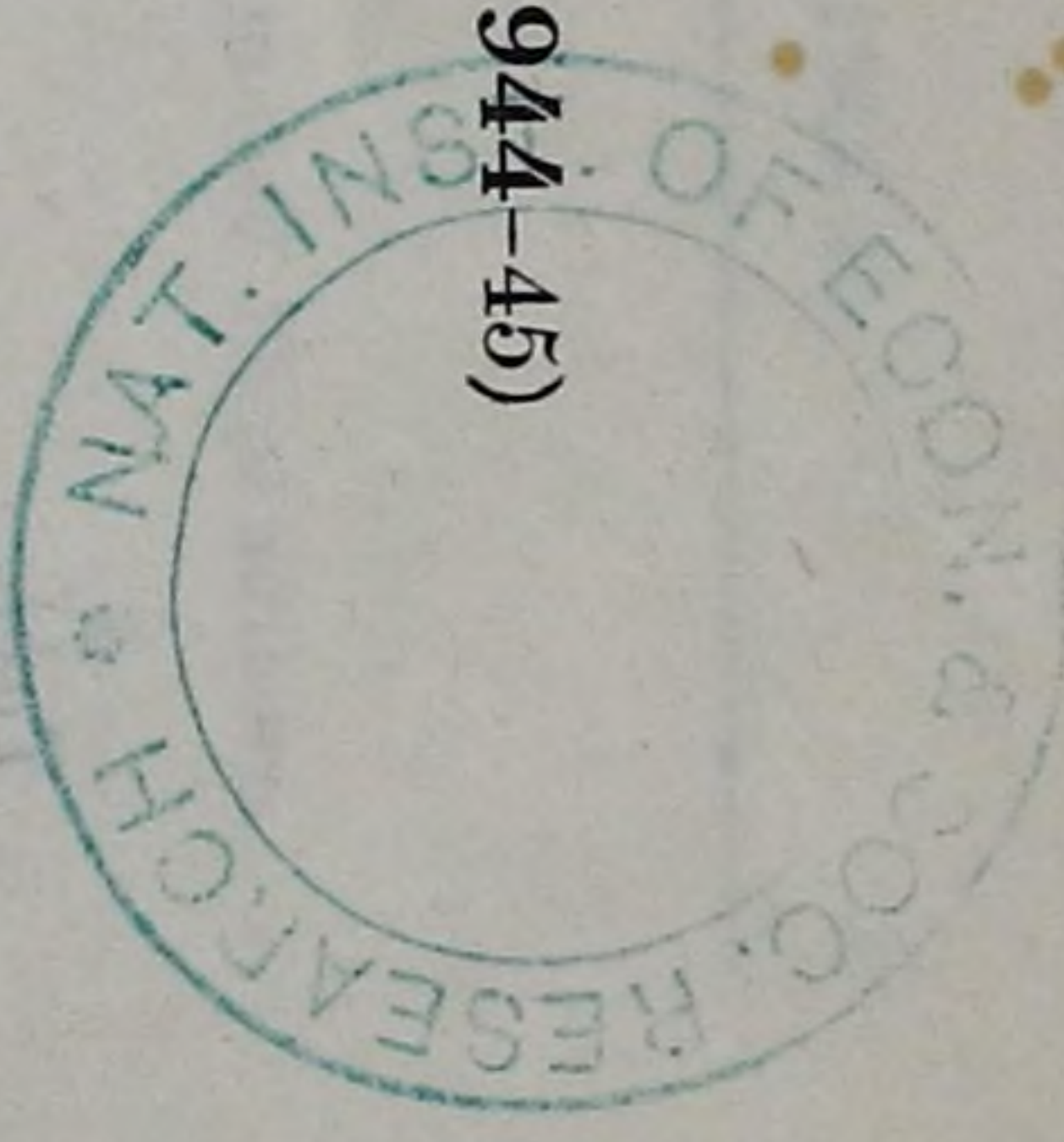


FINANCIAL STATEMENT (1944-45)



RETURN to an Order of the Honourable The House of Commons
dated 25th April, 1944:—*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, } RALPH ASSHETON
25th April, 1944 }

(*Mr. Assheton*)

Ordered by The House of Commons to be Printed
25th April, 1944

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1943-44.

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

	1943-44.			
	Total Expenditure provided for in the Budget.	Supplementary and Excess Votes subsequently granted.	Total Estimated Expenditure.	Exchequer Issues.
Ordinary Expenditure.				
CONSOLIDATED FUND SERVICES.	£	£	£	£
Interest and Management of National Debt ...	375,000,000	—	375,000,000	364,734,000*†
Payments to Northern Ireland Exchequer ...	9,500,000	—	9,500,000	8,988,000†
Other Consolidated Fund Services ...	7,500,000	—	7,500,000	7,176,000
Total ...	392,000,000	—	392,000,000	380,898,000
SUPPLY SERVICES (excluding Post Office).				
Defence Token Votes ...	4,000	—	4,000	4,000
Civil Votes ...	444,652,000	6,133,000	450,785,000	438,811,000
Customs and Excise and Inland Revenue Votes ...	19,458,000	—	19,458,000	18,708,000
Votes of Credit ...	4,900,000,000	100,000,000	5,000,000,000	4,950,000,000
Total Supply Services (excluding Post Office) ...	5,364,114,000	106,133,000	5,470,247,000	5,407,523,000
Total Ordinary Expenditure ...	5,756,114,000	106,133,000	5,862,247,000	5,788,421,000
Sinking Funds ...	—	—	—	10,266,000†
Self-Balancing Expenditure.				
Post Office Vote ...	110,632,000	—	110,632,000	110,632,000§

* In addition £20,383,000 for Interest of the National Debt was met from receipts under Section 1 (5) (b) of the Defence Loans Act, 1937, and Section 4 (5) (a) of the Overseas Trade Guarantees Act, 1939. (See page 5.)

† These two items together make up the total of the Permanent Debt Charge (£375,000,000) as fixed by Section 29 (1) of the Finance Act, 1943. In addition Sinking Fund payments amounting to £5,180,000 were made outside the Permanent Debt Charge (see page 5).

‡ Net share of reserved taxes.

§ In addition, £12,200,000 was issued to the Post Office from Votes of Credit.

1943-44.

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

1942-43 Exchequer Receipts.		1943-44.				
		Budget Estimate.	Exchequer Receipts.	+ Increase or - Decrease.		
Ordinary Revenue.						
£	INLAND REVENUE.	£	£	£		
1,006,828,000	Income Tax ...	1,175,000,000	1,183,583,000	+	8,583,000	
75,358,000	Sur-tax ...	80,000,000	76,042,000	-	3,958,000	
93,336,000	Estate Duties ...	100,000,000	99,466,000	-	534,000	
15,280,000	Stamps ...	17,000,000	17,740,000	+	740,000	
30,635,000	National Defence Con- tribution ...	500,000,000 {	33,446,000	}	+	114,000
346,887,000	Excess Profits Tax ...		466,668,000			
950,000	Other Inland Revenue Duties ...		1,000,000				968,000	-	32,000
1,569,274,000		1,873,000,000	1,877,913,000	+	4,913,000	
CUSTOMS AND EXCISE.						
459,489,000	Customs ...	525,320,000	560,832,000	+	35,512,000	
425,300,000	Excise ...	450,180,000	482,200,000	+	32,020,000	
884,789,000		975,500,000	1,043,032,000	+	67,532,000	
28,537,000	MOTOR VEHICLE DUTIES ...	25,000,000	27,294,000	+	2,294,000	
2,482,600,000	TOTAL RECEIPTS FROM TAXES ...	2,873,500,000	2,948,239,000	+	74,739,000	
224,719,000	Canadian Government Contribution ...	—	368,000	-	32,000	
12,377,000	Post Office net Receipt ...	400,000	4,750,000	+	50,000	
4,560,000	Wireless Licences ...	4,700,000	1,060,000	+	260,000	
1,000,000	Crown Lands ...	800,000				
4,062,000	Receipts from Sundry Loans ...	4,100,000	6,455,000	+	2,355,000	
90,533,000	Miscellaneous ...	24,000,000	77,676,000	+	53,676,000	
2,819,851,000	Total Ordinary Revenue	2,907,500,000	3,038,548,000	+	131,048,000	
102,523,000	Self-Balancing Revenue. Revenue required to meet Post Office expenditure	110,632,000	110,632,000	—	—	

NOTE: *Post-war Credits.* The total amount of the post-war credits in respect of Income Tax accrued up to 31st March, 1944, is about £350,000,000.

The total amount of the post-war credits in respect of Excess Profits Tax is not available as it depends upon the final amount of Excess Profits Tax paid at the 100 per cent. rate for the whole period during which the tax is in force at that rate and after taking into account any repayments due to deficiencies.

TABLE III.—EXCHEQUER BALANCE SHEET of 1943-44.

* These two items provided the amounts required for the Statutory Sinking Funds as follows:—

9

TABLE IV.

NATIONAL DEBT (approximate Totals) on 31st March, 1944.

£

2½% Consols, &c. ...	...	...	...	...	313,164,000
Terminable Annuities ...	...	...	...	...	13,855,000
3½% Conversion Loan ...	...	...	...	...	739,316,000
4% Consolidated Loan ...	...	...	...	...	400,703,000
3½% War Loan ...	...	...	...	...	1,910,977,000
2½% Funding Loan, 1956-61 ...	...	...	...	...	200,211,000
2¾% Funding Loan, 1952-57 ...	...	...	...	...	100,562,000
3% Funding Loan, 1959-69 ...	...	...	...	...	367,753,000
4% Funding Loan, 1960-90 ...	...	...	...	...	323,851,000
3% Terminable Annuities ...	...	...	...	...	357,084,000
2% Conversion Loan, 1943-45 ...	...	...	...	...	245,343,000
2½% Conversion Loan, 1944-49 ...	...	...	...	...	206,522,000
3% Conversion Loan, 1948-53 ...	...	...	...	...	301,834,000
5% Conversion Loan, 1944 ...	...	...	...	...	317,508,000
2½% National Defence Bonds, 1944-48 ...	...	...	...	...	100,165,000
3% National Defence Loan, 1954-58...	...	...	...	...	321,219,000
3% War Loan, 1955-59 ...	...	...	...	...	302,519,000
2½% National War Bonds, 1945-47 ...	...	...	...	...	444,405,000
2½% National War Bonds, 1946-48 ...	...	...	...	...	493,326,000
2½% National War Bonds, 1949-51 ...	...	...	...	...	714,184,000
2½% National War Bonds, 1951-53 ...	...	...	...	...	522,303,000
2½% National War Bonds, 1952-54 ...	...	...	...	...	348,695,000
3% Savings Bonds, 1955-65 ...	...	...	...	...	712,728,000
3% Savings Bonds, 1960-70 ...	...	...	...	...	810,055,000
4% Victory Bonds ...	...	...	...	...	289,277,000
National Savings Certificates*	...	...	...	...	1,289,784,000
3% Defence Bonds ...	...	...	...	...	651,438,000
Tax Reserve Certificates ...	...	...	...	...	561,677,000
Other Debt under the War Loan Acts, 1914-19 and National Loans Acts, 1939-43	...	...	...	...	118,950,000
Treasury Deposits by Banks ...	...	...	...	...	1,389,500,000
Treasury Bills ...	...	...	...	...	3,149,170,000
Ways and Means Advances ...	...	...	...	...	394,475,000

Deduct:

Victory Bonds, &c., purchased by National Debt
Commissioners, but not yet cancelled ...

18,412,553,000

108,984,000

18,303,569,000

EXTERNAL DEBT:

Debt arising out of the War of 1914-18 ...

1,032,427,000

Debt created under the National Loans Acts,
1939-43 ...

256,645,000

Net Total of the National Debt on 31st March,
1944 ...

19,592,641,000

Note.—On the 31st March, 1944, 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 ... 2,080,810,000

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.

	1943-44.		1944-45.		Increase + or Decrease — £000.
	£000.	£000.	£000.	£000.	
1. GRANTS FOR LOCAL AND OTHER SERVICES ... (For details see Table V (a))	...	176,662	...	184,690	+ 8,028
2. IRISH SERVICES	16,549	...	16,004	— 545
3. NATIONALLY ADMINIS- TERED SERVICES— National Debt Interest and Management ... National Pensions and Insurance, and Un- employment Assistance (For details see Table V (b))	...	375,000	...	420,000	+ 45,000
Defence Token Votes	4*	...	4*	—
Tax Collection— (a) Customs and Excise (b) Inland Revenue ...	5,859 13,053	18,912	6,041 13,871	19,912 11,000 74,928	+ 1,000 + 11,000 + 5,041
Post Office (excess over Revenue) Other Services ... (For details see Table V (c))	...	69,887	...	5,000,000†	+ 100,000
Votes of Credit	4,900,000†	...	5,937,399	+ 181,285
Total Ordinary Expenditure	5,756,114	...	112,370†	+ 1,738
4. SELF-BALANCING SERVICE— Post Office Expenditure corres- ponding to Revenue	110,632	...	...	...

* Substantive cost met from Votes of Credit.

† Excluding value of supplies in kind under Lend-Lease and similar arrangements.

‡ In addition, £18,000,000 is estimated to be required from Votes of Credit.

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

	1943-44.	1944-45.	Increase + or Decrease — £000.
	£000.	£000.	
(a) General Grant for Local Services— Exchequer Contributions to Local Revenues	52,773	52,773	—
(b) Specific Grants for Local Services (in addition to provision included in the first item above)— Education (excluding Teachers' Pensions) ...	66,277	70,673	+
Health Services ...	982	1,167	+
Housing ...	18,528	18,101	—
Police ...	13,977	13,357	—
Roads (including Trunk Roads), &c. ...	5,361	7,802	+
Special Areas Fund	775	675	—
Unemployment Grants and Loans (including Development Grants) ...	2,410	2,254	—
Miscellaneous ...	1,004	1,035	+
(c) Other Grants— Agriculture (including Grants for Land Settlement and Development Fund) ...	3,205	3,427	+
Colonial Development and Welfare ...	1,973	1,954	—
Foreign and Imperial ...	8,655	10,690	+
Scientific and Industrial Research ...	236	353	+
Miscellaneous ...	506	429	—
TOTAL ...	176,662	184,690	+

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

	1943-44.	1944-45.	Increase + or Decrease — £000.
	£000.	£000.	
Grants to Insurance Schemes, &c.— (i) Health... ..	9,346	10,521	+
(ii) Unemployment Insurance ...	27,000	25,500	—
Unemployment Assistance† ...	6,455	5,380	—
Old Age Pensions† ...	54,980	56,240	+
Supplementary Pensions ...	43,250	54,930	+
Payment to Widows', Orphans' and Old Age Contributory Pensions Accounts ...	22,525	22,525	—
War Pensions (including Merchant Seamen's Pensions)†† ...	35,544	35,765	+
TOTAL ...	199,100	210,861	+

* Excluding expenditure from Votes of Credit.

† These items include cost of administration.

†† Pensions in respect of the present war are borne on Votes of Credit.

TABLE V (c).—OTHER SERVICES.*

	1943-44.	1944-45.	
	£000.	£000.	Increase + or Decrease - £000.
Agriculture and Forestry†	2,613	3,017	+ 404
Broadcasting	10,000	9,000	- 1,000
Civil Superannuation (other than Revenue Departments)	2,951	3,075	+ 124
Financial Assistance in Special and Other Areas†	26	26	—
Foreign and Imperial Services†	5,104	6,526	+ 1,422
Payments under Trade Facilities Acts	400	400	—
Prisons and State Asylums, &c.†	2,371	2,439	+ 68
Scientific Investigation and Museumst	1,477	1,645	+ 168
Teachers' Pensions	3,976	4,940	+ 964
Works, Buildings and Stationery, &c.†	15,184	16,455	+ 1,271
Miscellaneous (including General Administration)	25,785	27,405	+ 1,620
TOTAL	69,887	74,928	+ 5,041

* 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)
1913-14 ...	£000. 169,453†	—	952	£000. 170,405	£000. 78,971
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	223,536
1940-41 ...	3,818,719	—	—	3,818,719	219,507\$
1941-42 ...	4,839,849	—	—	4,839,849	216,131\$
1942-43 ...	5,637,367¶	—	—	5,637,367	226,246\$
1943-44 ...	5,798,687¶	—	—	5,798,687	††221,396\$

* 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 £199,000,000, Scotland £22,396,000.

1944-45.

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

Service.	Budget Estimate, 1943-44.	Estimate, 1944-45.	+ Increase or — Decrease.
Ordinary Expenditure.			
CONSOLIDATED FUND SERVICES.			
Interest and Management of National Debt	£ 375,000,000	£ 420,000,000	+ 45,000,000
Payments to Northern Ireland Exchequer (including net share of reserved taxes) ...	9,500,000	9,000,000	— 500,000
Other Consolidated Fund Services	7,500,000	7,000,000	— 500,000
Total	392,000,000	436,000,000	+ 44,000,000
SUPPLY SERVICES			
Defence Token Votes	4,000*	4,000*	—
Civil Votes	444,652,000	469,912,000	+ 25,260,000
Customs and Excise, Inland Revenue and balance of Post Office Votes	19,458,000	31,483,000	+ 12,025,000
Votes of Credit	4,900,000,000†	5,000,000,000†	+ 100,000,000
Total Supply Services	5,364,114,000	5,501,399,000	+ 137,285,000
Total Ordinary Expenditure	5,756,114,000	5,937,399,000	+ 181,285,000
Self-Balancing Expenditure.			
Post Office Expenditure corresponding to Revenue... ..	110,632,000	112,370,000†	+ 1,738,000

* Substantive cost met from Votes of Credit.

† Excluding value of supplies in kind under Lend-Lease and similar arrangements.

‡ In addition, £18,000,000 is estimated to be required from Votes of Credit.

1944-45.

TABLE VIII.—Comparison of Estimated Receipts from Revenue in 1944-45
with corresponding Receipts in 1943-44.

On the basis of existing Taxation.

	Receipts in 1943-44.	Estimate for 1944-45 on basis of existing Taxation.	+ Increase or - Decrease.
Ordinary Revenue :			
INLAND REVENUE.	£	£	£
Income Tax	1,183,583,000	1,300,000,000	+ 116,417,000
Sur-tax	76,042,000	80,000,000	+ 3,958,000
Estate Duties	99,466,000	100,000,000	+ 534,000
Stamps	17,740,000	19,000,000	+ 1,260,000
National Defence Contribution	33,446,000	} 500,000,000	- 114,000
Excess Profits Tax	466,668,000		+ 32,000
Other Inland Revenue Duties	968,000	1,000,000	+ 122,087,000
	1,877,913,000	2,000,000,000	+ 9,032,000
CUSTOMS AND EXCISE.			
Customs	560,832,000	564,800,000	+ 3,968,000
Excise	482,200,000	469,200,000	- 13,000,000
	1,043,032,000	1,034,000,000	- 9,032,000
MOTOR VEHICLE DUTIES	27,294,000	27,000,000	- 294,000
TOTAL RECEIPTS FROM TAXES	2,948,239,000	3,061,000,000	+ 112,761,000
Post Office net Receipt	368,000	—	- 368,000
Wireless Licences	4,750,000	4,850,000	+ 100,000
Crown Lands	1,060,000	800,000	- 260,000
Receipts from Sundry Loans	6,455,000	7,350,000	+ 895,000
Miscellaneous	77,676,000	24,000,000	- 53,676,000
Total Ordinary Revenue	3,038,548,000	3,098,000,000	+ 59,452,000
Self-Balancing Revenue :			
Post Office Revenue	110,632,000	112,370,000	+ 1,738,000

TABLE IX.—PROPOSED CHANGES IN TAXATION IN 1944-45.

INLAND REVENUE.

EXCESS PROFITS TAX.

It is proposed to increase the minimum standard of £1,000 to £2,000.

It is proposed also to increase by £1,000 other standards which are not computed by reference to the profits of a standard period.

It is proposed that these increases shall operate as from the 1st April, 1944, and that deficiencies, in so far as due to the increase, shall rank for set-off only against excess profits for periods subsequent to that date.

CUSTOMS AND EXCISE.

CUSTOMS—

Beer.—It is proposed to increase the rates of Customs duty on beer (other than black beer, &c.) as from the 26th April, 1944, by 2s. 3d. per 36 gallons up to 1027 degrees of gravity, plus 1d. per 36 gallons for every additional degree of gravity over 1027°.

Sugar.—It is proposed that the maximum quantity of colonial, &c., sugar in respect of which quota certificates may be issued, in order that the sugar may be imported at the reduced rates of Customs duty applicable to sugar accompanied by such certificates, shall be increased, for 1944-45 and subsequent years, from 360,000 tons to 400,000 tons.

EXCISE—

Beer.—It is proposed to increase the rates of Excise duty on beer (other than black beer, &c.), as from the 26th April, 1944, by 2s. 3d. per 36 gallons up to 1027 degrees of gravity, plus 1d. per 36 gallons for every additional degree of gravity over 1027°.

Armorial bearings.—It is proposed to repeal the Excise licence duty in respect of the use of armorial bearings, as from the 1st January, 1945.

Purchase Tax.—It is proposed to amend the law so as to remedy certain defects in the machinery for the collection of the tax.

CARRIAGE LICENCE DUTIES.

It is proposed to repeal these duties from the 1st January, 1945.

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

Head of Duty.	1943-44.		1944-45. Estimated Receipts.
	Budget Estimate.	Receipts (provisional).	
Spirits	£ 19,100,000 53,300,000	£ 17,180,000 59,654,000	£ 14,200,000 56,800,000
Total Spirits	72,400,000	76,834,000	71,000,000
Beer	8,500,000 243,000,000	6,432,000 263,173,000	7,100,000 260,700,000
Total Beer	251,500,000	269,605,000	267,800,000
Wine	2,420,000	2,347,000	2,000,000
British Wine	2,080,000	2,071,000	2,100,000
Table Waters	— 130,000	— 148,000	— 150,000
Total Table Waters	130,000	148,000	150,000
Tea	10,000,000	10,395,000	10,000,000
Cocoa	1,200,000	2,256,000	2,100,000
Coffee and Chicory	250,000	478,000	450,000
Sugar, Molasses, Glucose and Saccharin			
... ..	18,000,000 10,000,000	21,383,000 10,516,000	19,400,000 10,600,000
Total Sugar, &c.	28,000,000	31,899,000	30,000,000
Dried Fruits	1,250,000	1,152,000	1,200,000
Tobacco	382,990,000 10,000	388,169,000 1,000	390,000,000 —
Total Tobacco	383,000,000	388,170,000	390,000,000
Matches and Mechanical Lighters			
... ..	100,000 5,100,000	126,000 5,787,000	150,000 5,350,000
Total Matches, &c.	5,200,000	5,913,000	5,500,000
Silk and Artificial Silk			
... ..	150,000 850,000	625,000 1,118,000	650,000 1,150,000
Total Silk, &c....	1,000,000	1,743,000	1,800,000
Oil	60,000,000	83,872,000	90,000,000
Power Alcohol	—	—	—
Total Oil, &c.	60,000,000	83,872,000	90,000,000

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

Head of Duty.	1943-44.		1944-45. Estimated Receipts.
	Budget Estimate.	Receipts (provisional).	
Entertainments	E £ 40,800,000	£ 43,373,000	£ 43,000,000
Liquor Licences:— Duties... ..	E 4,400,000	4,588,000	4,480,000
Monopoly Values	E 80,000	93,000	120,000
Other Licences... ..	E 350,000	358,000	360,000
Playing Cards, Coffee Mixtures	E 30,000	40,000	40,000
Hops	C 10,000	1,000	10,000
Key Industry Duty	C 250,000	462,000	500,000
Duties under the Import Duties Act, 1932	C 12,000,000	16,944,000	18,000,000
Ottawa Duties	C 2,500,000	3,748,000	3,700,000
Beef and Veal	C 6,400,000	5,604,000	5,300,000
Purchase Tax	E 90,000,000	91,737,000	88,000,000
Other Articles and Deposits	{ C 200,000 E 50,000	326,000 93,000	140,000 50,000
Total Other Articles, &c....	... 250,000	419,000	190,000
Difference between Payments into Ex- chequer and Actual Receipts	{ C — E —	— 668,000 — 550,000	— —
Total Difference ... ..	... —	— 1,218,000	—
Total Revenue ... ..	... 525,320,000 Customs ... 450,180,000 Excise ...	560,832,000 482,200,000	564,900,000 472,900,000
TOTAL ... ..	... 975,500,000	1,043,032,000	1,037,800,000

TABLE XI.—ESTIMATED EFFECT OF CHANGES IN TAXATION.

	Estimate 1944-45.	Estimate for a full year.
INLAND REVENUE—		
<i>Excess Profits Tax—</i>		
Increase of £1,000 in certain standards	£ *	£ —
Total Inland Revenue	—	12,500,000†
CUSTOMS AND EXCISE—		
<i>Customs—</i>		
Beer	+ 100,000	+ 110,000
Sugar	‡	‡
Total Customs	+ 100,000	+ 110,000
<i>Excise—</i>		
Beer	+ 3,700,000	+ 4,200,000
Armorial bearings	§	§
Purchase Tax ... ..	||	||
Total Excise	+ 3,700,000	+ 4,200,000
TOTAL CUSTOMS AND EXCISE	+ 3,800,000	+ 4,310,000
CARRIAGE LICENCE DUTIES	Negligible.	
TOTAL... ..	+ 3,800,000	— 8,190,000

* The effects of this change and of minor changes in the law relating to Income Tax and Excess Profits Tax have been taken into account in computing the yield on the existing basis.

† After taking into account the effect on Income Tax.

‡ The cost (expected not to exceed £120,000 a year) of issuing additional quota certificates will be borne by the Exchequer during 1944-45 as an increase in the purchase price of sugar charged to the Vote of Credit.

§ The loss to the Exchequer in respect of duty collected in Scotland is estimated at £1,950 in 1944-45 and £2,000 in a full year. This loss is covered by the estimate of Customs and Excise revenue on the existing basis. The corresponding duty in England and Wales is levied by the County and County Borough Councils.

|| The effect of the proposed changes in the machinery for collecting the tax has been taken into account in computing the yield on the existing basis.

TABLE XII.

A.—ORDINARY REVENUE AND EXPENDITURE.

* Substantive cost in 1944 to be met from Votes of Credit.
† Excluding value of supplies in kind under Lend-Lease and similar arrangements.

B.—SELF-BALANCING REVENUE AND EXPENDITURE.

* Post Office expenditure corresponding to Revenue (including Pensions £6,520,000)

* Excluding £18,000,000 estimated to be required from Votes of Credit.