporations				
Increase (—) in other assets, etc. ⁽²⁾	—2,102	—2,039	—2,941	—2,941
Borrowing requirement ⁽³⁾	—526	—388	—370	—360
LOCAL AUTHORITIES				
Saving ⁽¹⁾	578	720	901	901
Capital transfers (net)	149	130	176	176
Less: Gross domestic fixed capital formation ...	—2,077	—2,104	—2,326	—2,331
Financial deficit	—1,350	—1,254	—1,249	—1,254
Financial transactions:				
Increase (—) in assets, etc. ⁽²⁾	—81	—167	—154	—154
Borrowing within public sector	921	848	999	999
Borrowing from other sources	510	573	404	409
PUBLIC CORPORATIONS				
Saving ⁽¹⁾	827	770	827	827
Capital transfers (net)	83	76	79	79
Less: Gross domestic fixed capital formation ...	—1,894	—1,952	—2,174	—2,174
Increase in value of stocks	8	—13	—104	—104
Financial deficit	—976	—1,119	—1,372	—1,372
Financial transactions:				
Increase (—) in assets, etc. ⁽²⁾	—228	—112	—403	—403
Borrowing from central government	1,191	1,199	1,942	1,942
Borrowing from other sources ⁽³⁾	13	32	—167	—167

(1) This is the current surplus 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.
(2) Includes unidentified items.
(3) Includes borrowing of £72 million in 1971-72 and £183 million in 1972-73 to finance redemption of nationalised industries' stock.
(4) Includes lending to local authorities.
(5) Includes redemption of stock.

PART III **CENTRAL GOVERNMENT TRANSACTIONS**

TABLE 8. SUMMARY OF CONSOLIDATED FUND RECEIPTS AND ISSUES

£ million				
	1971-72		1972-73 Estimate	
	Budget estimate	Provisional outturn	Before Budget changes	After Budget changes
REVENUE (Table 9)				
Taxation	16,217	16,247	17,411	16,212
Miscellaneous Receipts	545	650	627	627
TOTAL	16,762	16,897	18,038	16,839
EXPENDITURE (Table 10)				
Supply Services	13,871	14,800	15,672	15,849
Consolidated Fund Standing Services	575	699	775	775
TOTAL	14,446	15,499	16,447	16,624
SURPLUS TRANSFERRED TO THE NATIONAL LOANS FUND (Table 11)	2,316	1,398	1,591	215

TABLE 9. TAXATION AND MISCELLANEOUS RECEIPTS

£ million

	1971-72		1972-73 Estimate	
	Budget estimate	Provisional outturn	Before Budget changes	After Budget changes
TAXATION				
<i>Inland Revenue—</i>				
Income Tax	6,491	6,452	7,620	6,646
Surtax	360	355	360	352
Corporation Tax	1,620	1,550	1,400	1,395
Capital Gains Tax	165	160	200	200
Death Duties	375	440	480	409
Stamp Duties	108	160	170	170
Other	1	3	2	2
Total Inland Revenue	9,120	9,120	10,232	9,174
<i>Customs and Excise—</i>				
Purchase Tax	1,495*	1,430	1,450	1,315
Oil	1,460	1,440	1,570	1,570
Tobacco	1,100	1,125	1,140	1,140
Spirits, Beer and Wine	1,000	1,005	1,071	1,065
Betting and Gaming	145	155	175	175
Other Revenue Duties	10	11	11	11
Protective Duties, etc.	261	270	300	300
Import Levies	4	6	20	20
Import Deposits	-116	-112	—	—
Total Customs and Excise	5,359	5,330	5,737	5,596
Motor Vehicle Duties	440	473	475	475
Selective Employment Tax (gross)†	1,298	1,324	967	967
TOTAL TAXATION	16,217‡	16,247‡	17,411	16,212
MISCELLANEOUS RECEIPTS				
Broadcast Receiving Licences	120	122	132	132
Interest and Dividends	105	103	100	100
Other	320	425	395	395
Total	16,762	16,897	18,038	16,839

* After allowing for the reduction in Purchase Tax rates announced on 19 July, 1971 this estimate became £1,385 million.

† Net yield of selective employment tax from the private sector and public corporations (see note (2) on page 22) 219 222 224 224

‡ It is estimated that, as a result of the postal strike, the following receipts due in 1970-71 were received in 1971-72:—

£ million	
Inland Revenue	100
Customs and Excise	20
Motor Vehicle Duties	7
Selective Employment Tax	20
Total	147

The figures in the above table and in Tables 8 and 11 reflect this. It is estimated that receipts of £28 million from National Insurance contributions were similarly affected and the combined total of £175 million is reflected in Tables 5-7, 13 and 14.

TABLE 10. SUPPLY SERVICES AND CONSOLIDATED FUND
STANDING SERVICES

	1971-72		1972-73 Estimate	
	Budget estimate*	Provisional outturn	Before Budget changes	After Budget changes
SUPPLY SERVICES				
I. Government and Finance	213	251	248	248
II. Commonwealth and Foreign	312	358	346	346
III. Home and Justice	332	379	409	409
IV. Trade, Industry and Employment	2,390	2,450	1,781	1,781
V. Agriculture	435	483	470	470
VI. Environmental Services	3,857	3,920	4,400	4,400
VII. Social Services	3,387	3,650	3,783	3,783
VIII. Education and Science	563	584	639	639
IX. Museums, Galleries and the Arts	25	28	28	28
X. Other Public Departments and Common	244	290	288	288
Governmental Services	41	49	47	47
XI. Miscellaneous	2,350	2,358	2,628	2,628
XII. Ministry of Defence				
Total	14,149	14,800	15,067	15,067
Supplementary provision (net)	-278	—	605†	782‡
TOTAL SUPPLY SERVICES	13,871	14,800	15,672	15,849
CONSOLIDATED FUND STANDING SERVICES				
Payment to the National Loans Fund in respect of service of the National Debt	225	328	230	230
Northern Ireland—share of reserved taxes, etc.	320	340	372	372
Post-war credits (including interest)	17	19	130	130
Payments to the European Communities	—	—	30	30
Other Services	13	12	13	13
Total	14,446	15,499	16,447	16,624

* Differences from the figures in Table 10 of the Financial Statement and Budget Report 1971-72 (H.C. 330—30 March, 1971) reflect changes of classification.
† This is the estimated increase in Supply Votes in 1972-73 to take account of the following:

	£ million	£ million
Refinance of export and shipbuilding credits	350	
Social Security: additional provision for benefits	117	
Agricultural Price Review	49	
Civil Service pay increase	44	
Sugar Board subsidy	25	
Assistance to Govan Shipbuilders Ltd.	10	
Industrial training and environmental assistance	10	
Total	605	605
Industrial and Regional Measures		165
Corporation Tax: increased overspill relief		12
		782

TABLE 11. NATIONAL LOANS FUND
Summary of Receipts and Payments

	Receipts		Payments		£ million			
	1971-72		1972-73 Estimate		1971-72			
	Budget estimate	Provisional outturn	Before Budget changes	After Budget changes	Budget estimate	Provisional outturn	Before Budget changes	After Budget changes
INTEREST, ETC.								
Interest on loans, profits of the Issue Department of the Bank of England, etc.	1,345	1,315	1,495	1,495	1,525	1,596	1,675	1,675
Service of the National Debt—balance met from the Consolidated Fund	225	328	230	230	45	47	50	50
TOTAL	1,570	1,643	1,725	1,725	1,570	1,643	1,725	1,725
CONSOLIDATED FUND SURPLUS	2,316	1,398	1,591	215				
BORROWING:								
To finance issues for redemption of nationalised industries' stock	72	72	183	183	72†	72†	183‡	183‡
Other (net)§	-336	495	1,108	2,484	910	949	1,501	1,501
					157	130	179	179
					885	805	969	969
					-3	-20	-7	-7
					31	29	57	57
TOTAL	3,622	3,608	4,607	4,607	2,052	1,965	2,882	2,882
					3,622	3,608	4,607	4,607

* Details in Table 12.

† See note * on page 20.

‡ See note † on page 20.

§ Minus sign indicates a net repayment of debt.

TABLE 12. LOANS FROM THE NATIONAL LOANS FUND
(Net issues)

£ million

			1971-72		1972-73 Estimate
	Budget estimate	Provisional outturn			
LOANS TO NATIONALISED INDUSTRIES:					
National Coal Board	32	116	99		
Electricity Council	176	138	320		
North of Scotland Hydro-Electric Board	8	11	28†		
South of Scotland Electricity Board	44	45	78		
Gas Council	300*	198*	288†		
British Steel Corporation	289	144	368		
Post Office	274	288	375		
British Overseas Airways Corporation	—	—	—†		
British European Airways Corporation	37	37	24†		
British Airports Authority	5	—	—		
British Railways Board	41	39	40		
British Transport Docks Board	11	3	10		
British Waterways Board	1	—	1		
Transport Holding Company	—	2	—2		
National Freight Corporation	10	—	5		
National Bus Company	4	—	—		
Allowance for shortfall (—), or possible underestimation	—250	—	50		
TOTAL	982*	1,021*	1,684†		
LOANS TO OTHER PUBLIC CORPORATIONS:					
New Towns—Development Corporations and Commission	125	101	133		
Scottish Special Housing Association	14	13	14		
Housing Corporation	13	12	18		
Covent Garden Market Authority	5	4	7		
Sugar Board	—	—	—7		
Civil Aviation Authority	—	—	—		
TOTAL	157	130	179		
LOANS TO LOCAL AND HARBOUR AUTHORITIES:					
Local Authorities	860	785	905		
Harbour Authorities	25	20	64		
TOTAL	885	805	969		
LOANS TO PRIVATE SECTOR:					
Shipbuilding Industry Board	5	3	—		
Ship Credit Scheme	—4	—5	—4		
Housing Associations	—	—	—		
Building Societies	—4	—18	—3		
TOTAL	—3	—20	—7		
LOANS WITHIN CENTRAL GOVERNMENT:					
Purchase of United States military aircraft	—34	—40	—39		
Married quarters for armed forces	—	—	—		
Town and Country Planning compensation	—4	—4	—4		
Redundancy Fund	—	9	11		
Northern Ireland Exchequer	69	64	89		
TOTAL	31	29	57		
Total—Net Lending	2,052*	1,965*	2,882†		

* Includes advances to repay £72 million of 3½ per cent British Gas Guaranteed Stock 1969-71.

† Includes advances to repay £179 million of British Gas 4 per cent Guaranteed Stock, 1969-72 and £4 million of North of Scotland Electricity 2½ per cent Guaranteed Stock, 1967-72, respectively.

‡ With effect from 1 April, 1972, advances to the British Overseas Airways Corporation and to the British European Airways Corporation will be made through the British Airways Board.

Further details of these items are contained in the White Paper on Loans from the National Loans Fund (Cmd. 4936).

TABLE 13. CENTRAL GOVERNMENT TRANSACTIONS BY ECONOMIC CATEGORY

£ million

	1971-72		1972-73 Estimate			1971-72		1972-73 Estimate	
	Budget estimate ⁽¹⁾	Provisional outturn	Before Budget changes	After Budget changes		Budget estimate ⁽¹⁾	Provisional outturn	Before Budget changes	After Budget changes
CURRENT RECEIPTS					CURRENT EXPENDITURE				
Taxes on income ...	8,347	8,226	9,262	8,263	Current expenditure on goods and services ...	5,936	6,280	6,932	6,932
National insurance contributions ...	2,704	2,697	3,238	3,238	Subsidies ...	860	920	944	969
National health contributions ...	234	236	231	231	Debt interest ...	1,365	1,422	1,492	1,492
Redundancy fund contributions ...	52	52	51	51	Current grants to—				
Taxes on expenditure ⁽²⁾ ...	6,552	6,652	6,892	6,741	Local authorities ...	2,982	2,955	3,401	3,401
Gross trading surplus ⁽²⁾ ...	55	41	35	35	Personal sector ...	4,909	4,926	5,676	5,681
Rent ⁽²⁾ ...	104	113	111	111	Abroad ...	190	205	249	249
Interest and dividends from—					Total current expenditure ...	16,242	16,708	18,694	18,724
Local authorities ...	459	412	486	486	Current surplus ⁽²⁾ ...	3,157	2,622	2,604	1,424
Public corporations ...	784	780	873	873					
Other ...	108	121	119	119	TOTAL ...	19,399	19,330	21,298	20,148
TOTAL ...	19,399	19,330	21,298	20,148					
CAPITAL RECEIPTS					CAPITAL EXPENDITURE				
Current surplus ⁽²⁾ ...	3,157	2,622	2,604	1,424	Gross domestic fixed capital formation	679	623	735	740
Taxes on capital ...	662	719	798	727	Increase in value of stocks ...	46	55	55	55
Receipts from certain pension funds ⁽²⁾ (net) ...	66	69	66	66	Capital grants to—				
Adjustments for accruals of—					Local authorities ...	209	193	264	269
Taxes on expenditure ...	-20	-20	-25	-15	Public corporations ...	61	54	51	51
Subsidies ...	—	—	—	—	Private sector ...	882	720	726	851
Import deposits ...	-115	-112	—	—	Net lending to—				
Miscellaneous capital transactions (net) ⁽²⁾ ...	-318	-151	118	118	Local authorities ...	911	840	999	999
Borrowing requirement (net balance)—					Public corporations—				
Redemption of nationalised industries' stock	72	72	183	183	Redemption of nationalised industries' stock ...	72	72	183	183
Other ...	614	659	1,557	2,933	Other ...	1,119	1,127	1,759	1,759
Total borrowing requirement ...	686	731	1,740	3,116	Private sector ⁽²⁾ ...	36	50	88	88
					Net lending to overseas governments ...	63	86	71	71
					Drawings from United Kingdom subscriptions to international lending bodies ...	20	21	29	29
					Other net lending and investment abroad ⁽²⁾ ...	3	2	303	303
					Cash expenditure on company securities (net) ...	17	15	38	38
TOTAL ...	4,118	3,858	5,301	5,436	TOTAL ...	4,118	3,858	5,301	5,436

(1) Differences from the figures given in Table 13 of the Financial Statement and Budget Report 1971-72 (H.C. 330—30 March, 1971) reflect changes of classification.

(2) Includes selective employment tax—see Table 14.

(3) Before allowing for depreciation and stock appreciation.

(4) For 1971-72, refinancable export and shipbuilding credits are included in "miscellaneous capital transactions". For 1972-73, export credits are included in "other net lending and investment abroad"; shipbuilding credits are included partly in "miscellaneous capital transactions" and partly in "net lending to private sector".

TABLE 14. CENTRAL GOVERNMENT TRANSACTIONS BY ECONOMIC CATEGORY
Analysis and reconciliation by fund—1971-72 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 surplus	Receipts	Payments		
A. RECEIPTS							
(i) Items entering into public sector receipts (see Table 6)							
Taxes on income	8,257	-31	—	—	—	—	8,226
National insurance contributions, etc.	—	227	—	—	—	2,758	2,985
Taxes on expenditure: Selective employment tax	1,324	-894	—	—	—	10	440 ⁽²⁾
Other	6,153	20	—	—	—	39	6,212
Other current receipts	82	88	—	7	—	98	275
Taxes on capital and other capital transactions (net)	616	66	—	—	—	-177	505
Borrowing requirement (net balance) ⁽³⁾	—	-33	—	567	—	197	731
TOTAL	16,432	-557	—	574	—	2,925	19,374
(ii) Interest and dividends received from local authorities and public corporations	24	—	—	1,126	—	42	1,192
TOTAL RECEIPTS	16,456	-557	—	1,700	—	2,967	20,566 ⁽⁴⁾
B. EXPENDITURE							
(i) Items entering into public sector expenditure (see Table 6)							
Current expenditure on goods and services	18	-6,033	-6	—	-8	-251	-6,280
Debt interest	—	-34	—	—	-1,292	-96	-1,422
Current grants to personal sector	1	-1,645	-19	—	—	-3,263	-4,926
Other current expenditure	—	-1,082	—	—	—	-43	-1,125
Gross domestic fixed capital formation	11	-603	—	—	—	-31	-623
Other capital expenditure	108	-969	-3	—	20	-105	-949
TOTAL	138	-10,366	-28	—	-1,280	-3,789	-15,325
(ii) Grants and net lending to local authorities and public corporations	8	-3,110	—	—	-1,956	-183	-5,241
TOTAL EXPENDITURE	146	-13,476	-28	—	-3,236	-3,972	-20,566 ⁽⁴⁾
C. TRANSACTIONS WITHIN CENTRAL GOVERNMENT							
Grant to National Insurance Funds	—	-512	—	—	—	512	—
Northern Ireland central government: transfers and loans	—	-2	-340	—	-64	406	—
Purchase of United States military aircraft	—	-40	—	—	40	—	—
Other loans and advances	—	-4	-3	—	-5	12	—
Debt interest (including profits of Issue Department)	16	-16	-328	510	-343	161	—
B.B.C. licence revenue	122	-122	—	—	—	—	—
Surplus receipts for surrender, etc.	157	-71	—	—	—	-86	—
Surplus on Consolidated Fund	—	—	-1,398	1,398	—	—	—
TOTAL INTERNAL TRANSACTIONS	295	-767	-2,069	1,908	-372	1,005	—
Grand Total (A, B and C)	16,897 ⁽⁵⁾	-14,800 ⁽⁵⁾	-2,097 ⁽⁵⁾	3,608 ⁽⁶⁾	-3,608 ⁽⁶⁾	—	—

- (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) This figure includes, in accordance with the national income accounts treatment, the net yield from the private sector and public corporations (as shown in the footnote to Table 9) together with payments of tax by the central government and local authorities.
(³) The borrowing requirement of the central government comprises the borrowing of the National Loans Fund less (or plus) any surplus (or deficit) on the National Insurance Funds, and changes in departmental balances invested in government debt, etc.
(⁴) As included within Table 13.
(⁵) As included in Table 8.
(⁶) As included in Table 11.

TABLE 14. CENTRAL GOVERNMENT TRANSACTIONS BY ECONOMIC CATEGORY
Analysis and reconciliation by fund—1972-73 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 surplus	Receipts	Payments		
A. RECEIPTS							
(i) Items entering into public sector receipts (see Table 6)							
Taxes on income	8,290	-27	—	—	—	—	8,263
National insurance contributions, etc.	—	223	—	—	—	3,297	3,520
Taxes on expenditure: Selective employment tax	967	-597	—	—	—	27	397 ⁽²⁾
Other	6,291	20	—	—	—	33	6,344
Other current receipts	79	89	—	6	—	91	265
Taxes on capital and other capital transactions (net)	765	63	—	—	—	68	896
Borrowing requirement (net balance) ⁽³⁾	—	11	—	2,667	—	438	3,116
TOTAL	16,392	-218	—	2,673	—	3,954	22,801
(ii) Interest and dividends received from local authorities and public corporations	20	—	—	1,296	—	43	1,359
TOTAL RECEIPTS	16,412	-218	—	3,969	—	3,997	24,160 ⁽⁴⁾
B. EXPENDITURE							
(i) Items entering into public sector expenditure (see Table 6)							
Current expenditure on goods and services	18	-6,284	-6	—	-7	-653	-6,932
Debt interest	—	-33	—	—	-1,361	-98	-1,492
Current grants to personal sector	—	-1,705	-130	—	—	-3,846	-5,681
Other current expenditure	—	-1,128	-30	—	—	-60	-1,218
Gross domestic fixed capital formation	6	-728	—	—	—	-18	-740
Other capital expenditure	81	-1,405	-4	—	7	-114	-1,435
TOTAL	105	-11,283	-170	—	-1,361	-4,789	-17,498
(ii) Grants and net lending to local authorities and public corporations	7	-3,428	—	—	-2,832	-409	-6,662
TOTAL EXPENDITURE	112	-14,711	-170	—	-4,193	-5,198	-24,160 ⁽⁴⁾
C. TRANSACTIONS WITHIN CENTRAL GOVERNMENT							
Grant to National Insurance Funds	—	-591	—	—	—	591	—
Northern Ireland central government: transfers and loans	—	-4	-372	—	-89	465	—
Purchase of United States military aircraft	—	-39	—	—	39	—	—
Other loans and advances	—	-4	-3	—	-7	14	—
Debt interest (including profits of Issue Department)	16	-12	-230	423	-357	160	—
B.B.C. licence revenue	132	-132	—	—	—	—	—
Surplus receipts for surrender, etc.	167	-138	—	—	—	-29	—
Surplus on Consolidated Fund	—	—	-215	215	—	—	—
TOTAL INTERNAL TRANSACTIONS	315	-920	-820	638	-414	1,201	—
Grand Total (A, B and C)	16,839 ⁽⁵⁾	-15,849 ⁽⁵⁾	-990 ⁽⁵⁾	4,607 ⁽⁶⁾	-4,607 ⁽⁶⁾	—	—

- (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) This figure includes, in accordance with the national income accounts treatment, the net yield from the private sector and public corporations (as shown in the footnote to Table 9) together with payments of tax by the central government and local authorities.
(³) The borrowing requirement of the central government comprises the borrowing of the National Loans Fund less (or plus) any surplus (or deficit) on the National Insurance Funds, changes in departmental balances invested in government debt, etc.
(⁴) As included within Table 13.
(⁵) As included in Table 8.
(⁶) As included in Table 11.

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 allowance from £325 to £460 and the married allowance from £465 to £600 (the corresponding unified allowances are £595 and £775 respectively).

It is proposed to raise the limits for age exemption for persons aged 65 and over for 1972-73 from £530 for single persons and £825 for married couples to £634 and £929 respectively.

It is proposed to increase the limit for small income relief (whereby relief from tax is given on two-ninths of total income instead of two-ninths of earned income) from £450 to £550.

It is proposed to allow as a deduction the contributions paid by Civil Servants, etc., to their Widows' and Children's Pension Scheme.

It is proposed to exempt from tax (for the year 1972-73 only) such increases in National Insurance pensions as take effect in the course of that year.

It is proposed that all Post-War Credits paid after 1 April, 1972 shall carry interest at 38 per cent.

It is proposed to amend the law so as to exempt from income tax, when certain conditions are satisfied, gains realised by a director or employee on the exercise of a share option on or after 6 April, 1972.

It is proposed to introduce provisions charging income tax on benefits resulting from the acquisition, on or after 6 April, 1972, of shares or an interest in shares or a right to acquire shares by any person as a director or employee of a body corporate, unless certain conditions are satisfied.

It is proposed to charge income tax (and, where appropriate, surtax subject to "top-slicing" relief) on a proportion of the consideration for the sale or surrender of certain short leases where the premises are leased back to the lessee for 15 years or less.

It is proposed to restore tax relief for interest paid, as it existed up to 1969, subject to disallowance of the first £35 paid in the year. Interest on loans (but not overdrafts) incurred to buy or improve houses, etc., or to buy plant or machinery to be used for the purposes of a partnership or employment, will not be subject to the £35 disallowance.

It is proposed to impose a charge to income tax to offset relief for interest where dated securities bought with borrowed money are realized at or within three years before the final redemption date and the taxpayer pays interest exceeding £2,000.

It is proposed to fix provisionally the rates of tax which will apply when the new unified system of personal taxation comes into operation in 1973-74 as follows:—

Bands of taxable income			
£	Per cent	£	Per cent
0-5,000	30	10,000-12,000	60
5,000-6,000	40	12,000-15,000	65
6,000-7,000	45	15,000-20,000	70
7,000-8,000	50	Over 20,000	75
8,000-10,000	55		

It is proposed that the surcharge should be levied on the amount of investment income in excess of £2,000 at 15 per cent.

Surtax

It is proposed to lift the exemption limit for income assessed to surtax from £2,500 to £3,000. Where the surtaxable income slightly exceeds £3,000 the surtax will be limited to 40 per cent of the excess.

Income tax and corporation tax

It is proposed to increase the first year allowance for capital expenditure to 100 per cent for all capital expenditure on machinery and plant (excluding passenger cars) throughout the United Kingdom; to allow all companies to carry back against profits of the previous three years losses attributable to the 100 per cent first year allowance; and to extend the present 40 per cent initial allowance on new industrial buildings to the whole country. These proposals will apply to expenditure incurred after 21 March, 1972.

It is proposed to allow capital expenditure to qualify in full for capital allowances notwithstanding the receipt of a Regional Development Grant.

It is proposed, in relation to expenditure from 20 July, 1971 to 21 March, 1972, to increase the rate of the first year allowance from 60 per cent to 80 per cent for capital expenditure on machinery and plant; and to give the first year allowance of 100 per cent for expenditure on new immobile machinery and plant in a development area or Northern Ireland, whether or not it is to be used for industrial purposes.

TABLE 15. PROPOSED CHANGES IN TAXATION—continued

INLAND REVENUE—continued

It is proposed to amend the law to prevent avoidance of tax through arrangements affecting the duration of, and the amounts of premiums for, leases.

Corporation tax

It is proposed to introduce an imputation system of corporation tax with effect from the financial year 1973. Income tax will no longer be deducted from company distributions. Companies making qualifying distributions will, however, be liable to make an advance payment of corporation tax equal to three-sevenths of the amount of the distribution; and such distributions will carry an equivalent tax credit in the hands of United Kingdom resident and certain non-resident shareholders.

It is proposed that the new system will include a special rate of corporation tax for companies whose annual profits do not exceed £15,000, with tapering provisions for companies with profits up to £25,000.

It is proposed to amend the law relating to close companies so as to reduce the liability of trading companies to shortfall and otherwise to simplify the special provisions affecting close companies.

It is proposed to extend overspill relief at the 1971-72 level up to the end of 1976-77.

It is proposed that from April 1973 the capital gains of companies will be reduced by a fraction, to be determined in a later year, before they are charged to corporation tax.

Corporation tax and capital gains tax

It is proposed to reduce the rate of corporation tax on the capital gains of authorised unit trusts and approved investment trusts to 15 per cent from 1 April, 1972. On the disposal of units or shares in the trusts after 5 April, 1972, no addition will be made to cost on account of the taxed gains of the trusts; but a credit of 15 per cent of the gain on the disposal will be allowed against the tax on the gain.

Capital gains tax

It is proposed to exempt gifts to charities from capital gains tax.

It is proposed to amend the law to prevent avoidance of tax through arrangements involving capital sums payable by instalments.

Estate duty

It is proposed that property left to a surviving spouse, up to a sum of £15,000, and to charities, up to a sum of £50,000 and to certain bodies concerned with the preservation of the National Heritage shall, for deaths occurring after 21 March, 1972, be left out of account for estate duty purposes.

It is proposed to raise the exemption limit for estate duty for deaths occurring after 21 March, 1972, from £12,000 to £15,000 and to introduce a new scale of rates of duty as follows:—

Slice of net capital value				Rate per cent of duty
Exceeding	Not exceeding			
£	£			
15,000	20,000	...	...	25
20,000	30,000	...	...	30
30,000	40,000	...	...	35
40,000	50,000	...	...	40
50,000	60,000	...	...	45
60,000	80,000	...	...	50
80,000	100,000	...	...	55
100,000	150,000	...	...	60
150,000	200,000	...	...	65
200,000	500,000	...	...	70
Over 500,000		...	...	75

Stamp duty

It is proposed to abolish the stamp duty on banker's licences and the issue of bank notes with effect from 25 June, 1972.

TABLE 15. PROPOSED CHANGES IN TAXATION—*continued*

CUSTOMS AND EXCISE

Purchase tax

It is proposed that from 22 March, 1972, goods chargeable at 45 per cent or 30 per cent of their wholesale value shall become chargeable at 25 per cent.

It is proposed that after 31 March, 1973, the charge of purchase tax shall be abolished.

Spirits

It is proposed to allow from 8 August, 1972, rectifying and compounding of spirits in bonded warehouses approved for the purpose.

Value added tax

It is proposed to introduce, with effect from 1 April, 1973, a tax at the rate of 10 per cent on the supply of goods and services in the United Kingdom in the course of business and on imports of goods, subject to certain exceptions.

Car tax

It is proposed to introduce, with effect from 1 April, 1973, a tax on new and imported cars, at the rate of 10 per cent of the wholesale value.

Reduction of revenue duty rates

It is proposed that the Treasury should be enabled until 31 March, 1973, to reduce by Order the rates of certain Customs and Excise revenue duties and drawbacks.

Gaming licence duty

It is proposed that gaming licence duty chargeable in England and Wales after 31 March, 1973, may be based on the rateable value shown in the valuation list in force on that date. It is also proposed that the provisions relating to gaming licence duty in Scotland in Section 10 of the Finance Act 1971 shall continue in force after 31 March, 1973.

Surcharges and rebates in respect of revenue duties and purchase tax

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 and the purchase tax.

SELECTIVE EMPLOYMENT TAX

It is proposed to abolish the selective employment tax with effect from 1 April, 1973.

TABLE 16. ESTIMATED EFFECTS OF CHANGES IN TAXATION PROPOSED FOR 1972-73

£ million

	Estimate for 1972-73	Estimate for the full year
INLAND REVENUE		
<i>Income tax</i>		
Increase in married and single allowances by £135	-960	-1,200
Increase in income limits for age exemption by £104	-6	-10
Exemption for 1972-73 of certain pension increases	-5	(a)
Allowance of the excess of interest over £35 a year	-3	-7
<i>Surtax</i>		
Alteration in exemption limit	-8	-14
<i>Income tax and Corporation tax</i>		
Increase in allowances for expenditure on plant and machinery	-5	-185(b)
Increase in allowances for expenditure on industrial buildings	Nil	-20(c)
<i>Corporation tax</i>		
Extension of overspill relief for four years	-12(d)	-25(d)
<i>Corporation tax, Capital gains tax and Estate duty</i>		
Reduction of rate of tax on gains of unit and investment trusts and alteration of credit for investors	Nil	-30(e)
<i>Estate duty</i>		
Exemption of up to £15,000 left to surviving spouse	-30	-60
Relief for gifts up to £50,000 to charities	-7	-15
New scale	-34	-68
TOTAL INLAND REVENUE	-1,070	...
CUSTOMS AND EXCISE		
Purchase tax: reductions in rates	-135	-175
Spirits	-6	Nil
TOTAL CUSTOMS AND EXCISE	-141	-175
Total	-1,211	...

Notes:

(a) The total cost is £15 million, of which £10 million will be in 1973-74.

(b) The cost in 1973-74 is £105 million.

(c) The cost in 1973-74 is £10 million.

(d) This item is borne on Supply Votes—see footnote on page 18.

(e) This long-term cost is the net result of losses of £35 million corporation tax and £15 million capital gains tax offset by £20 million extra estate duty.

TABLE 17. ESTIMATED EFFECTS OF CHANGES IN TAXATION PROPOSED FOR 1973-74

	£ million
	Estimate for a full year
INLAND REVENUE	
<i>Income tax</i>	
Exemption of contributions by public servants to widows' pensions	-6
Unified personal tax structure	-300
<i>Corporation tax</i>	
Reform of structure	(a)
Abatement for small companies	-45(b)
Relief for building societies, etc.	-7(b)
Relief for close companies	-10(b)
Reduction of rate to 30 per cent on capital gains of companies other than trusts	-15(b)
ABOLITION OF SELECTIVE EMPLOYMENT TAX	
Gross yield	-967
Refunds, etc.	+743
Net yield	-224
CUSTOMS AND EXCISE	
Abolition of purchase tax	-1,275
Value added tax	+1,475(c)
Car tax	+125

Notes:

(a) At this stage no estimate is possible.

(b) Assuming a corporation tax rate of 50 per cent.

(c) This estimate excludes net receipts of value added tax from purchases by Central Government and from sales of tobacco products, spirits, beer, wine, British wine, matches and mechanical lighters.

TABLE 18. TAX ON SPECIMEN INCOMES

The tables which follow show the tax payable for 1971-72, 1972-73 and 1973-74 and the corresponding effective rate of tax, i.e., the average rate per cent over the whole income. For 1972-73 it is assumed that the rates of surtax will remain unchanged. For 1973-74 they show the amounts payable under the unified system of personal taxation at the provisional rates proposed.

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.

If the taxpayer or his wife is over 65 he may be entitled to "age relief" the effect of which is to charge small

investment incomes on the same basis as earned incomes. Consequently where age relief is due, comparison needs to be made on the basis of the earned income not the investment income table.

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 1971-72		Proposed charge for 1972-73		Provisional charge for 1973-74	
	Income tax (and Surtax, if any)	Effective rate	Income tax (and Surtax, if any)	Effective rate	Income tax	Effective rate
£	£	Per cent	£	Per cent	£	Per cent
500	24.75	5.0	—	—	—	—
600	54.89	9.1	2.58	0.4	1.50	0.3
700	85.03	12.1	32.72	4.7	31.50	4.5
800	115.17	14.4	62.86	7.9	61.50	7.7
900	145.31	16.1	93.00	10.3	91.50	10.2
1,000	175.45	17.5	123.13	12.3	121.50	12.2
1,100	205.59	18.7	153.27	13.9	151.50	13.8
1,200	235.72	19.6	183.41	15.3	181.50	15.1
1,300	265.86	20.5	213.55	16.4	211.50	16.3
1,400	296.00	21.1	243.69	17.4	241.50	17.3
1,500	326.14	21.7	273.83	18.3	271.50	18.1
1,600	356.28	22.3	303.97	19.0	301.50	18.8
1,700	386.42	22.7	334.11	19.7	331.50	19.5
1,800	416.56	23.1	364.25	20.2	361.50	20.1
1,900	446.70	23.5	394.38	20.8	391.50	20.6
2,000	476.84	23.8	424.52	21.2	421.50	21.1
2,500	627.53	25.1	575.22	23.0	571.50	22.9
3,000	778.22	25.9	725.91	24.2	721.50	24.1
4,000	1,079.61	27.0	1,027.30	25.7	1,021.50	25.5
5,000	1,408.85	28.2	1,356.54	27.1	1,321.50	26.4
6,000	1,738.22	29.0	1,685.91	28.1	1,662.00	27.7
8,000	2,799.39	35.0	2,747.08	34.3	2,552.50	31.9
10,000	3,911.72	39.1	3,859.40	38.6	3,622.75	36.2
15,000	7,085.92	47.2	7,033.60	46.9	6,713.25	44.8
20,000	10,674.58	53.4	10,622.27	53.1	10,183.50	50.9
30,000	18,211.10	60.7	18,158.79	60.5	17,653.75	58.8
50,000	33,298.60	66.6	33,246.29	66.5	32,653.75	65.3
100,000	71,017.35	71.0	70,965.04	71.0	70,153.75	70.2

TABLE 18. TAX ON SPECIMEN INCOMES—*continued*

MARRIED COUPLES—INCOME ALL EARNED

Income	Charge for 1971-72		Proposed charge for 1972-73		Provisional charge for 1973-74	
	Income tax (and Surtax, if any)	Effective rate	Income tax (and Surtax, if any)	Effective rate	Income tax	Effective rate
£	£	Per cent	£	Per cent	£	Per cent
600	0·64	0·1	—	—	—	—
700	30·78	4·4	—	—	—	—
800	60·92	7·6	8·61	1·1	7·50	0·9
900	91·06	10·1	38·75	4·3	37·50	4·2
1,000	121·20	12·1	68·88	6·9	67·50	6·8
1,100	151·34	13·8	99·02	9·0	97·50	8·9
1,200	181·47	15·1	129·16	10·8	127·50	10·6
1,300	211·61	16·3	159·30	12·3	157·50	12·1
1,400	241·75	17·3	189·44	13·5	187·50	13·4
1,500	271·89	18·1	219·58	14·6	217·50	14·5
1,600	302·03	18·9	249·72	15·6	247·50	15·5
1,700	332·17	19·5	279·86	16·5	277·50	16·3
1,800	362·31	20·1	310·00	17·2	307·50	17·1
1,900	392·45	20·7	340·13	17·9	337·50	17·8
2,000	422·59	21·1	370·27	18·5	367·50	18·4
2,500	573·28	22·9	520·97	20·8	517·50	20·7
3,000	723·97	24·1	671·66	22·4	667·50	22·3
4,000	1,025·36	25·6	973·05	24·3	967·50	24·2
5,000	1,354·60	27·1	1,302·29	26·0	1,267·50	25·4
6,000	1,683·97	28·1	1,631·66	27·2	1,590·00	26·5
8,000	2,713·64	33·9	2,661·33	33·3	2,462·50	30·8
10,000	3,811·97	38·1	3,759·65	37·6	3,523·75	35·2
15,000	6,972·17	46·5	6,919·85	46·1	6,596·25	44·0
20,000	10,553·83	52·8	10,501·52	52·5	10,057·50	50·3
30,000	18,086·85	60·3	18,034·54	60·1	17,518·75	58·4
50,000	33,174·35	66·3	33,122·04	66·2	32,518·75	65·0
100,000	70,893·10	70·9	70,840·79	70·8	70,018·75	70·0

TABLE 18. TAX ON SPECIMEN INCOMES—*continued*

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

Income	Charge for 1971-72		Proposed charge for 1972-73		Provisional charge for 1973-74	
	Income tax (and Surtax, if any)	Effective rate	Income tax (and Surtax, if any)	Effective rate	Income tax	Effective rate
£	£	Per cent	£	Per cent	£	Per cent
1,000	17·35	1·7	—	—	—	—
1,100	47·49	4·3	—	—	—	—
1,200	77·62	6·5	25·31	2·1	25·50	2·1
1,300	107·76	8·3	55·45	4·3	55·50	4·3
1,400	137·90	9·9	85·59	6·1	85·50	6·1
1,500	168·04	11·2	115·73	7·7	115·50	7·7
1,600	198·18	12·4	145·87	9·1	145·50	9·1
1,700	228·32	13·4	176·01	10·4	175·50	10·3
1,800	258·46	14·4	206·15	11·5	205·50	11·4
1,900	288·60	15·2	236·28	12·4	235·50	12·4
2,000	318·74	15·9	266·42	13·3	265·50	13·3
2,500	469·43	18·8	417·12	16·7	415·50	16·6
3,000	620·12	20·7	567·81	18·9	565·50	18·9
4,000	921·51	23·0	869·20	21·7	865·50	21·6
5,000	1,250·75	25·0	1,198·44	24·0	1,165·50	23·3
6,000	1,580·12	26·3	1,527·81	25·5	1,465·50	24·4
8,000	2,540·04	31·8	2,487·73	31·1	2,298·25	28·7
10,000	3,619·33	36·2	3,567·02	35·7	3,336·75	33·4
15,000	6,736·56	44·9	6,684·25	44·6	6,375·25	42·5
20,000	10,302·73	51·5	10,250·42	51·3	9,819·50	49·1
30,000	17,828·00	59·4	17,775·69	59·3	17,263·75	57·5
50,000	32,915·50	65·8	32,863·19	65·7	32,263·75	64·5
100,000	70,634·25	70·6	70,581·94	70·6	69,763·75	69·8

TABLE 18. TAX ON SPECIMEN INCOMES—continued

MARRIED COUPLES WITH TWO CHILDREN OVER 11 BUT NOT OVER 16—
INCOME ALL EARNED

Income	Charge for 1971-72		Proposed charge for 1972-73		Provisional charge for 1973-74	
	Income tax (and Surtax, if any)	Effective rate	Income tax (and Surtax, if any)	Effective rate	Income tax	Effective rate
£	£	Per cent	£	Per cent	£	Per cent
1,100 ...	28·11	2·6	—	—	—	—
1,200 ...	58·25	4·9	5·94	0·5	4·50	0·4
1,300 ...	88·39	6·8	36·08	2·8	34·50	2·7
1,400 ...	118·53	8·5	66·21	4·7	64·50	4·6
1,500 ...	148·67	9·9	96·35	6·4	94·50	6·3
1,600 ...	178·80	11·2	126·49	7·9	124·50	7·8
1,700 ...	208·94	12·3	156·63	9·2	154·50	9·1
1,800 ...	239·08	13·3	186·77	10·4	184·50	10·3
1,900 ...	269·22	14·2	216·91	11·4	214·50	11·3
2,000 ...	299·36	15·0	247·05	12·4	244·50	12·2
2,500 ...	450·05	18·0	397·74	15·9	394·50	15·8
3,000 ...	600·75	20·0	548·44	18·3	544·50	18·2
4,000 ...	902·14	22·6	849·83	21·2	844·50	21·1
5,000 ...	1,231·37	24·6	1,179·06	23·6	1,144·50	22·9
6,000 ...	1,560·75	26·0	1,508·44	25·1	1,444·50	24·1
8,000 ...	2,509·42	31·4	2,457·10	30·7	2,266·75	28·3
10,000 ...	3,586·20	35·9	3,533·89	35·3	3,298·25	33·0
15,000 ...	6,697·90	44·7	6,645·59	44·3	6,329·75	42·2
20,000 ...	10,259·60	51·3	10,207·29	51·0	9,770·50	48·9
30,000 ...	17,783·62	59·3	17,731·31	59·1	17,211·25	57·4
50,000 ...	32,871·12	65·7	32,818·81	65·6	32,211·25	64·4
100,000 ...	70,589·87	70·6	70,537·56	70·5	69,711·25	69·7

TABLE 18. TAX ON SPECIMEN INCOMES—continued

MARRIED COUPLES WITH TWO CHILDREN OVER 16—INCOME ALL EARNED

Income	Charge for 1971-72		Proposed charge for 1972-73		Provisional charge for 1973-74	
	Income tax (and Surtax, if any)	Effective rate	Income tax (and Surtax, if any)	Effective rate	Income tax	Effective rate
£	£	Per cent	£	Per cent	£	Per cent
1,100 ...	8·74	0·8	—	—	—	—
1,200 ...	38·87	3·2	—	—	—	—
1,300 ...	69·01	5·3	16·70	1·3	16·50	1·3
1,400 ...	99·15	7·1	46·84	3·3	46·50	3·3
1,500 ...	129·29	8·6	76·98	5·1	76·50	5·1
1,600 ...	159·43	10·0	107·12	6·7	106·50	6·6
1,700 ...	189·57	11·2	137·26	8·1	136·50	8·0
1,800 ...	219·71	12·2	167·40	9·3	166·50	9·3
1,900 ...	249·85	13·2	197·53	10·4	196·50	10·3
2,000 ...	279·99	14·0	227·67	11·4	226·50	11·3
2,500 ...	430·68	17·2	378·37	15·1	376·50	15·1
3,000 ...	581·37	19·4	529·06	17·6	526·50	17·6
4,000 ...	882·76	22·1	830·45	20·8	826·50	20·7
5,000 ...	1,212·00	24·2	1,159·69	23·2	1,126·50	22·5
6,000 ...	1,541·37	25·7	1,489·06	24·8	1,426·50	23·8
8,000 ...	2,480·75	31·0	2,428·44	30·4	2,239·75	28·0
10,000 ...	3,553·08	35·5	3,500·77	35·0	3,265·25	32·7
15,000 ...	6,659·78	44·4	6,607·47	44·0	6,290·75	41·9
20,000 ...	10,216·48	51·1	10,164·17	50·8	9,728·50	48·6
30,000 ...	17,739·25	59·1	17,686·94	59·0	17,166·25	57·2
50,000 ...	32,826·75	65·7	32,774·44	65·5	32,166·25	64·3
100,000 ...	70,545·50	70·5	70,493·19	70·5	69,666·25	69·7

TABLE 18. TAX ON SPECIMEN INCOMES—continued

SINGLE PERSONS—INCOME 90 PER CENT EARNED,
10 PER CENT FROM INVESTMENTS

Income	Charge for 1971-72		Proposed charge for 1972-73		Provisional charge for 1973-74	
	Income tax (and Surtax, if any)	Effective rate	Income tax (and Surtax, if any)	Effective rate	Income tax	Effective rate
£	£	Per cent	£	Per cent	£	Per cent
500	29.06	5.8	—	—	—	—
600	60.06	10.0	7.75	1.3	1.50	0.3
700	91.06	13.0	38.75	5.5	31.50	4.5
800	122.06	15.3	69.75	8.7	61.50	7.7
900	153.06	17.0	100.75	11.2	91.50	10.2
1,000	184.06	18.4	131.75	13.2	121.50	12.2
1,100	215.06	19.6	162.75	14.8	151.50	13.8
1,200	246.06	20.5	193.75	16.1	181.50	15.1
1,300	277.06	21.3	224.75	17.3	211.50	16.3
1,400	308.06	22.0	255.75	18.3	241.50	17.3
1,500	339.06	22.6	286.75	19.1	271.50	18.1
1,600	370.06	23.1	317.75	19.9	301.50	18.8
1,700	401.06	23.6	348.75	20.5	331.50	19.5
1,800	432.06	24.0	379.75	21.1	361.50	20.1
1,900	463.06	24.4	410.75	21.6	391.50	20.6
2,000	494.06	24.7	441.75	22.1	421.50	21.1
2,500	649.06	26.0	596.75	23.9	571.50	22.9
3,000	804.06	26.8	751.75	25.1	721.50	24.1
4,000	1,114.06	27.9	1,061.75	26.5	1,021.50	25.5
5,000	1,437.91	28.8	1,385.60	27.7	1,321.50	26.4
6,000	1,773.10	29.6	1,720.79	28.7	1,662.00	27.7
8,000	2,872.89	35.9	2,820.58	35.3	2,552.50	31.9
10,000	4,018.59	40.2	3,966.28	39.7	3,622.75	36.2
15,000	7,268.73	48.5	7,216.42	48.1	6,713.25	44.8
20,000	10,933.60	54.7	10,881.29	54.4	10,183.50	50.9
30,000	18,610.47	62.0	18,558.16	61.9	17,803.75	59.3
50,000	33,964.22	67.9	33,911.91	67.8	33,103.75	66.2
100,000	72,348.60	72.3	72,296.29	72.3	71,353.75	71.4

TABLE 18. TAX ON SPECIMEN INCOMES—continued

MARRIED COUPLES—INCOME 90 PER CENT EARNED,
10 PER CENT FROM INVESTMENTS

Income	Charge for 1971-72		Proposed charge for 1972-73		Provisional charge for 1973-74	
	Income tax (and Surtax, if any)	Effective rate	Income tax (and Surtax, if any)	Effective rate	Income tax	Effective rate
£	£	Per cent	£	Per cent	£	Per cent
600	5.81	1.0	—	—	—	—
700	36.81	5.3	—	—	—	—
800	67.81	8.5	15.50	1.9	7.50	0.9
900	98.81	11.0	46.50	5.2	37.50	4.2
1,000	129.81	13.0	77.50	7.8	67.50	6.8
1,100	160.81	14.6	108.50	9.9	97.50	8.9
1,200	191.81	16.0	139.50	11.6	127.50	10.6
1,300	222.81	17.1	170.50	13.1	157.50	12.1
1,400	253.81	18.1	201.50	14.4	187.50	13.4
1,500	284.81	19.0	232.50	15.5	217.50	14.5
1,600	315.81	19.7	263.50	16.5	247.50	15.5
1,700	346.81	20.4	294.50	17.3	277.50	16.3
1,800	377.81	21.0	325.50	18.1	307.50	17.1
1,900	408.81	21.5	356.50	18.8	337.50	17.8
2,000	439.81	22.0	387.50	19.4	367.50	18.4
2,500	594.81	23.8	542.50	21.7	517.50	20.7
3,000	749.81	25.0	697.50	23.3	667.50	22.3
4,000	1,059.81	26.5	1,007.50	25.2	967.50	24.2
5,000	1,383.66	27.7	1,331.35	26.6	1,267.50	25.4
6,000	1,718.85	28.6	1,666.54	27.8	1,590.00	26.5
8,000	2,787.14	34.8	2,734.83	34.2	2,462.50	30.8
10,000	3,918.84	39.2	3,866.53	38.7	3,523.75	35.2
15,000	7,154.98	47.7	7,102.67	47.4	6,596.75	44.0
20,000	10,812.58	54.1	10,760.27	53.8	10,057.50	50.3
30,000	18,486.22	61.6	18,433.91	61.4	17,668.75	58.9
50,000	33,839.97	67.7	33,787.66	67.6	32,968.75	65.9
100,000	72,224.35	72.2	72,172.04	72.2	71,218.75	71.2

TABLE 18. TAX ON SPECIMEN INCOMES—*continued*

MARRIED COUPLES, WITH TWO CHILDREN NOT OVER 11—
INCOME 90 PER CENT EARNED, 10 PER CENT FROM INVESTMENTS

Income	Charge for 1971-72		Proposed charge for 1972-73		Provisional charge for 1973-74	
	Income tax (and Surtax, if any)	Effective rate	Income tax (and Surtax, if any)	Effective rate	Income tax	Effective rate
£	£	Per cent	£	Per cent	£	Per cent
1,000	25.96	2.6	—	—	—	—
1,100	56.96	5.2	4.65	0.4	—	—
1,200	87.96	7.3	35.65	3.0	25.50	2.1
1,300	118.96	9.2	66.65	5.1	55.50	4.3
1,400	149.96	10.7	97.65	7.0	85.50	6.1
1,500	180.96	12.1	128.65	8.6	115.50	7.7
1,600	211.96	13.2	159.65	10.0	145.50	9.1
1,700	242.96	14.3	190.65	11.2	175.50	10.3
1,800	273.96	15.2	221.65	12.3	205.50	11.4
1,900	304.96	16.1	252.65	13.3	235.50	12.4
2,000	335.96	16.8	283.65	14.2	265.50	13.3
2,500	490.96	19.6	438.65	17.5	415.50	16.6
3,000	645.96	21.5	593.65	19.8	565.50	18.9
4,000	955.96	23.9	903.65	22.6	865.50	21.6
5,000	1,279.81	25.6	1,227.50	24.6	1,165.50	23.3
6,000	1,615.00	26.9	1,562.69	26.0	1,465.50	24.4
8,000	2,613.54	32.7	2,561.23	32.0	2,298.25	28.7
10,000	3,718.70	37.2	3,666.39	36.7	3,336.75	33.4
15,000	6,919.38	46.1	6,867.07	45.8	6,375.25	42.5
20,000	10,561.48	52.8	10,509.17	52.5	9,819.50	49.1
30,000	18,227.37	60.8	18,175.06	60.6	17,413.75	58.0
50,000	33,581.12	67.2	33,528.81	67.1	32,713.75	65.4
100,000	71,965.50	72.0	71,913.19	71.9	70,963.75	71.0

TABLE 18. TAX ON SPECIMEN INCOMES—*continued*

SINGLE PERSONS—INCOME ALL FROM INVESTMENTS

Income	Charge for 1971-72		Proposed charge for 1972-73		Provisional charge for 1973-74	
	Income tax (and Surtax, if any)	Effective rate	Income tax (and Surtax, if any)	Effective rate	Income tax	Effective rate
£	£	Per cent	£	Per cent	£	Per cent
500	37.18	7.4	—	—	—	—
600	92.18	15.4	26.25	4.4	1.50	0.3
700	145.31	20.8	78.75	11.3	31.50	4.5
800	184.06	23.0	131.25	16.4	61.50	7.7
900	222.81	24.8	170.50	18.9	91.50	10.2
1,000	261.56	26.2	209.25	20.9	121.50	12.2
1,100	300.31	27.3	248.00	22.5	151.50	13.8
1,200	339.06	28.3	286.75	23.9	181.50	15.1
1,300	377.81	29.1	325.50	25.0	211.50	16.3
1,400	416.56	29.8	364.25	26.0	241.50	17.3
1,500	455.31	30.4	403.00	26.9	271.50	18.1
1,600	494.06	30.9	441.75	27.6	301.50	18.8
1,700	532.81	31.3	480.50	28.3	331.50	19.5
1,800	571.56	31.8	519.25	28.8	361.50	20.1
1,900	610.31	32.1	558.00	29.4	391.50	20.6
2,000	649.06	32.5	596.75	29.8	421.50	21.1
2,500	842.81	33.7	790.50	31.6	646.50	25.9
3,000	1,036.56	34.6	984.25	32.8	871.50	29.1
4,000	1,711.56	42.8	1,659.25	41.5	1,321.50	33.0
5,000	2,324.06	46.5	2,271.75	45.4	1,771.50	35.4
6,000	2,986.56	49.8	2,934.25	48.9	2,262.00	37.7
8,000	4,411.56	55.1	4,359.25	54.5	3,452.50	43.2
10,000	5,936.56	59.4	5,884.25	58.8	4,822.75	48.2
15,000	10,149.06	67.7	10,096.75	67.3	8,663.25	57.8
20,000	14,586.56	72.9	14,534.25	72.7	12,883.50	64.4
30,000	23,461.56	78.2	23,409.25	78.0	21,853.75	72.8
50,000	41,211.56	82.4	41,159.25	82.3	39,853.75	79.7
100,000	85,586.56	85.6	85,534.25	85.5	84,853.75	84.9

TABLE 18. TAX ON SPECIMEN INCOMES—continued
MARRIED COUPLES—INCOME ALL FROM INVESTMENTS

Income	Charge for 1971-72		Proposed charge for 1972-73		Provisional charge for 1973-74	
	Income tax (and Surtax, if any)	Effective rate	Income tax (and Surtax, if any)	Effective rate	Income tax	Effective rate
£	£	Per cent	£	Per cent	£	Per cent
500	13.56	2.7	—	—	—	—
600	52.31	8.7	38.75	5.5	—	—
700	91.06	13.0	77.50	9.7	7.50	0.9
800	129.81	16.2	116.25	12.9	37.50	4.2
900	168.56	18.7	—	—	—	—
1,000	207.31	20.7	155.00	15.5	67.50	6.8
1,100	246.06	22.4	193.75	17.6	97.50	8.9
1,200	284.81	23.7	232.50	19.4	127.50	10.6
1,300	323.56	24.9	271.25	20.9	157.50	12.1
1,400	362.31	25.9	310.00	22.1	187.50	13.4
1,500	401.06	26.7	348.75	23.3	217.50	14.5
1,600	439.81	27.5	387.50	24.2	247.50	15.5
1,700	478.56	28.2	426.25	25.1	277.50	16.3
1,800	517.31	28.7	465.00	25.8	307.50	17.1
1,900	556.06	29.3	503.75	26.5	337.50	17.8
2,000	594.81	29.7	542.50	27.1	367.50	18.4
2,500	788.56	31.5	736.25	29.5	592.50	23.7
3,000	982.31	32.7	930.00	31.0	817.50	27.3
4,000	1,632.81	40.8	1,580.50	39.5	1,267.50	31.7
5,000	2,238.31	44.8	2,186.00	43.7	1,717.50	34.4
6,000	2,893.81	48.2	2,841.50	47.4	2,190.00	36.5
8,000	4,311.51	53.9	4,239.50	53.2	3,362.50	42.0
10,000	5,829.81	58.3	5,777.50	57.8	4,723.75	47.2
15,000	10,028.31	66.9	9,976.00	66.5	8,546.25	57.0
20,000	14,462.31	72.3	14,410.00	72.1	12,757.50	63.8
30,000	23,337.31	77.8	23,285.00	77.6	21,718.75	72.4
50,000	41,087.31	82.2	41,035.00	82.1	39,718.75	79.4
100,000	85,462.31	85.5	85,410.00	85.4	84,718.75	84.7

TABLE 18. TAX ON SPECIMEN INCOMES—continued
INCOME UP TO £40 A WEEK—ALL EARNED

Income	Charge for 1971-72		Proposed charge for 1972-73		Provisional charge for 1973-74		Charge for 1971-72		Proposed charge for 1972-73		Provisional charge for 1973-74	
	Income tax	Effective rate	Income tax	Effective rate	Income tax	Effective rate	Income tax	Effective rate	Income tax	Effective rate	Income tax	Effective rate
Single persons												
£	£	Per cent	£	Per cent	£	Per cent	£	Per cent	£	Per cent	£	Per cent
520 (£10 a week)	30.78	5.9	—	—	8.70	1.4	—	—	—	—	—	—
624 (£12 a week)	62.12	10.0	9.81	1.6	39.90	5.5	7.87	1.3	—	—	—	—
728 (£14 a week)	93.47	12.8	41.16	5.7	71.10	8.5	39.22	5.4	—	—	—	—
832 (£16 a week)	124.81	15.0	72.50	8.7	102.30	10.9	70.56	8.5	18.25	2.2	17.10	2.1
936 (£18 a week)	156.16	16.7	103.85	11.1	—	—	101.91	10.9	49.60	5.3	48.30	5.2
1,040 (£20 a week)	187.50	18.0	135.19	13.0	133.50	12.8	133.25	12.8	80.94	7.8	79.50	7.6
1,144 (£22 a week)	218.85	19.1	166.53	14.6	164.70	14.4	164.60	14.4	112.28	9.8	110.70	9.7
1,248 (£24 a week)	250.19	20.0	197.88	15.9	195.90	15.7	195.94	15.7	143.63	11.5	141.90	11.4
1,352 (£26 a week)	281.54	20.8	229.22	17.0	227.10	16.8	227.29	16.8	174.97	12.9	173.10	12.8
1,456 (£28 a week)	312.88	21.5	260.57	17.9	258.30	17.7	258.63	17.8	206.32	14.2	204.30	14.0
1,560 (£30 a week)	344.22	22.1	291.91	18.7	289.50	18.6	289.97	18.6	237.66	15.2	235.50	15.1
1,820 (£35 a week)	422.59	23.2	370.27	20.3	367.50	20.2	368.34	20.2	316.02	17.4	313.50	17.2
2,080 (£40 a week)	500.95	24.1	448.63	21.6	445.50	21.4	446.70	21.5	394.38	19.0	391.50	18.8
Married couples, with one child not over 11												
832 (£16 a week)	10.50	1.3	—	—	—	—	0.81	0.1	—	—	—	—
936 (£18 a week)	41.85	4.5	—	—	—	—	32.16	3.4	—	—	—	—
1,040 (£20 a week)	73.19	7.0	20.88	2.0	19.50	1.9	63.50	6.1	11.19	1.1	9.00	0.9
1,144 (£22 a week)	104.53	9.1	52.22	4.6	50.70	4.4	94.85	8.3	42.53	3.7	40.20	3.5
1,248 (£24 a week)	135.88	10.9	83.57	6.7	81.90	6.6	126.19	10.1	73.88	5.9	71.40	5.7
1,352 (£26 a week)	167.22	12.4	114.91	8.5	113.10	8.4	157.54	11.7	105.22	7.8	102.60	7.6
1,456 (£28 a week)	198.57	13.6	146.25	10.0	144.30	9.9	188.88	13.0	136.57	9.4	133.80	9.2
1,560 (£30 a week)	229.91	14.7	177.60	11.4	175.50	11.2	220.22	14.1	167.91	10.8	165.00	10.6
1,820 (£35 a week)	308.27	16.9	255.96	14.1	253.50	13.9	298.59	16.4	246.27	13.5	243.00	13.4
2,080 (£40 a week)	386.63	18.6	334.32	16.1	331.50	15.9	376.95	18.1	324.63	15.6	321.00	15.4
Married couples, with one child over 11 but not over 16												
832 (£16 a week)	10.50	1.3	—	—	—	—	0.81	0.1	—	—	—	—
936 (£18 a week)	41.85	4.5	—	—	—	—	32.16	3.4	—	—	—	—
1,040 (£20 a week)	73.19	7.0	20.88	2.0	19.50	1.9	63.50	6.1	11.19	1.1	9.00	0.9
1,144 (£22 a week)	104.53	9.1	52.22	4.6	50.70	4.4	94.85	8.3	42.53	3.7	40.20	3.5
1,248 (£24 a week)	135.88	10.9	83.57	6.7	81.90	6.6	126.19	10.1	73.88	5.9	71.40	5.7
1,352 (£26 a week)	167.22	12.4	114.91	8.5	113.10	8.4	157.54	11.7	105.22	7.8	102.60	7.6
1,456 (£28 a week)	198.57	13.6	146.25	10.0	144.30	9.9	188.88	13.0	136.57	9.4	133.80	9.2
1,560 (£30 a week)	229.91	14.7	177.60	11.4	175.50	11.2	220.22	14.1	167.91	10.8	165.00	10.6
1,820 (£35 a week)	308.27	16.9	255.96	14.1	253.50	13.9	298.59	16.4	246.27	13.5	243.00	13.4
2,080 (£40 a week)	386.63	18.6	334.32	16.1	331.50	15.9	376.95	18.1	324.63	15.6	321.00	15.4
Married couples, with two children not over 11												
988 (£19 a week)	13.73	1.4	—	—	—	—	—	—	—	—	—	—
1,040 (£20 a week)	29.40	2.8	—	—	—	—	10.03	1.0	—	—	—	—
1,144 (£22 a week)	60.75	5.3	8.43	0.7	8.70	0.8	41.37	3.6	—	—	—	—
1,248 (£24 a week)	92.09	7.4	39.78	3.2	39.90	3.2	72.72	5.8	20.40	1.6	18.90	1.5
1,352 (£26 a week)	123.44	9.1	71.12	5.3	71.10	5.3	104.06	7.7	51.75	3.8	50.10	3.7
1,456 (£28 a week)	154.78	10.6	102.47	7.0	102.30	7.0	135.40	9.3	83.09	5.7	81.30	5.6
1,560 (£30 a week)	186.12	11.9	133.81	8.6	133.50	8.6	166.75	10.7	114.44	7.3	112.50	7.2
1,820 (£35 a week)	264.49	14.5	212.17	11.7	211.50	11.6	245.11	13.5	192.80	10.6	190.50	10.5
2,080 (£40 a week)	342.85	16.5	290.53	14.0	289.50	13.9	323.47	15.6	271.16	13.0	268.50	12.9
Married couples, with two children over 11 but not over 16												
988 (£19 a week)	13.73	1.4	—	—	—	—	—	—	—	—	—	—
1,040 (£20 a week)	29.40	2.8	—	—	—	—	10.03	1.0	—	—	—	—
1,144 (£22 a week)	60.75	5.3	8.43	0.7	8.70	0.8	41.37	3.6	—	—	—	—
1,248 (£24 a week)	92.09	7.4	39.78	3.2	39.90	3.2	72.72	5.8	20.40	1.6	18.90	1.5
1,352 (£26 a week)	123.44	9.1	71.12	5.3	71.10	5.3	104.06	7.7	51.75	3.8	50.10	3.7
1,456 (£28 a week)	154.78	10.6	102.47	7.0	102.30	7.0	135.40	9.3	83.09	5.7	81.30	5.6
1,560 (£30 a week)	186.12	11.9	133.81	8.6	133.50	8.6	166.75	10.7	114.44	7.3	112.50	7.2
1,820 (£35 a week)	264.49	14.5	212.17	11.7	211.50	11.6	245.11	13.5	192.80	10.6	190.50	10.5
2,080 (£40 a week)	342.85	16.5	290.53	14.0	289.50	13.9	323.47	15.6	271.16	13.0	268.50	12.9

TABLE 19. ESTATE DUTY

Amount of duty payable and effective rate of duty on specimen estates

The table shows the amount of estate duty payable and the effective rates of duty payable on estates of various sizes with the existing rates of duty and with the proposed rates. For the proposed rates examples

are given where there is no surviving spouse and where the surviving spouse is the sole legatee. It is assumed that no reduced rate or other reliefs or allowances are due.

Net capital value of total estate	Estate duty payable with existing rates		Estate duty payable with proposed rates			
			No surviving spouse		Whole estate left to surviving spouse*	
	Amount of duty	Effective rate	Amount of duty	Effective rate	Amount of duty	Effective rate
£	£	Per cent	£	Per cent	£	Per cent
12,500 ...	—	—	—	—	—	—
15,000 ...	625	4.2	—	—	—	—
17,500 ...	1,250	7.1	625	3.6	—	—
20,000 ...	2,000	10.0	1,250	6.2	—	—
25,000 ...	3,500	14.0	2,750	11.0	—	—
30,000 ...	5,000	16.7	4,250	14.2	—	—
35,000 ...	7,250	20.7	6,000	17.1	1,250	3.6
40,000 ...	9,500	23.7	7,750	19.4	2,750	6.9
45,000 ...	12,500	27.8	9,750	21.7	4,250	9.4
50,000 ...	15,500	31.0	11,750	23.5	6,000	12.0
60,000 ...	21,500	35.8	16,250	27.1	9,750	16.3
70,000 ...	27,500	39.3	21,250	30.4	14,000	20.0
80,000 ...	33,500	41.9	26,250	32.8	18,750	23.4
90,000 ...	40,000	44.4	31,750	35.3	23,750	26.4
100,000 ...	46,500	46.5	37,250	37.3	29,000	29.0
150,000 ...	79,000	52.7	67,250	44.8	58,250	38.8
200,000 ...	114,000	57.0	99,750	49.9	90,000	45.0
300,000 ...	184,000	61.3	169,750	56.6	159,250	53.1
500,000 ...	334,000	66.8	309,750	62.0	299,250	59.9
750,000 ...	534,000	71.2	497,250	66.3	486,000	64.8
1,000,000 ...	746,500	74.6	684,750	68.5	673,500	67.4

* The duty is the same wherever £15,000 or more is left to the surviving spouse; it is also the same wherever the amount not so left does not exceed £15,000.

Financial Statement and Budget Report 1973-74

RETURN to an Order of The House of Commons dated 6 March 1973: for

COPY of FINANCIAL STATEMENT AND BUDGET REPORT 1973-74 as laid before
the House by the CHANCELLOR OF THE EXCHEQUER when opening the BUDGET

Treasury Chambers,
6 March, 1973 } TERENCE HIGGINS

Ordered by The House of Commons to be printed
6 March, 1973