

FINANCIAL STATEMENT (1942-43)

RETURN to an Order of the Honourable The House of Commons
dated 14th April, 1942:—*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,
14th April, 1942 } HARRY CROOKSHANK

(Captain Crookshank)



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1941-42.

TABLE I.—Comparison of Exchequer Issues with Estimated Expenditure.

	1941-42.			
	Total Expenditure provided for in the Budget.	Supplementary Votes subsequently granted.	Total Estimated Expenditure.	Exchequer Issues.
Ordinary Expenditure.				
CONSOLIDATED FUND SERVICES.	£	£	£	£
Interest and Management of National Debt ...	255,000,000	—	255,000,000	257,207,000
Payments to Northern Ireland Exchequer ...	9,200,000	—	9,200,000	9,121,000*
Other Consolidated Fund Services ...	7,800,000	—	7,800,000	7,728,000
Total ...	272,000,000	—	272,000,000	274,056,000
SUPPLY SERVICES (excluding Post Office and Broadcasting).				
Defence Token Votes ...	4,000	—	4,000	4,000
Civil Votes (excluding Vote for Broadcasting) ...	418,733,000	3,228,000	421,961,000	400,584,000
Customs and Excise and Inland Revenue Votes ...	16,220,000	—	16,220,000	16,050,000
Votes of Credit ...	3,500,000,000	750,000,000	4,250,000,000	4,085,000,000
Total Supply Services (excluding Post Office and Broadcasting) ...	3,934,957,000	753,228,000	4,688,185,000	4,501,638,000
Total Ordinary Expenditure ...	4,206,957,000	753,228,000	4,960,185,000	4,775,694,000
Self-Balancing Expenditure.				
Post Office Vote ...	93,746,000	—	93,746,000	93,746,000†
Vote for Broadcasting ...	5,600,000	1,300,000	6,900,000	6,836,000
Total Self-Balancing Expenditure ...	99,346,000	1,300,000	100,646,000	100,582,000

* Including £9,014,000 net share of reserved taxes.

† In addition, £7,400,000 was issued to the Post Office from Votes of Credit.

1941-42.

TABLE II.—Comparison of Exchequer Receipts with Budget Estimate.

1940-41 Exchequer Receipts.		1941-42.		
		Budget Estimate.	Exchequer Receipts.	+ Increase or - Decrease.
	Ordinary Revenue.			
£	INLAND REVENUE.	£	£	£
523,949,000	Income Tax	756,000,000	769,657,000	+ 13,657,000
76,107,000	Sur-tax	80,000,000	74,937,000	- 5,063,000
80,777,000	Estate Duties	82,000,000	90,870,000	+ 8,870,000
13,678,000	Stamps	14,000,000	14,133,000	+ 133,000
24,085,000	National Defence Con- tribution	210,000,000 {	21,883,000	} + 59,043,000
72,103,000	Excess Profits Tax		247,160,000	
1,015,000	Other Inland Revenue Duties	1,000,000	902,000	- 98,000
791,714,000		1,143,000,000	1,219,542,000	+ 76,542,000
	CUSTOMS AND EXCISE.			
304,939,000	Customs	310,700,000	378,361,000	+ 67,661,000
224,100,000	Excise	266,660,000	325,650,000	+ 58,990,000
529,039,000		577,360,000	704,011,000	+ 126,651,000
38,006,000	MOTOR VEHICLE DUTIES ...	39,000,000	38,422,000	- 578,000
1,358,759,000	TOTAL RECEIPTS FROM TAXES	1,759,360,000	1,961,975,000	+ 202,615,000
15,323,000	Post Office net Receipt ...	3,300,000	13,668,000*	+ 10,368,000
1,100,000	Crown Lands	1,100,000	950,000	- 150,000
2,553,000	Receipts from Sundry Loans	2,600,000	5,234,000	+ 2,634,000
31,132,000	Miscellaneous	20,000,000	92,230,000	+ 72,230,000
1,408,867,000	Total Ordinary Revenue	1,786,360,000	2,074,057,000	+ 287,697,000
	Self-Balancing Revenue.			
86,417,000	Revenue required to meet expenditure on Post Office and Broadcasting	99,346,000	100,582,000	+ 1,236,000

* After allowing for excess (£2,536,000) of Expenditure from Vote for Broadcasting over receipts from Wireless Licences.

1941-42.

TABLE III.—EXCHEQUER BALANCE SHEET of 1941-42.

Receipts.		Payments.	
	£		£
Ordinary Revenue ...	2,074,057,000	Ordinary Expenditure ...	4,775,694,000
Self-Balancing Revenue ...	100,582,000	Self-Balancing Expenditure	100,582,000
	<u>2,174,639,000</u>		<u>4,876,276,000</u>
Receipts under Section 1 (4) of the Defence Loans Act, 1937	20,540,000	Issues under Section 1 (5) (b) of the Defence Loans Act, 1937	20,540,000
Receipts under Section 4 (4) (b) of the Overseas Trade Guarantees Act, 1939 ...	238,000	Issues under Section 4 (5) (a) of the Overseas Trade Guarantees Act, 1939 ...	238,000
Bullion Advances repaid...	50,000	Issues for Redemption of Debt (Total £33,343,000)—	
Money raised by creation of Debt (Total £2,720,096,000)—		National Savings Certificates...	29,100,000
National Savings Certificates...	256,700,000	3 per cent. Defence Bonds ...	3,298,000
3 per cent. Defence Bonds ...	185,375,000	National Savings Bonds ...	850,000
2½ per cent. National War Bonds, 1945-47...	705,000	4½ per cent. Conversion Loan, 1940-44 ...	45,000
2½ per cent. National War Bonds, 1946-48...	345,026,000	1 per cent. Treasury Bonds ...	50,000
2½ per cent. National War Bonds, 1949-51...	378,589,000	Sinking Funds ...	*12,169,000
3 per cent. Savings Bonds, 1955-65 ...	577,416,000	Issues under the following Acts :—	
3 per cent. National Defence Loan, 1954-58 ...	45,731,000	Anglo-Turkish (Armaments Credit) Agreement Act, 1938 (S.1.) ...	923,000
3 per cent. Funding Loan, 1959-69 ...	120,825,000	Overseas Trade Guarantees Act, 1939 (S.4 (1)) ...	1,169,000
Tax Reserve Certificates (net)...	191,515,000	Tithe Act, 1936 (S.26 (1)) ...	1,830,000
Other Debt under the National Loans Acts, 1939-41 (net) ...	119,580,000		
Treasury Bills (net) ...	408,759,000		
Ways and Means Advances (net)	22,875,000		
Treasury Deposits by Banks (net) ...	67,000,000		
Receipts under the War Damage Act, 1941 ...	†20,012,000		
Repayments, &c. :—			
Under Land Settlement (Facilities) Acts, 1919 and 1921	174,000		
Under Section 26 of the Tithe Act, 1936 ...	2,247,000		
Under Section 4 of the Overseas Trade Guarantees Act, 1939	349,000		
Under Section 1 (3) of the North Atlantic Shipping Act, 1934	7,950,000		
Exchequer Balance on 31st March, 1941 ...	2,627,000	Exchequer Balance on 31st March, 1942 ...	2,434,000
	<u>4,948,922,000</u>		<u>4,948,922,000</u>

* Viz. : Specific Sinking Funds:—

	£
Capital of Terminable Annuities ...	1,070,000
4 per cent. Funding Loan Sinking Fund ...	4,954,000
3 per cent. Funding Loan Sinking Fund ...	1,967,000
Victory Bonds Sinking Fund ...	4,178,000
Total ...	<u>£12,169,000</u>

† In addition to sums credited to Revenue corresponding to amounts paid out of the Vote of Credit to meet expenditure under the Act.

TABLE IV.

NATIONAL DEBT (approximate Totals) on 31st March, 1942.

	£
2½% Consols, &c.	313,192,000
Terminable Annuities	14,417,000
3½% Conversion Loan	739,324,000
4% Consolidated Loan	400,710,000
3½% War Loan	1,911,037,000
2½% Funding Loan, 1956-61	200,211,000
2¾% Funding Loan, 1952-57	100,562,000
3% Funding Loan, 1959-69	255,962,000
4% Funding Loan, 1960-90	332,914,000
2% Conversion Loan, 1943-45	245,344,000
2½% Conversion Loan, 1944-49	206,522,000
3% Conversion Loan, 1948-53	301,835,000
5% Conversion Loan, 1944-64	320,090,000
2½% National Defence Bonds, 1944-48	100,165,000
3% National Defence Loan, 1954-58... ..	201,219,000
3% War Loan, 1955-59	302,527,000
2½% National War Bonds, 1945-47	444,412,000
2½% National War Bonds, 1946-48	493,326,000
2½% National War Bonds, 1949-51	378,589,000
3% Savings Bonds, 1955-65	666,026,000
4% Victory Bonds	297,969,000
National Savings Certificates*	831,056,000
National Savings Bonds	850,000
3% Defence Bonds	432,227,000
Tax Reserve Certificates	191,515,000
Other Debt under the War Loan Acts, 1914-19 and National Loans Acts, 1939-41	46,236,000
Treasury Deposits by Banks	496,500,000
Treasury Bills	2,620,600,000
Ways and Means Advances	195,135,000
<i>Deduct:</i>	13,040,472,000
Victory Bonds, &c., purchased by National Debt Commissioners, but not yet cancelled	112,253,000
	12,928,219,000
EXTERNAL DEBT:	
Debt arising out of the War of 1914-18	1,032,427,000
Debt created under the National Loans Acts, 1939-41	109,616,000
<i>Net Total of the National Debt on 31st March, 1942</i>	<u>14,070,262,000</u>

Note.—On the 31st March, 1942, the following amounts were outstanding in respect of Inter-Governmental Loans by the United Kingdom which arose out of the War of 1914-18:—

	£
Loans funded (aggregate annuity payments)	1,148,595,000
Other Loans	1,888,537,000

Payments in respect of these loans have been suspended since 1st July, 1931.

* National Savings Certificates are shown at issue price, exclusive of accrued interest.

TABLE V.—Classified Statement of Estimated EXPENDITURE.

	1941-42.		1942-43.		
	£000.	£000.	£000.	£000.	Increase + or Decrease — £000.
1. GRANTS FOR LOCAL AND OTHER SERVICES ... (For details see Table V (a))	...	176,167	...	175,336	— 831
2. IRISH SERVICES ...	...	16,264	...	16,545	+ 281
3. NATIONALLY ADMINIS- TERED SERVICES—					
National Debt Interest and Management ...	...	255,000	...	325,000	+ 70,000
National Pensions and Insurance, and Un- employment Assistance (For details see Table V (b))	...	192,945	...	185,576	— 7,369
Defence Token Votes ...	...	4*	...	4*	—
Tax Collection—					
(a) Customs and Excise	6,406		6,252		
(b) Inland Revenue ...	10,529		12,763		
		16,935†		19,015†	+ 2,080
Other Services ... (For details see Table V (c))	...	55,242||		65,003	+ 9,761
Votes of Credit ...	...	3,500,000‡		4,500,000§	+ 1,000,000
Total Ordinary Expenditure ...		4,212,557||		5,286,479||	+ 1,073,922
4. SELF-BALANCING SERVICE—					
Post Office ...	...	93,746||		102,523||¶	+ 8,777

* Substantive cost met from Votes of Credit.

† Including Allied Services Expenditure—1941 £715,000; 1942 £496,000.

‡ Excluding value of supplies from the United States of America under the Lend-Lease Act and payments under existing orders in that country.

§ Excluding value of supplies from the United States of America under the Lend-Lease Act.

|| Vote for Broadcasting was treated as Self-Balancing up to and including 1941-42, but is included with Ordinary Expenditure for 1942-43. For purposes of this Table the amount of the Vote for 1941-42 (£5,600,000) has been added to the total of Ordinary Expenditure for that year. (See also note * on page 12).

¶ In addition, £6,683,000 is estimated to be required from Votes of Credit.

TABLE V (a).—GRANTS FOR LOCAL AND OTHER SERVICES.*

	1941-42.	1942-43.	
	£000.	£000.	Increase + or Decrease — £000.
(a) General Grant for Local Services— Exchequer Contributions to Local Revenues	52,794	52,773	— 21
(b) Specific Grants for Local Services (in addition to provision included in the first item above)—			
Education (excluding Teachers' Pensions) ...	60,542	64,104	+ 3,562
Health Services	758	810	+ 52
Housing	18,781	18,443	— 338
Police	14,221	14,354	+ 133
Roads (including Trunk Roads), &c. ...	10,274	6,892	— 3,382
Special Areas Fund	1,250	900	— 350
Unemployment Grants and Loans (including Development Grants)	3,130	2,705	— 425
Miscellaneous	1,217	1,086	— 131
(c) Other Grants—			
Agriculture (including Grants for Land Settlement and Development Fund) ...	4,090	2,505	— 1,585
Colonial Development and Welfare	781	1,409	+ 628
Foreign and Imperial	7,001	8,430	+ 1,429
Scientific and Industrial Research	190	194	+ 4
Miscellaneous	1,138	731	— 407
TOTAL	176,167	175,336	— 831

TABLE V (b).—NATIONAL PENSIONS AND INSURANCE, AND UNEMPLOYMENT ASSISTANCE.*

	1941-42.	1942-43.	
	£000.	£000.	Increase + or Decrease — £000.
Grants to Insurance Schemes, &c.—			
(i) Health... ..	7,428	9,064	+ 1,636
(ii) Unemployment Insurance	25,000	26,500	+ 1,500
Unemployment Assistance†	17,680	8,670	— 9,010
Old Age Pensions†	51,066	51,950	+ 884
Supplementary Pensions†	33,000	30,460	— 2,540
Payment to Widows', Orphans' and Old Age Contributory Pensions Accounts	21,525	22,525	+ 1,000
War Pensions, 1914-18 (including Merchant Sea- men's Pensions)†	37,246	36,407	— 839
TOTAL	192,945	185,576	— 7,369

* Excluding expenditure from Votes of Credit.

† These items include cost of administration.

TABLE V (c).—OTHER SERVICES.*

	1941-42.	1942-43.	
	£000.	£000.	Increase + or Decrease — £000.
Agriculture and Forestry†	2,908	3,204	+ 296
Broadcasting	5,600	10,000	+ 4,400
Civil Superannuation (other than Revenue Departments)	2,893	2,950	+ 57
Financial Assistance in Special and other Areas†	204	101	— 103
Foreign and Imperial Services†... ..	4,812	4,096	— 716
Payments under Trade Facilities Acts	175	350	+ 175
Prisons and State Asylums, &c.† ...	1,885	2,070	+ 185
Scientific Investigation and Museums†	1,373	1,386	+ 13
Teachers' Pensions... ..	3,901	3,693	— 208
Works, Buildings and Stationery, &c.†... ..	13,933	13,619	— 314
Miscellaneous (including General Administration)	17,558	23,534	+ 5,976
TOTAL	55,242	65,003	+ 9,761

* Excluding expenditure from Votes of Credit.

† These items include cost of administration.

TABLE VI.—National Expenditure and Rates collected by Local Authorities over a series of years.

Year.	National Expenditure.				Rates collected by Local Authorities **.
	Ordinary Expenditure. *	Issues under Defence Loans Acts, 1937 and 1939.	Expenditure out of the Road Fund.	Total of Columns 2, 3 and 4.	
(1)	(2)	(3)	(4)	(5)	(6)
	£000.	£000.	£000.	£000.	£000.
1913-14 ...	169,453†	—	952	170,405	78,971
1932-33 ...	777,387	—	23,187	800,574	163,678
1933-34 ...	692,802	—	21,014	713,816	167,007
1934-35 ...	708,932	—	19,958	728,890	173,701
1935-36 ...	749,806	—	20,934	770,740	184,164
1936-37 ...	802,305	—	22,931	825,236	193,238
1937-38 ...	841,258‡	64,867	5,607‡	911,732	197,952
1938-39 ...	941,381	128,050	—	1,069,431	212,578
1939-40 ...	1,275,756	491,750	—	1,767,506	222,268§
1940-41 ...	3,818,719	—	—	3,818,719	219,507§
1941-42 ...	4,775,694¶	—	—	4,775,694	††216,131§

* Including Sinking Fund payments when met from the Permanent Debt Charge.

† Adjusted to conform to certain changes made subsequently in the form of the accounts.

‡ The figure of expenditure charged to revenue includes in 1937-38, for the first time, issues to the Road Fund, which was previously fed from self-balancing revenue. The charge on Votes to meet Road Fund expenditure was diminished exceptionally in the year 1937-38 by the balance of £5,607,000 standing in the Fund at 1st April, 1937, which is shown in Column (4) in order to build up to the total figure of expenditure.

§ Estimated.

¶ Exchequer Issues.

** Since a large portion of local authorities' expenditure is met out of Exchequer grants, already included in Column (2), the simplest approximate index to the actual burden of local expenditure is afforded by the figures of rates collected, which over a series of years represent very closely the expenditure falling on rates.

†† viz., England and Wales £194,000,000, Scotland £22,131,000.

1942-43.

TABLE VII.—Comparison of Estimated EXPENDITURE under Budget heads.

Service.	Budget Estimate, 1941-42.	Estimate, 1942-43.	+ Increase or - Decrease.
	£	£	£
Ordinary Expenditure.			
CONSOLIDATED FUND SERVICES.			
Interest and Management of National Debt	255,000,000	325,000,000	+ 70,000,000
Payments to Northern Ireland Exchequer (including net share of reserved taxes) ...	9,200,000	9,500,000	+ 300,000
Other Consolidated Fund Services	7,800,000	7,800,000	—
TOTAL	272,000,000	342,300,000	+ 70,300,000
SUPPLY SERVICES (excluding Post Office).			
Defence Token Votes	4,000*	4,000*	—
Civil Votes	424,333,000||	425,656,000||	+ 1,323,000
Customs and Excise and Inland Revenue Votes	16,220,000	18,519,000	+ 2,299,000
Votes of Credit	3,500,000,000†	4,500,000,000‡	+ 1,000,000,000
TOTAL SUPPLY SERVICES (excluding Post Office)	3,940,557,000	4,944,179,000	+ 1,003,622,000
Total Ordinary Expenditure ...	4,212,557,000||	5,286,479,000||	+ 1,073,922,000
Self-Balancing Expenditure.			
Post Office Vote	93,746,000	102,523,000§	+ 8,777,000

* Substantive cost met from Votes of Credit.

† Excluding value of supplies from the United States of America under the Lend-Lease Act and payments under existing orders in that country.

‡ Excluding value of supplies from the United States of America under the Lend-Lease Act.

§ In addition, £6,683,000 is estimated to be required from Votes of Credit.

|| Vote for Broadcasting was treated as Self-Balancing up to and including 1941-42, but is included with Civil Votes under Ordinary Expenditure for 1942-43. For purposes of this Table the amount of the Vote for 1941-42 (£5,600,000) has been added to the total of Civil Votes for that year. (See also note * on page 12.)

1942-43.

TABLE VIII.—Comparison of Estimated RECEIPTS from Revenue in 1942-43 with corresponding Receipts in 1941-42.

On the basis of existing Taxation.

	Receipts in 1941-42.	Estimate for 1942-43 on basis of existing Taxation.	+ Increase or - Decrease.
Ordinary Revenue :	£	£	£
INLAND REVENUE.			
Income Tax	769,657,000	915,000,000	+ 145,343,000
Sur-tax	74,937,000	78,000,000	+ 3,063,000
Estate Duties	90,870,000	90,000,000	- 870,000
Stamps	14,133,000	15,000,000	+ 867,000
National Defence Contribution	21,883,000	425,000,000	+ 155,957,000
Excess Profits Tax	247,160,000		
Other Inland Revenue Duties	902,000	1,000,000	+ 98,000
	1,219,542,000	1,524,000,000	+ 304,458,000
CUSTOMS AND EXCISE.			
Customs	378,361,000	340,400,000	- 37,961,000
Excise	325,650,000	304,600,000	- 21,050,000
	704,011,000	645,000,000	- 59,011,000
MOTOR VEHICLE DUTIES	38,422,000	34,000,000	- 4,422,000
TOTAL RECEIPTS FROM TAXES	1,961,975,000	2,203,000,000	+ 241,025,000
Canadian Government Contribution	—	225,000,000	+ 225,000,000
Post Office net Receipt	16,204,000*	10,000,000*	- 6,204,000
Wireless Licences	4,300,000*	4,300,000	—
Crown Lands	950,000	800,000	- 150,000
Receipts from Sundry Loans	5,234,000	5,000,000	- 234,000
Miscellaneous	92,230,000	21,000,000	- 71,230,000
Total Ordinary Revenue	2,080,893,000*	2,469,100,000*	+ 388,207,000
Self-Balancing Revenue :			
Revenue required to meet Post Office expenditure	93,746,000*	102,523,000*	+ 8,777,000

* The revenue required to meet Expenditure on Broadcasting was treated as Self-Balancing up to and including 1941-42, in which year £4,300,000 of the expenditure was covered by Wireless Licence revenue and £2,536,000 met out of the Post Office surplus. For 1942-43 the Wireless Licence revenue is included under Ordinary Revenue, and for the purposes of this Table the above two amounts have been added to the Ordinary Revenue for 1941-42. (See also note || on page 11.)

TABLE IX.—PROPOSED CHANGES IN TAXATION IN 1942-43.

INLAND REVENUE.

INCOME TAX.

It is proposed to increase the allowance in respect of a wife's earned income from a maximum of £45 to a maximum of £80.

It is proposed to extend to employees assessed yearly the allowance in respect of additional travelling expenses incurred through change of place of work or residence due to the war now granted to manual wage-earners assessed half-yearly.

It is proposed to make the profits of farming chargeable under Schedule D instead of Schedule B in cases where the annual value of the lands exceeds £100, and in cases where the annual value is less than £100 to charge tax under Schedule B on three times the annual value instead of on the single annual value.

It is proposed to abolish the allowance of discount on the pre-payment of tax assessed under Schedule D.

TABLE IX.—PROPOSED CHANGES IN TAXATION IN 1942-43—*continued*.
CUSTOMS AND EXCISE.

	Existing Duties.		Proposed Duties.	
	Full Rate.	Preferential Rate.	Full Rate.	Preferential Rate.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.
CUSTOMS—				
<i>Spirits—</i>				
*Brandy or Rum proof gallon	5 0 4	4 17 10	7 0 4	6 17 10
*Imitation Rum or Geneva ... „	5 0 5	4 17 11	7 0 5	6 17 11
Unsweetened spirits, other than the above „	5 0 5	4 17 11	7 0 5	6 17 11
*Perfumed spirits liquid gallon	8 0 0	7 16 0	11 4 0	11 0 0
Liqueurs, cordials, mixtures and other preparations in bottle entered in such manner as to indicate that the strength is not to be tested „	6 16 2	6 12 10	9 10 2	9 6 10
*Other spirits, including naphtha and methylic alcohol, purified so as to be potable, and mixtures and preparations containing spirits ... proof gallon	5 0 5	4 17 11	7 0 5	6 17 11
*If imported in bottle, extra ... per gallon	0 1 0	0 1 0	0 1 0	0 1 0
Additional duties are charged on immature spirits, and also on the sugar content of sweetened spirits ...	No changes proposed.			
<i>Beer (other than black beer, &c.)—</i>				
Per 36 gallons, of any gravity ...	5 1 5	4 1 5	6 18 6½	5 18 6½
Additional per 36 gallons, for every degree of gravity over 1027° ...	0 3 0	0 3 0	0 4 4½	0 4 4½
Subject in each case to an additional duty of 10d. per 36 gallons, of any gravity, consequential on the hop duty.				
<i>Wine—</i>				
Not exceeding 25° of proof spirit ... per gallon	0 8 0	...	0 14 0	...
exceeding 25° and not exceeding 42° „	0 16 0	...	1 8 0	...
not exceeding 27° of proof spirit ... „	...	0 6 0	...	0 12 0
exceeding 27° and not exceeding 42° „	...	0 12 0	...	1 4 0
for every degree or fraction of a degree over 42°, an additional duty ... „	0 1 4	0 1 0	0 2 4	0 2 0
Sparkling Wine, an additional duty ... „	0 12 6	0 6 3	0 18 9	0 12 6
Still Wine in bottle, an additional duty „	0 2 0	0 1 0	0 3 0	0 2 0

TABLE IX.—PROPOSED CHANGES IN TAXATION IN 1942-43—*continued*.
CUSTOMS AND EXCISE—*continued*.

	Existing Duties.		Proposed Duties.	
	Full Rate.	Preferential Rate.	Full Rate.	Preferential Rate.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.
CUSTOMS— <i>continued</i> .				
Tobacco—				
Unmanufactured—				
Containing 10 per cent. or more moisture—				
Unstripped ... per lb.	0 19 6	0 17 5½	1 9 6	1 7 5½
Stripped	0 19 6½	0 17 5¾	1 9 6½	1 7 5¾
Containing less than 10 per cent. moisture—				
Unstripped	1 0 6	0 18 2¾	1 10 6	1 8 2¾
Stripped	1 0 6½	0 18 3¼	1 10 6½	1 8 3¼
Manufactured—				
Cigars	1 8 1	1 4 2¼	1 18 1	1 14 2¼
Cigarettes	1 4 7	1 1 5¼	1 14 7	1 11 5¼
Cavendish or Negro-head	1 3 9	1 0 9¾	1 13 9	1 10 9¾
Cavendish or Negro-head made in bond... ..	1 2 0	0 19 4¾	1 12 0	1 9 4¾
Other manufactured tobacco	1 2 0	0 19 4¾	1 12 0	1 9 4¾
Snuff—				
Containing more than 13 per cent. moisture... ..	1 1 4	0 18 10⅝	1 11 4	1 8 10⅝
Containing not more than 13 per cent. moisture... ..	1 3 9	1 0 9¾	1 13 9	1 10 9¾

TABLE IX.—PROPOSED CHANGES IN TAXATION IN 1942-43—*continued.*CUSTOMS AND EXCISE—*continued.*

—		Existing Duties.	Proposed Duties.
		£ s. d.	£ s. d.
Excise—			
<i>Spirits</i> , British proof gallon		4 17 6	6 17 6 ✓
Additional duties are charged on immature spirits		No	change
<i>Beer</i> (other than black beer, &c.)—			
Per 36 gallons, of any gravity		4 1 0	5 18 1½ ✓
Additional per 36 gallons, for every degree of gravity over 1027°		0 3 0	0 4 4½ ✓
<i>Sweets</i> (British wine, &c.)—			
Still... .. per gallon,		0 5 6	0 11 6 ✓
Sparkling „		0 11 6	1 3 9
<i>Tobacco—</i>			
Unmanufactured—			
Containing 10 per cent. or more moisture per lb.		0 17 3½	1 7 3½
Containing less than 10 per cent. moisture „		0 18 0 ⁷ / ₈	1 8 0 ⁷ / ₈
Manufactured—			
Cavendish or Negrohead made in bond „		0 19 4 ⁷ / ₈	1 9 4 ⁷ / ₈

It is proposed that the above changes in the Customs and Excise duties shall take effect as from the 15th April, 1942.

TABLE IX.—PROPOSED CHANGES IN TAXATION IN 1942-43—*continued*.CUSTOMS AND EXCISE—*continued*.

Entertainments Duty.—It is proposed to increase the duties on payments for admission to entertainments as from 10th May, 1942, as shown below :—

I.—Scale applicable to “living” entertainments within the scope of the Finance Act, 1935, Section 1, subsections (3) and (4).

Payment for admission excluding Duty.		Rate of Duty.	
Exceeding.	Not exceeding.	Present.	Proposed.
s. d.	s. d.	d.	d.
0 3	0 6½	½	No change.
0 6½	0 11½	½	1
0 11½	1 2	1	2
1 2	1 7	2	4
1 7	1 9½	2½	5
1 9½	2 0	3	6
2 0	2 2	4	8
2 2	—	4d. plus 1d. for every 5d. or part of 5d. over 2s. 2d.	8d. plus 2d. for every 5d. or part of 5d. over 2s. 2d.

II.—Scale applicable to other entertainments.

Payment for admission excluding Duty.		Rate of Duty.	
Exceeding.	Not exceeding.	Present.	Proposed.
s. d.	s. d.	d.	d.
0 3	0 5	½	} No change.
0 5	0 6¼	¾	
0 6¼	0 7	1	2
0 7	0 7¾	1¼	2½
0 7¾	0 8¾	2	4
0 8¾	0 11	3	6
0 11	1 2	4	8
1 2	1 5	5	10
1 5	—	5d. plus 2d. for every 6d. or part of 6d. over 1s. 5d.	10d. plus 4d. for every 6d. or part of 6d. over 1s. 5d.

TABLE IX.—PROPOSED CHANGES IN TAXATION IN 1942-43—*continued*.CUSTOMS AND EXCISE—*continued*.

PURCHASE TAX.—It is proposed that the tax now payable on chargeable purchases of the following goods shall be raised from its present rate of $33\frac{1}{3}$ per cent. of their wholesale value to $66\frac{2}{3}$ per cent., the increase to take effect from the 15th April, 1942.

Chargeable Goods in respect of which the Tax is to be raised to $66\frac{2}{3}$ per Cent.

Garments or footwear made wholly or partly of fur skin (including any skin with fur, hair or wool attached) or silk (except silk used for the stitching of seams and buttonholes).

Headgear, ties, scarves, handkerchiefs, muffs, collars, cuffs and gloves, made wholly or partly of fur skin (including any skin with fur, hair or wool attached) or silk (except silk used for the stitching of seams and buttonholes).

Walking sticks and canes.

Fabrics (whether in the piece, shaped or partly made up) of the following descriptions, except corduroy, terry towelling, and floor coverings:—

Fabrics made wholly or partly of silk,
Pile fabrics,
Woven-figured fabrics.

Textile articles of a kind used for domestic purposes and soft furnishings, made wholly or partly of such fabrics.

Carpets, rugs and mats, hand-made, knotted. Rugs made of fur skin.

Fur skins (including any skin with fur, hair or wool attached), dressed.

Glassware of cut glass of a kind used for domestic purposes.

Glass mirrors (whether framed or not), not being optically worked or specially designed for use in connection with machinery, tools or instruments.

Hair waving and hair drying machines.

Electric dry shavers and dry shaver heads.

Garden furniture, garden ornaments.

Trunks, bags, wallets, jewel cases, pouches, purses, suitcases and similar receptacles of a kind used for personal or domestic purposes (whether fitted or not), being articles made of leather, hide or skin, but not including articles designed for use solely as equipment for service in the armed forces or in a civil defence force.

Photographic cameras.

Photographic enlargers.

Projectors for sub-standard film or for slides.

TABLE IX.—PROPOSED CHANGES IN TAXATION IN 1942-43—*continued*.CUSTOMS AND EXCISE—*continued*.PURCHASE TAX—*continued*.

Lenses and other parts of, and accessories to, such cameras, enlargers or projectors.

Unexposed sensitised photographic paper, cloth, plates and film, except sensitised document base paper, transparent tracing paper base and tracing cloth.

Musical instruments, including gramophones, player pianos and other similar instruments and accessories to, and parts of, musical instruments.

Gramophone records. Player piano records.

Radio gramophones.

Clocks and watches, cases for, and accessories to, clocks and watches, and watch chains, wristlet watch straps and similar articles, made wholly or partly of platinum, gold, silver, or gold plate.

Jewellery and imitation jewellery and other goldsmiths' and silver-smiths' wares.

Articles of all kinds made wholly or partly of ivory, amber, jet, coral, mother of pearl, natural shells, or tortoiseshell, or of jade, onyx, lapis lazuli or other semi-precious stones.

Fancy or ornamental articles of a kind suitable for personal or domestic use (including artificial flowers, photograph frames and paper weights).

Toilet requisites of all kinds, except the following not being articles supplied as part of a toilet set:—brushes, combs, scissors, razors and razor blades, sponges, face cloths and towels, and toilet paper.

Perfumery. Toilet preparations (whether medicated or not), including cosmetics but excluding the following:—soap including soap shampoos; dentifrices; eye lotions; mouth washes and antiseptics; calamine lotion and similar alleviating toilet preparations, unperfumed.

Pictures, prints, engravings, photographs, figures, busts, reliefs, vases, and similar articles, if produced in quantity for general sale.

Stationery.—It is proposed to levy the Purchase Tax at the rate of $33\frac{1}{3}$ per cent., as from the 15th April, 1942, on chargeable purchases of account books and plain books (whether ruled or not), such goods being hitherto exempt.

“Utility” cloth and clothing, and boots and shoes.—It is proposed to exempt from the Purchase Tax, by Treasury Order, “Utility” cloth and clothing, as from a date early in September 1942, and “Utility” boots and shoes as from a later date.

TABLE X.—CUSTOMS AND EXCISE REVENUE under the several heads of Duty.

Head of Duty.							1941-42.		1942-43. Estimated Receipts.
							Budget Estimate.	Receipts (provisional).	
							£	£	£
Spirits	C	E					11,000,000	15,778,000	19,800,000
							24,000,000	30,979,000	38,900,000
Total Spirits							35,000,000	46,757,000	58,700,000
Beer	C	E					5,800,000	7,308,000	7,000,000
							141,200,000	157,256,000	197,000,000
Total Beer							147,000,000	164,564,000	204,000,000
Wine	C						6,500,000	3,833,000	3,700,000
British Wine	E						1,500,000	1,118,000	850,000
Table Waters	C	E					2,000	—	—
							198,000	206,000	200,000
Total Table Waters							200,000	206,000	200,000
Tea	C						12,000,000	12,871,000	11,000,000
Cocoa	C						1,750,000	2,201,000	1,750,000
Coffee and Chicory	C						230,000	336,000	100,000
Sugar, Molasses, Glucose and Saccharin	C	E					20,000,000	21,996,000	17,800,000
							8,000,000	9,321,000	11,200,000
Total Sugar, &c.							28,000,000	31,317,000	29,000,000
Dried Fruits	C						600,000	1,522,000	1,300,000
Tobacco	C	E					182,990,000	221,110,000	303,980,000
							10,000	16,000	20,000
Total Tobacco							183,000,000	221,126,000	304,000,000
Matches and Mechanical Lighters	C	E					200,000	677,000	700,000
							5,400,000	4,779,000	5,300,000
Total Matches, &c.							5,600,000	5,456,000	6,000,000
Silk and Artificial Silk	C	E					400,000	110,000	100,000
							1,400,000	907,000	400,000
Total Silk, &c....							1,800,000	1,017,000	500,000
Oil	C	E					52,000,000	54,384,000	54,000,000
							—	—	—
Total Oil, &c.							52,000,000	54,384,000	54,000,000

TABLE X.—CUSTOMS AND EXCISE REVENUE under the several heads of Duty—*continued*.

Head of Duty.						1941-42.		1942-43. Estimated Receipts.
						Budget Estimate.	Receipts (provisional).	
						£	£	£
Entertainments	...	...	...	...	E	10,000,000	15,970,000	28,000,000
Liquor Licences:—								
Duties...	...	...	...	...	E	4,100,000	4,602,000	4,350,000
Monopoly Values	...	...	...	...	E	160,000	88,000	70,000
Other Licences...	...	...	...	...	E	370,000	371,000	340,000
Medicines	...	...	...	...	E	200,000	33,000	—
Playing Cards, Coffee Mixtures	...	...	...	...	E	70,000	35,000	30,000
Hops	...	...	...	...	C	50,000	1,000	1,000
Key Industry Duty	...	...	...	...	C	1,000,000	1,431,000	200,000
Duties under the Import Duties Act, 1932 (including the old "McKenna Duties")					C	12,000,000	26,590,000	9,000,000
Ottawa Duties	...	...	...	...	C	1,000,000	2,678,000	2,500,000
Beef and Veal	...	...	...	...	C	3,000,000	6,282,000	5,000,000
Purchase Tax	...	...	...	...	E	70,000,000	98,535,000	80,000,000
Other Articles and Deposits	...	...	...	...	{ C E	178,000 52,000	327,000 — 9,000	364,000 45,000
Total Other Articles, &c....	...	...	...	...		230,000	318,000	409,000
Difference between Payments into Ex- chequer and Actual Receipts	...	...	...	...	{ C E	— —	— 1,074,000 + 1,443,000	— —
Total Difference	...	...	...	...		—	+ 369,000	—
Total Revenue	...	...	Customs	...		310,700,000	378,361,000	438,295,000
			Excise	...		266,660,000	325,650,000	366,705,000
TOTAL	...	...	...	...		577,360,000	704,011,000	805,000,000

TABLE XI.—ESTIMATED EFFECT OF CHANGES IN TAXATION.

	Estimate 1942-43.	Estimate in a full year.
INLAND REVENUE—		
<i>Income Tax</i> *—	£	£
Increased allowance for wife's earned income	— 5,000,000	— 25,000,000
Alteration of basis of assessment of farming profits... ..	+ 3,000,000	+ 7,000,000
	— 2,000,000	— 18,000,000
CUSTOMS AND EXCISE—		
<i>Customs</i> —		
Spirits	+ 4,800,000	+ 5,000,000
Beer	+ 1,500,000	+ 1,550,000
Wine	+ 1,600,000	+ 1,700,000
Tobacco	+ 89,995,000	+ 89,995,000
Total Customs	+ 97,895,000	+ 98,245,000
<i>Excise</i> —		
Spirits	+ 9,200,000	+ 10,000,000
Beer	+ 40,500,000	+ 46,450,000
British Wine, &c.	+ 400,000	+ 470,000
Tobacco	+ 5,000	+ 5,000
Entertainments	+ 12,000,000	+ 14,000,000
Purchase Tax—		
Increases	+ 10,000,000	+ 10,000,000
Exemption of "Utility" clothing, &c.	— 10,000,000	— 15,000,000
Total Excise	+ 62,105,000	+ 65,925,000
TOTAL CUSTOMS AND EXCISE	+ 160,000,000	+ 164,170,000
TOTAL... .. .	+ 158,000,000	+ 146,170,000

* NOTE.—The effects of the other changes in Income Tax set out on page 13 have been allowed for in the estimate of the yield of Income Tax for 1942-43 on the existing basis.

A.—ORDINARY REVENUE AND EXPENDITURE.

Wt. — 4500 4/42 F.O.P. 23665 Gp. 340

[illegible]

† Excluding value of supplies from the United States of America under the Lend-Lease Act.

£

Revenue required to meet Post Office expenditure* (including Pensions £5,581,000)	102,523,000
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* Excluding £6,683,000 estimated to be required from Votes of Credit.