

J. Menken
THE PROPERTY OF
J. MENKEN,
10, THURLOW RD.,
HAMPSTEAD, N.W.3.

FINANCIAL STATEMENT (1926-27).

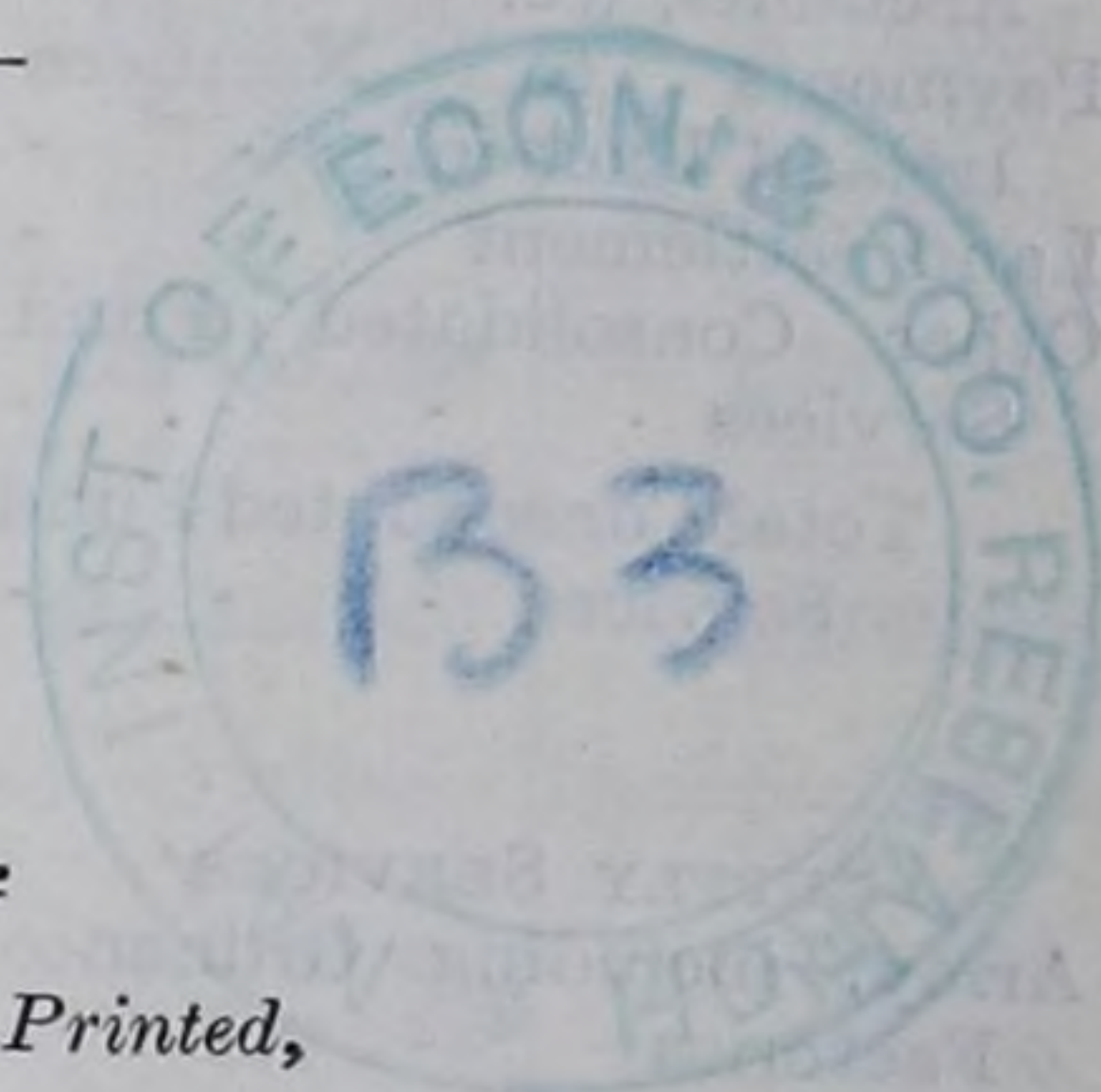
RETURN to an Order of the Honourable The House of Commons,
dated 26 April 1926 ;—for

COPY “ of STATEMENT of REVENUE and EXPENDITURE as laid
before the House by the CHANCELLOR OF THE EXCHEQUER
when opening the BUDGET.”

Treasury Chambers,
26 April 1926. }

RONALD McNEILL.

*Ordered, by The House of Commons, to be Printed,
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1926.

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1925-26.

TABLE I. showing how the Amount issued from the Exchequer to meet the EXPENDITURE in 1925-26 compares with the Estimated Expenditure.

	1925-26.			
	Total Expenditure provided for in the Budget.	Additional Expenditure for which Supplementary Estimates were presented and Excess Votes.	Total Estimated Expenditure.	Amount issued to meet Total Expenditure.
	£	£	£	£
CONSOLIDATED FUND SERVICES.				
National Debt Services:				
Interest, &c. - - - -	305,000,000	—	305,000,000	308,229,000
Sinking Funds, &c. - -	50,000,000	—	50,000,000	50,000,000
Total National Debt Services - - - -	355,000,000	—	355,000,000	358,229,000
Road Fund - - - - -	16,900,000	—	16,900,000	17,455,000
Payments to Local Taxation Accounts, &c. - - - -	13,329,000	—	13,329,000	14,454,000
Payments to Northern Ireland Exchequer - -	4,000,000	—	4,000,000	4,861,000
Land Settlement - - -	700,000	—	700,000	779,000
Other Consolidated Fund Services - - - - -	2,000,000	—	2,000,000	2,372,000
Total Consolidated Fund Services - - - - -	391,929,000	—	391,929,000	398,150,000
SUPPLY SERVICES.				
Army, including Ordnance Factories - - - - -	44,500,000	—	44,500,000	44,250,000
Navy - - - - -	60,500,000	—	60,500,000	59,657,000
Air Force - - - - -	15,513,000	—	15,513,000	15,470,000
Civil Services - - - -	222,609,000	25,465,000	248,074,000	243,263,000
Customs and Excise and Inland Revenue - - - -	11,391,000	60,000	11,451,000	11,360,000
Post Office Services - -	52,958,000	847,000	53,805,000	53,950,000
Total Supply Services -	407,471,000	26,372,000	433,843,000	427,950,000
GRAND TOTAL -	799,400,000	26,372,000	825,772,000	826,100,000

In order to show the entire expenditure for which the State was responsible in 1925-26, there has to be added the expenditure chargeable to Capital Account as given in the following statement:—

I. Expenditure chargeable against Revenue, as in above table	£ 826,100,000
II. Expenditure chargeable against Capital, viz.:—	£
Telegraph (Money) Acts, 1924 and 1925 - - - - -	11,950,000
Housing Act, 1914 - - - - -	6,000
West Indian Islands (Telegraph) Act, 1924 - - - -	47,000
	<u>12,003,000</u>
	<u>£ 838,103,000</u>

1925-26.

TABLE II. showing how the REVENUE in 1925-26 compares with the Budget Estimate, and with the Revenue of the previous year, 1924-25.

Receipts in 1924-25.		Budget Estimate for 1925-26.	Receipts in 1925-26.	Receipts more (+) or less (-) than Budget Estimate.
£		£	£	£
99,344,000	Customs - - - -	102,040,000	103,487,000	+ 1,447,000
135,128,000	Excise - - - -	137,220,000	134,560,000	- 2,660,000
234,472,000		239,260,000	238,047,000	- 1,213,000
16,164,000	Motor Vehicle Duties -	17,500,000	18,056,000	+ 556,000
59,450,000	Estate, &c. Duties - -	66,500,000	61,200,000	- 5,300,000
22,850,000	Stamps - - - -	24,000,000	24,700,000	+ 700,000
1,450,000	Land Tax and House Duty and Mineral Rights Duty	1,000,000	950,000	- 50,000
273,836,000	Income Tax - - - -	262,000,000	259,411,000	- 2,589,000
62,680,000	Super Tax - - - -	63,300,000	68,510,000	+ 5,210,000
700,000	Excess Profits Duty, &c. -	4,000,000	2,000,000	- 2,000,000
18,100,000	Corporation Profits Tax -	9,000,000	11,670,000	+ 2,670,000
439,066,000		429,800,000	428,441,000	- 1,359,000
689,702,000	TOTAL RECEIPTS FROM TAXES - - - £	686,560,000	684,544,000	- 2,016,000
34,850,000	Postal Service - - -	35,600,000	35,750,000	+ 150,000
5,600,000	Telegraph Service - -	5,400,000	5,650,000	+ 250,000
15,000,000	Telephone Service - -	16,000,000	15,950,000	- 50,000
55,450,000		57,000,000	57,350,000	+ 350,000
960,000	Crown Lands - - -	900,000	950,000	+ 50,000
11,941,000	Receipts from Sundry Loans, &c. - - -	12,600,000	14,944,000	+ 2,344,000
14,420,000	Miscellaneous :—			
26,963,000	Ordinary Receipts - -	14,000,000	17,349,000	+ 3,349,000
	Special Receipts - -	30,000,000	36,925,000	+ 6,925,000
109,734,000	TOTAL RECEIPTS FROM NON-TAX REVENUE	114,500,000	127,518,000	+13,018,000
799,436,000	TOTAL - £	801,060,000	812,062,000	+11,002,000

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1925-26.

TABLE III. giving the EXCHEQUER BALANCE SHEET of 1925-26.

Receipts.		Payments.	
Exchequer Balance on 31st	£		£
March 1925 - - -	6,557,000	Expenditure - - -	826,100,000
Revenue - - -	812,062,000		
Money raised by Creation of Debt:—	£	Issues for Purchase or Redemption of Deadweight Debt as follows:—	
National Savings Certificates - 35,500,000		National Saving Certificates (prin- cipal repaid) -	28,750,000
Treasury Bonds 6,060,000		5 per cent. National War Bonds -	8,358,000
3½ per cent. Con- version Loan - 53,688,000		5½ per cent. Exche- quer Bonds (bal- ance) - - -	307,000
	95,248,000	Treasury Bonds -	23,646,000
		Treasury Bills re- paid (net) - - -	8,726,000
Repayments, &c.:—		Ways and Means Advances repaid (net) - - -	27,144,000
Under Land Settlement Facilities Acts, 1919 and 1921 - - -	246,000	Suez Canal Drawn Shares, &c., Re- ceipts issued to National Debt Commissioners -	135,000
Suez Canal Drawn Shares and other Receipts - - -	135,000		97,066,000
Interest under sec. 59 (5) of the Finance Act, 1920 -	300,000		
National Saving Certificates Investment Account - 15,175,000			
		Exchequer Balance 31st March, 1926	6,557,000
	[£929,723,000]		£929,723,000

The following issues out of Revenue to purchase or redeem Debt are included under the head of Expenditure, New Sinking Fund, 1923:—

	£
Capital of Terminable Annuities - - - - -	1,085,000
Funding Loan Sinking Fund - - - - -	2,642,000
Victory Bonds Sinking Fund - - - - -	2,231,000
Conversion Loan Sinking Fund - - - - -	14,386,000
Issues to National Debt Commissioners for Bonds, &c., for Death Duties under s. 3 of War Loan Act, 1919 - - -	6,995,000
Repayment of War Loan, &c., surrendered for Duties under s. 34 of Finance Act, 1917 - - - - -	178,000
United States Government—Repayment under Funding Agree- ment - - - - -	4,953,000
Depreciation Fund under the Finance Act, 1917 - - -	7,539,000
Balance of New Sinking Fund, 1923, issued to National Debt Commissioners to redeem Debt - - - - -	9,991,000
	50,000,000

TABLE IV.

Debt Maturing Year by Year (approximate Totals).

N.B.—The amounts shown for National War Bonds are the Nominal totals, and do not include premiums. National Savings Certificates are shown at issue price, exclusive of accrued interest. External debt is shown at par of exchange. Loans marked * are being repaid by specific statutory Sinking Funds, included in the provision for New Sinking Fund.

Year.	Security.	Internal.	External.	Total.
		£	£	£
1926-27	5 % Treasury Bonds - - - -	109,632,000	—	} 112,714,000
	Central Argentine Rly. Co., \$15,000,000	—	3,082,000	
1927-28	5 % National War Bonds - - -	158,116,000	—	} 300,814,000
	4 % National War Bonds - - -	79,984,000	—	
	3½ % War Loan - - - -	62,714,000	—	
1928-29	4 % and 5 % National War Bonds -	467,590,000	—	} 470,931,000
	5¼ % Straits Settlements Dollar Loan	—	3,341,000	
1929-30	5½ % Treasury Bonds and 3 % Ex- chequer Bonds - - - -	46,277,000	—	} 54,603,000
	5½ % 10-year Bonds, \$19,522,500 -	—	4,011,000	
	5 % Straits Settlements Dollar Loan -	—	4,315,000	
1930-31	5½ % Treasury Bonds - - - -	134,741,000	—	134,741,000
1932-33	4½ % Treasury Bonds - - - -	121,266,000	—	121,266,000
1933-34	4 % and 4½ % Treasury Bonds - -	85,156,000	—	} 86,909,000
	5 % Straits Settlements Sterling Loan	1,753,000	—	
1936-37	5½ % 20-year Bonds, \$143,587,000 -	—	29,504,000	29,504,000
1940-41	Anglo-French Loan 4½ % Bonds, \$13,850 - - - -	—	3,000	3,000
1942-43	4 % War Loan, 1929-42 - - - -	64,915,000	—	64,915,000
1944-45	4½ % Conversion Loan - - - -	210,587,000	—	210,587,000
1945-46	4½ % War Loan, 1925-45 - - - -	12,804,000	—	12,804,000
1947-48	5 % War Loan, 1929-47 - - - -	2,044,053,000	—	2,044,053,000
	4 % Victory Bonds* - - - -	347,609,000	—	347,609,000
	4 % Funding Loan* - - - -	391,910,000	—	391,910,000
	3½ % Conversion Loan* - - - -	760,015,000	—	760,015,000
	Consols, &c. - - - -	313,505,000	—	313,505,000
	Terminable Annuities - - - -	12,639,000	—	12,639,000
	Treasury Bills - - - -	564,855,000	—	564,855,000
	Ways and Means Advances - - - -	139,441,000	—	139,441,000
	National Savings Certificates - -	375,571,000	—	375,571,000
	Loans from certain Allied Governments	—	135,700,000	135,700,000
	U.S.A. Government Loan—* \$4,530,000,000 - - - -	—	930,822,000	930,822,000
Total outstanding on 31 March, 1926 -		6,505,133,000	1,110,778,000	7,615,911,000

TABLE V. WAR LOANS TO DOMINIONS AND COLONIES.

CAPITAL SUMS OUTSTANDING ON 31 MARCH, 1926:—

Interest is being paid on all these loans, and in the case of Australia, New Zealand, and Trinidad, an annual Sinking Fund:—

	£	£
Australia - - - - -	86,866,000	
New Zealand - - - - -	28,348,000	
South Africa - - - - -	11,884,000	
Newfoundland - - - - -	400,000	
Trinidad - - - - -	464,000	
Jamaica - - - - -	66,000	
Fiji - - - - -	210,000	
		<u>128,238,000</u>

LOANS TO ALLIES, &c.

I. FUNDED—

AGGREGATE OF AGREED ANNUITY PAYMENTS DUE UNDER FUNDING AGREEMENTS AND OUTSTANDING ON 31 MARCH, 1926:—

Allied War Debts:—

	£	£
Italy - - - - -	274,750,000	
Roumania - - - - -	31,250,000	
		<u>306,000,000</u>

CAPITAL SUMS OUTSTANDING ON 31 MARCH, 1926:—

Relief and Reconstruction Loans:—

Repayable by instalments of principal and interest:—

	£	£
Belgium - - - - -	9,000,000	
Belgian Congo - - - - -	3,600,000	
Poland - - - - -	4,770,000	
Roumania - - - - -	2,200,000	
Estonia - - - - -	248,000	
Hungary - - - - -	87,000	
Czecho-Slovakia - - - - -	464,000	
		<u>20,369,000</u>

Other Debts:—

Repayable by instalments of principal or of principal and interest:—

	£	£
Latvia - - - - -	1,303,000	
Greece - - - - -	108,000	
Poland - - - - -	153,000	
Czecho-Slovakia - - - - -	827,000	
Roumania - - - - -	36,000	
Estonia - - - - -	917,000	
		<u>3,344,000</u>

II. NOT FUNDED—

CAPITAL SUMS OWING ON 31 MARCH, 1926:—

Allied War Debts:—

	£	£
Russia - - - - -	794,505,000	
France - - - - -	647,106,000	
Serb-Croat-Slovene Kingdom - - - - -	31,400,000	
Portugal - - - - -	23,733,000	
Greece - - - - -	21,167,000	
		<u>1,517,911,000</u>

Relief and Reconstruction Loans:—

Austria* - - - - -	11,887,000	
Serb-Croat-Slovene Kingdom - - - - -	2,533,000	
Armenia - - - - -	118,000	
		<u>14,538,000</u>

Other Debts:—

Armenia - - - - -	953,000	
Lithuania - - - - -	348,000	
Serb-Croat-Slovene Kingdom - - - - -	187,000	
		<u>1,488,000</u>

* Payment postponed until 1 January 1943.

1926-27.

TABLE VI. showing how the EXPENDITURE to be provided for in 1926-27 on existing basis compares with the Expenditure in 1925-26 as estimated in April 1925.

Service.	Estimate, 1925-26.	Estimate, 1926-27.	Estimate for 1926-27 more (+) or less (-) than 1925-26.
CONSOLIDATED FUND SERVICES.	£	£	£
National Debt Services, Interest, &c. -	305,000,000	304,000,000	- 1,000,000
Sinking Funds -	50,000,000	50,000,000	-
TOTAL NATIONAL DEBT SERVICES	355,000,000	354,000,000	- 1,000,000
Road Fund - - - - -	16,900,000	19,500,000	+ 2,600,000
Payments to Local Taxation Accounts, &c.	13,329,000	14,100,000	+ 771,000
Payments to Northern Ireland Exchequer	4,000,000	5,200,000	+ 1,200,000
Land Settlement - - - - -	700,000	-	- 700,000
Other Consolidated Fund Services -	2,000,000	2,600,000	+ 600,000
TOTAL CONSOLIDATED FUND SERVICES	391,929,000	395,400,000	+ 3,471,000
SUPPLY SERVICES.			
Army (including Ordnance Factories) -	44,500,000	42,500,000	- 2,000,000
Navy - - - - -	60,500,000	58,100,000	- 2,400,000
Air Force - - - - -	15,513,000	16,000,000	+ 487,000
Civil Services - - - - -	222,609,000	234,257,000	+ 11,648,000
Customs and Excise, and Inland Revenue Departments - - - - -	11,391,000	11,784,000	+ 393,000
Post Office Services - - - - -	52,958,000	54,600,000	+ 1,642,000
TOTAL SUPPLY SERVICES -	407,471,000	417,241,000	+ 9,770,000
TOTAL - - - - -	799,400,000	812,641,000	+ 13,241,000

1925-26.

TABLE VII. giving the estimated RATES COLLECTED by LOCAL AUTHORITIES in 1925-26.

	£
England and Wales - - - - -	147,500,000
Scotland - - - - -	18,598,000

It is estimated that this total was divisible as follows, viz. :—

	England and Wales. £	Scotland. £
On Relief of the Poor - - - - -	31,400,000	3,678,000
„ Education - - - - -	31,800,000	4,633,000
„ Police - - - - -	9,400,000	1,025,000
„ other services - - - - -	74,900,000	9,262,000
	<u>147,500,000</u>	<u>18,598,000</u>

TABLE VIII. comparing the ESTIMATED EXPENDITURE of 1926-27 with that of 1925-26 and 1914-15, classified as in Cmd. 2613.†

	Original Estimates of Expenditure.						
	1914-15.		1925-26.		1926-27 (on existing Basis).		
	£000.	£000.	£000.	£000.	£000.	£000.	Increase or Decrease compared with 1925-26. £000.
1. OBLIGATORY SERVICES—							
Debt Services - - -	23,500		355,000		354,000		
Pensions Services of all kinds (excluded under heads below). (For details see Table B) - - -	20,631	44,131	121,891	476,891	127,459	481,459	+4,568
2. GRANT SERVICES of all kinds except Road Fund, e.g., Education, Housing, Health, Police, Local Taxation, Beet Sugar Subsidy and all Irish Services. (For details see Table C) - - -		38,447		92,183		101,265	+9,082
3. SELF - SUPPORTING SERVICES—							
Post Office - - -	24,182		50,835		52,236		
Road Fund - - -	1,545		16,900		19,500		
		25,727		67,735		71,736	+4,001
4. NATIONAL ADMINI- STRATIVE SERVICES— (For details see Table D.)							
Imperial Defence - -	73,429		104,373		100,212		
Tax Collection - - -	3,978		10,448		10,765		
Grants to Insurance Schemes - - -	6,407		19,955		18,132		
New Services - - -	—		10,335		10,184		
All other Civil Services	12,826		20,210		18,888		
		96,640		165,321		158,181	-7,140
GRAND TOTAL - - -	204,945		*802,130		812,641		+10,511

* NOTE.—In 1925-26 the pension contributions of Teachers were appropriated in aid of the Votes for the Board of Education and Public Education (Scotland). In 1926-27 these contributions will be paid direct to the Exchequer. For purposes of comparison, 2,730,000*l.*, the estimated amount of the contributions to be paid to the Exchequer in 1926, has been added to the 1925 figure for Education Grants. If that amount be deducted from 802,130,000*l.*, the result is 799,400,000*l.*, the actual total of the original estimates for 1925-26.

† The allocation of certain minor items of expenditure as shown in Cmd. 2613 has been revised.

TABLE (B)—PENSION SERVICES OF ALL KINDS.

	Original Estimates for			
	1914-15.	1925-26.	1926-27.	Increase or Decrease compared with 1925-26. £000.
	£000.	£000.	£000.	
Pensions charged on Defence Votes -	6,966	16,140	16,388	+ 248
Pensions charged on Revenue Votes	1,635	3,519	3,770	+ 251
Civil Service Pensions (including Con- solidated Fund Pensions) -	887	1,600	1,677	+ 77
Irish Police Pensions -	448	687	704	+ 17
<i>Total for State employees</i> -	9,936	21,946	22,539	+ 593
State payments in respect of—				
(i) School Teachers' Pensions -	244	4,522	4,888	
(ii) Police Pensions -	340	2,135	2,280	
	584	6,657	7,168	+ 511
<i>Total for State employees, Teachers and Police</i> -	10,520	28,603	29,707	+ 1,104
Old Age Pensions -	10,111	26,794	29,795	+ 3,001
War Pensions (including Merchant Sea- men's Pensions and administration)	—	66,494	63,957	— 2,537
Payment to Widows' Orphans' and Old Age Contributory Pensions' Ac- count -	—	—	4,000	+ 4,000
GRAND TOTAL -	20,631	121,891	127,459	+ 5,568

TABLE (C)—GRANT SERVICES, &c.
(Excluding Pensions).

	Original Estimates for			
	1914-15.	1925-26.	1926-27.	Increase or Decrease compared with 1925-26. £000.
	£000.	£000.	£000.	
Grants for Local Services, &c., in Great Britain—				
Payments to Local Taxation Accounts -	7,915	12,619	13,560	+ 941
Education -	16,614	45,124*	46,291	+ 1,167
Agriculture (including Land Settlement Grants and Loans and the Development Fund) -	371	3,347	4,841	+ 1,494
Health Services -	522	3,422	3,606	+ 184
Housing -	—	9,040	9,982	+ 942
Reformatories and Mental Deficiency -	539	1,023	1,087	+ 64
Police (voted grants additional to payments through Local Taxation Accounts) -	100	5,351	5,786	+ 435
Unemployment Grants and Loans -	—	3,796	2,691	— 1,105
Payments in respect of rates on Tithe Rent Charge -	174	370	550	+ 180
Coal Mining Industry Subvention -	—	—	4,100	+ 4,100
Miscellaneous -	127	390	284	— 106
All Irish Services -	12,085	7,701	8,487	+ 786
TOTAL -	38,447	92,183	101,265	+ 9,082

* See footnote on previous page.

TABLE (D).—NATIONAL ADMINISTRATIVE SERVICES.
(Excluding Pensions and Irish Services.)

	Original Estimates for			
	1914-15.	1925-26.	1926-27.	
	£000.	£000.	£000.	Increase or Decrease compared with 1925-26. £000.
(a) IMPERIAL DEFENCE—				
Navy - - - - -	48,541	52,369	49,880	— 2,489
Army - - - - -	24,888	36,634	34,577	— 2,057
Air Force - - - - -	—	15,370	15,755	+ 385
	73,429	104,373	100,212	— 4,161
(b) TAX COLLECTION (including cost of accommodation)—				
Customs - - - - -	1,840	4,026	4,155	+ 129
Inland Revenue - - - - -	2,138	6,422	6,610	+ 188
	3,978	10,448	10,765	+ 317
(c) GRANTS TO INSURANCE SCHEMES—				
Health - - - - -	5,807	6,850	5,972	— 878
Unemployment - - - - -	600	13,105	12,160	— 945
	6,407	19,955	18,132	— 1,823
(d) NEW SERVICES—				
Mandated Territories and Middle East - - - - -	—	5,120	4,444	— 676
Imperial War Graves Commission	—	726	1,008	+ 282
Oversea Settlement - - - - -	—	494	935	+ 441
Liquidation of War Commitments	—	690	729	+ 39
Mint - - - - -	—	556	563	+ 7
Preparation of Electoral Registers	—	460	458	— 2
Forestry - - - - -	—	300	335	+ 35
Training, &c. of ex-Service Men -	—	1,438	400	— 1,038
Currency Note Services - - - - -	—	369	369	—
Empire Marketing - - - - -	—	—	500	+ 500
Miscellaneous - - - - -	—	182	443	+ 261
	—	10,335	10,184	— 151
(e) ALL OTHER CIVIL SERVICES—				
Works, Buildings, &c. - - - - -	2,348	4,852	4,605	— 247
All other expenditure, including Judicial, Financial, Trade, Fo- reign and Empire departments, Stationery, Museums and ad- ministration of all Grant Services in Great Britain - - - - -	10,478	15,358	14,283	— 1,075
	12,826	20,210	18,888	— 1,322
Grand Total - - - - -	96,640	165,321	158,181	— 7,140

1926-27.

TABLE IX. showing how the Estimated RECEIPTS from Revenue in 1926-27 compare with the corresponding Receipts in 1925-26.

On basis of EXISTING TAXATION.

	Receipts in 1925-26.	Estimate for 1926-27 on Basis of existing Taxation.	Estimate for 1926-27 more (+) or less (—) than Receipts in 1925-26.
	£	£	£
Customs - - - - -	103,487,000	107,700,000	+ 4,213,000
Excise - - - - -	134,560,000	134,300,000	— 260,000
	238,047,000	242,000,000	+ 3,953,000
Motor Vehicle Duties - - - - -	18,056,000	20,100,000	+ 2,044,000
Estate, &c. Duties - - - - -	61,200,000	66,000,000	+ 4,800,000
Stamps - - - - -	24,700,000	25,000,000	+ 300,000
Land Tax, House Duty and Mineral Rights Duty - - - - -	950,000	1,000,000	+ 50,000
Income Tax - - - - -	259,411,000	255,000,000	— 4,411,000
Super Tax - - - - -	68,510,000	64,500,000	— 4,010,000
Excess Profits Duty, &c. - - - - -	2,000,000	2,000,000	—
Corporation Profits Tax - - - - -	11,670,000	6,500,000	— 5,170,000
	428,441,000	420,000,000	— 8,441,000
TOTAL RECEIPTS FROM TAXES £	684,544,000	682,100,000	— 2,444,000
Postal Service - - - - -	35,750,000	36,500,000	+ 750,000
Telegraph Service - - - - -	5,650,000	5,600,000	— 50,000
Telephone Service - - - - -	15,950,000	17,300,000	+ 1,350,000
	57,350,000	59,400,000	+ 2,050,000
Crown Lands - - - - -	950,000	950,000	—
Receipts from Sundry Loans - - - - -	14,944,000	17,650,000	+ 2,706,000
Miscellaneous :—			
Ordinary Receipts - - - - -	17,349,000	18,600,000	+ 1,251,000
Special Receipts - - - - -	36,925,000	26,000,000	— 10,925,000
TOTAL RECEIPTS FROM NON- TAX REVENUE } £	127,518,000	122,600,000	— 4,918,000
TOTAL REVENUE - - - - - £	812,062,000	804,700,000	— 7,362,000

TABLE X.—Showing the PROPOSED CHANGES in TAXATION.

A.—CUSTOMS AND EXCISE.

(I.) *Changes in existing Duties.*

CUSTOMS.

Motor Cars, Motor Bicycles and Tricycles (including component parts and accessories, other than tyres, but excluding motor trade vehicles, ambulances, fire engines, and omnibuses).

It is proposed to repeal the exemption in favour of motor trade vehicles, ambulances, fire engines, and omnibuses, as from 1st May next.

Key Industry Duty.

It is proposed to continue the duty for a further period of 10 years from 19th August next at the present rate of $33\frac{1}{3}$ per cent. ad valorem, except that, as from 1st May, the rate on optical glass and optical elements, whether finished or not, and on optical instruments, is to be 50 per cent. ad valorem, and the rate on arc lamp carbons 1s. per lb.

Further, as from 1st May 1926 until 19th August 1936, the duty is to be extended to cover (a) component parts of optical instruments, at a rate of 50 per cent. ad valorem; and (b) component parts of scientific instruments; amorphous carbon electrodes, not including primary battery carbons or arc lamp carbons; molybdenum, ferro-molybdenum, and molybdenum compounds, and vanadium, ferro-vanadium and vanadium compounds, but not including ores or minerals of molybdenum or vanadium; at a rate of $33\frac{1}{3}$ per cent. ad valorem.

Antique articles, over 100 years old, other than wines or spirits.

To be admitted free of duty as from 1st May next.

EXCISE.

Beer.—The period of credit allowed to brewers for the payment of the Excise duty on beer to be reduced from three months to two months.

Chicory.—The excise duty on home-grown chicory to be repealed.

(II.) *New Duties.*

CUSTOMS.

Packing and Wrapping Paper.—It is proposed to levy a duty on imports as from 1st May next at the rate of $16\frac{2}{3}$ per cent. ad valorem, with a preferential rebate of one-third in favour of Empire goods.

EXCISE.

Betting.—It is proposed, as from 1st November next, to charge a duty of 5 per cent. on legal bets made with a bookmaker, together with a duty of £10 on certificates to be taken out by bookmakers and a duty of £10 on the registration of each set of premises used by a bookmaker for receiving bets on credit. Relief from duty will be allowed in the case of bets laid off, and bets which for any reason (e.g., abandonment of a race) are void.

B.—MOTOR VEHICLE DUTIES.

I. *Hackney Motor Vehicles.*

Seating Capacity.	Present Scales.		Proposed Scale for all Districts.
	In the Metropolitan Police Area and such other Districts as the Minister of Transport may fix.	In all other Districts.	
Not exceeding 6 persons - - -	£ 15	£ 12	£ 15
Over 6 and not exceeding 8 persons -	30	24	15
„ 8 „ „ „ 14 „ -	30	24	30
„ 14 „ „ „ 20 „ -	45	36	45
„ 20 „ „ „ 26 „ -	60	48	60
„ 26 „ „ „ 32 „ -	72	60	72
„ 32 „ „ „ 40 „ -	84	70	84
„ 40 „ „ „ 48 „ -	84	70	96
„ 48 „ „ „ 56 „ -	84	70	108
„ 56 „ „ „ 64 „ -	84	70	120
„ 64 - - - - -	84	70	120
			with an additional £1 10s. for each person in excess of 64.

II. *Commercial Goods Vehicles.*

Unladen Weight.	Present Scale.	Proposed Scale.
Electrically propelled vehicles not exceeding 25 cwt. - - - - -	£ 6	£ 6
Other vehicles :—		
Not exceeding 12 cwts. - - - - -	10	10
Over 12 cwts. but not exceeding 1 ton -	16	16
„ 1 ton „ „ „ 2 tons -	21	26
„ 2 tons „ „ „ 3 „ -	25	40
„ 3 „ „ „ 4 „ -	28	48
„ 4 „ „ „ 5 „ -	30	54
„ 5 „ - - - - -	30	60
With an additional duty in any case if used for drawing a trailer of - - - - -	2	10

NOTE.—Vehicles constructed and used for the conveyance of goods and materials otherwise than in the course of trade will come within this paragraph instead of within paragraph 6 (horse power basis) of the Second Schedule to the Finance Act, 1920.

III. *Tractors and Road Locomotives (other than those on which a 5s. duty is now charged or those used for haulage solely in connection with agriculture).*

Unladen Weight.	Present Scale.	Proposed Scale.
	£	£
Not exceeding 2 tons - - - - -	21	21
Over 2 tons but not exceeding 4 tons - - - - -	21	25
" 4 " " " 6 " - - - - -	21	30
" 6 " " " 7½ " - - - - -	21	35
" 7½ " " " 8 " - - - - -	25	40
" 8 " " " 10 " - - - - -	28	50
" 10 " " " 12 " - - - - -	28	60
" 12 " - - - - -	30	60

C.—INLAND REVENUE.

INCOME TAX AND SUPER TAX.

Changes are required consequent on the agreement with the Irish Free State as to double income tax, a copy of which was presented to the House of Commons in Cmd. Paper No. 2632.

TABLE XI.—Showing the Estimated Effect of the Proposed Alterations in Taxation.

	Estimate, 1926-27. Increase + or Decrease —.	In a Full Year. Increase + or Decrease —.
CUSTOMS :—	£	£
Extension of duty to Motor Trade Vehicles, &c. - - - - -	+ 300,000	+ 350,000
Extension of Key Industry Duty - - - - -	+ 50,000	+ 60,000
Packing and Wrapping Paper - - - - -	+ 400,000	+ 550,000
Antiques - - - - -	Loss estimated to	be negligible.
Total Customs - - - - -	+ 750,000	+ 960,000
EXCISE :—		
Beer—Reduction of credit period - - - - -	+ 5,500,000	*
Betting - - - - -	+ 1,500,000	+ 6,000,000
Chicory - - - - -	Loss estimated to	be negligible.
Total Excise - - - - -	+ 7,000,000	+ 6,000,000
TOTAL CUSTOMS AND EXCISE - - - - -	+ 7,750,000	+ 6,960,000
MOTOR VEHICLE DUTIES :—		
Hackney Vehicles - - - - -	+ 275,000	+ 500,000
Commercial Goods Vehicles - - - - -	+ 1,200,000	+ 1,800,000
Tractors, &c. - - - - -	+ 25,000	+ 45,000
TOTAL MOTOR VEHICLE DUTIES - - - - -	+ 1,500,000	+ 2,345,000
INLAND REVENUE :—		
Double income tax agreement with Irish Free State - - - - -	— 200,000	— 300,000
GRAND TOTAL - - - - -	+ 9,050,000	+ 9,005,000

* The gain from the reduction in the credit period is limited to 1926-27.

TABLE XII.

CUSTOMS and EXCISE REVENUE under the several heads of Duty, including additions proposed by the Chancellor of the Exchequer.

Head of Duty.						1925-26.		1926-27. Estimated Receipts.
						Budget Estimate.	Receipts (approximate).	
						£	£	£
Spirits	-	-	-	-	C.	8,300,000	7,938,000	7,500,000
					E.	42,700,000	41,993,000	40,700,000
Total						51,000,000	49,931,000	48,200,000
Beer	-	-	-	-	C.	6,300,000	6,083,000	6,100,000
					E.	77,700,000	76,324,000	82,200,000
Total						84,000,000	82,407,000	88,300,000
Wine	-	-	-	-	C.	3,850,000	3,747,000	3,750,000
Table Waters	-	-	-	-	C.	30,000	32,000	30,000
					E.	390,000	383,000	370,000
Total Table Waters						420,000	415,000	400,000
Tea	-	-	-	-	C.	5,650,000	5,780,000	5,850,000
Cocoa	-	-	-	-	C.	680,000	735,000	750,000
Coffee	-	-	-	-	C.	205,000	204,000	210,000
Chicory	-	-	-	-	C.	35,000	43,000	40,000
Sugar	-	-	-	-	C.	17,930,000	18,394,000	17,950,000
					E.	1,020,000	977,000	1,350,000
Total Sugar						18,950,000	19,371,000	19,300,000
Dried Fruits	-	-	-	-	C.	630,000	565,000	520,000
Tobacco	-	-	-	-	C.	51,645,000	53,495,000	53,595,000
					E.	5,000	4,000	5,000
Total Tobacco						51,650,000	53,499,000	53,600,000
Matches	-	-	-	-	C.	1,550,000	1,711,000	1,760,000
					E.	1,750,000	1,634,000	1,600,000
Total Matches						3,300,000	3,345,000	3,360,000
Cinema Films	-	-	-	-	C.	170,000	103,000	200,000
Clocks and Watches	-	-	-	-	C.	305,000	179,000	500,000
Motor Cars, &c.	-	-	-	-	C.	835,000	661,000	1,800,000
Musical Instruments	-	-	-	-	C.	190,000	138,000	300,000
Total "New Import Duties"						1,500,000	1,081,000	2,800,000

1926-27.

TABLE XIII., giving BALANCE SHEET, 1926-27.

ESTIMATED REVENUE, 1926-27.			
£			
Customs	-	-	108,450,000
Excise	-	-	141,300,000
<i>Total Customs and Excise</i>			249,750,000
Motor Vehicle Duties	-	-	21,600,000
Estate, &c. Duties	-	-	66,000,000
Stamps	-	-	25,000,000
Land Tax, House Duty and Mineral Rights Duty			1,000,000
Income Tax	-	-	254,800,000
Super Tax	-	-	64,500,000
Excess Profits Duty, &c.	-	-	2,000,000
Corporation Profits Tax	-	-	6,500,000
<i>Total Inland Revenue</i>			419,800,000
TOTAL RECEIPTS FROM TAXES			£691,150,000
Post Office	-	-	59,400,000
Crown Lands	-	-	950,000
Receipts from Sundry Loans			21,650,000
Miscellaneous :—			
Ordinary Receipts	-	-	25,600,000
Special Receipts	-	-	26,000,000
TOTAL RECEIPTS FROM NON-TAX REVENUE			£133,600,000
TOTAL REVENUE			£824,750,000

ESTIMATED EXPENDITURE 1926-27.			
CONSOLIDATED FUND SERVICES.			
£			
National Debt Services	-	-	364,000,000
Road Fund	-	-	17,500,000
Payments to Local Taxation Accounts, &c.	-	-	14,100,000
Payments to Northern Ireland Exchequer	-	-	5,200,000
Other Consolidated Fund Services	-	-	2,600,000
TOTAL CONSOLIDATED FUND SERVICES			£403,400,000
SUPPLY SERVICES.			
Army	-	-	42,500,000
Navy	-	-	58,100,000
Air Force	-	-	16,000,000
Civil Services	-	-	234,257,000
Customs and Excise, and Inland Revenue Departments	-	-	11,784,000
Post Office Services	-	-	54,600,000
TOTAL SUPPLY SERVICES			£417,241,000
TOTAL EXPENDITURE			£820,641,000
SURPLUS			4,109,000
TOTAL EXPENDITURE			£824,750,000

Savings Certificates.

In accordance with the recommendations of Cmd. Paper 2610, holders of Savings Certificates of the first issue will be given the following options :—

1. To continue to hold these certificates, if they so desire, until the 31st March, 1932, with interest after the tenth year from the date on which the certificate was bought at one penny a month on each certificate originally costing 15s. 6d.

Holders who desire to exercise this option need take no action before 1932.

2. To convert through the Post Office, without expense to themselves all or any part of their holdings, not being less than 50l., into 4½ per cent. Conversion Loan (1940-44) at the market price of the day.

3. Provided that part of the holding has reached the ten years maturity, to convert any part of the holding, not being less than 20l., into a special Savings Bond. The Bond will bear interest at 4 per cent. per annum, payable half-yearly on the 1st January and 1st July, and will be repayable at 103l. for each 100l. nominal value ten years after the date of issue. To safeguard holders against capital depreciation, the Bonds will be encashable at six months' notice from any date at par plus accrued interest. Interest on the Bonds will be paid without deduction of Income Tax, but if the holder is liable to tax it must be included in his Income Tax return and tax paid thereon. The maximum holding will be 500l.

Savings Bonds will not be on sale but will be issued only in exchange for certificates of the first issue.

The part of the scheme included under (2) and (3) above will come into force on a day to be announced, when the necessary Parliamentary authority has been obtained.

Holders who convert their certificates in the manner indicated at either (2) or (3) above will then be free to purchase further Savings Certificates of the current issue, provided that they do not hold more than 500 certificates in all at one time.

When certificates which have not reached ten years are converted either into Conversion Loan or Savings Bonds, they will be treated as worth the capital originally paid, 15s. 6d., plus one penny for each month since they were bought. This represents a bonus as compared with the price at which the certificates could be cashed.

Nothing in these arrangements affects the right of the holder of any Savings Certificates, if he so desires, to demand at any time, the amount due to him under the terms on which he bought the certificates.