

FINANCIAL STATEMENT (1954-55)

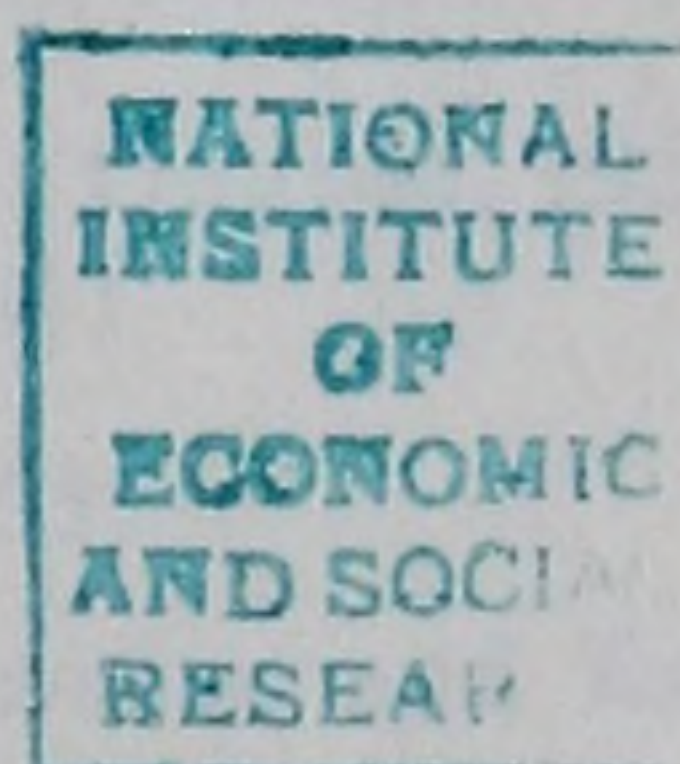
RETURN to an Order of the Honourable The House of Commons
dated 6 April, 1954:—*for*

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

Treasury Chambers,
6 April, 1954 } JOHN BOYD-CARPENTER

(Mr. John Boyd-Carpenter)

*Ordered by The House of Commons to be Printed
6 April, 1954*



LONDON
HER MAJESTY'S STATIONERY OFFICE
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1953-54

TABLE I.—Comparison of Exchequer Issues with Estimated Expenditure

1952-53 Exchequer Issues	—	1953-54			
		Total Expenditure provided for in the Budget	Supple- mentary, Revised and Excess Votes subsequently granted	Total Estimated Expenditure	Exchequer Issues
	Ordinary Expenditure				
£000	CONSOLIDATED FUND SERVICES	£000	£000	£000	£000
576,411	Interest and Management of the National Debt ...	580,000	—	580,000	579,760*
44,661	Payments to Northern Ireland Exchequer ...	48,000	—	48,000	50,064†
10,483	Other Consolidated Fund Services ...	10,000	—	10,000	9,324
631,555	Total ...	638,000	—	638,000	639,148
	SUPPLY SERVICES				
525,000	Army Votes ...	526,000	—	526,000	487,800
333,400	Navy Votes ...	329,500	72	329,572	324,100
421,300	Air Votes ...	498,000	—	498,000	416,400
111,830	Ministry of Supply (Defence)	123,750	—	123,750	119,100
12,200	Ministry of Defence ...	19,512	—	19,512	17,100
1,403,730	Total Defence ...	1,496,762	72	1,496,834	1,364,500
2,230,559	Civil Votes (excluding Minis- try of Supply (Defence))	2,045,288	218,619	2,263,907	2,190,125
49,520	Customs and Excise, Inland Revenue and balance of Post Office Votes ...	44,236	4,165	48,401	45,094
3,683,809	Total Supply Services ...	3,586,286	222,856	3,809,142	3,599,719
4,315,364	Total Ordinary Expenditure	4,224,286	222,856	4,447,142	4,238,867
35,227	Sinking Funds ...	35,000	—	35,000	35,625
4,350,591		4,259,286	222,856	4,482,142	4,274,492
	Self-Balancing Expenditure				
209,900	Post Office ...	224,615	5,885	230,500	232,000
5,192	Excess Profits Tax, Post-war refunds (part deducted for tax) ...	3,300	—	3,300	5,940
215,092	Total Self-Balancing Expen- diture ...	227,915	5,885	233,800	237,940

* In addition £87,324,000 for Interest on the National Debt was met from receipts under various Acts authorising such application.

† This item is made up of:—

(1) £46,709,000, being proceeds of reserved taxes in Northern Ireland after deduction of Imperial Contribution and cost of reserved services in Northern Ireland, estimated as follows:—

	£000
Gross proceeds of reserved taxes ...	60,489
Add under-issue in 1951-52 ...	486
Less cost of reserved services ...	5,666
Less Northern Ireland contribution to Imperial services ...	8,600

(2) £55,000, being issues under the Disabled Persons (Employment) Act, 1944, the Unemployment and Family Allowances (Northern Ireland Agreement) Act, 1946, and the Employment and Training Act, 1948.

(3) £3,300,000, being issues under the Social Services (Northern Ireland Agreement) Act, 1949.

1953-54

TABLE II.—Comparison of Exchequer Receipts with Budget Estimate

1952-53 Exchequer Receipts	—	1953-54		
		Budget Estimate	Exchequer Receipts	+ Increase or — Decrease
£000	Ordinary Revenue	£000	£000	£000
	INLAND REVENUE			
1,736,233	Income Tax	1,782,250	1,730,991	— 51,259
131,200	Surtax	127,000	132,400	+ 5,400
151,850	Death Duties	160,000	164,500	+ 4,500
50,250	Stamps	52,000	56,600	+ 4,600
	Profits Tax and Excess Profits Tax	214,000	188,400	— 25,600
376,100	Excess Profits Levy	99,500	65,850	— 33,650
2,950	Special Contribution and other Inland Revenue Duties ...	1,000	1,390	+ 390
2,020				
2,450,603		2,435,750	2,340,131	— 95,619
	CUSTOMS AND EXCISE			
1,024,498	Customs	1,044,300	1,042,396	— 1,904
739,093	Excise	680,480	721,975	+ 41,495
1,763,591		1,724,780	1,764,371	+ 39,591
67,658	MOTOR VEHICLE DUTIES ...	69,000	73,115	+ 4,115
4,281,852	TOTAL RECEIPTS FROM TAXES...	4,229,530	4,177,617	— 51,913
—	Post Office (Net Receipt) ...	2,685	—	— 2,685
14,800	Broadcast Receiving Licences	16,000	16,400	+ 400
24,681	Receipts from Sundry Loans	25,000	38,014	+ 13,014
117,382	Miscellaneous	95,000	136,099*	+ 41,099
4,438,715	Total Ordinary Revenue ...	4,368,215	4,368,130	— 85
	Self-Balancing Revenue			
209,900	Post Office	224,615	232,000	+ 7,385
5,192	Income Tax deducted from Excess Profits Tax, Post-war refunds	3,300	5,940	+ 2,640
215,092	Total Self-Balancing Revenue	227,915	237,940	+ 10,025

* Viz.:—

Surplus Appropriations-in-Aid	£000
Local Loans Fund—Interest on advances under Finance Act, 1935	18,980
Mutual Defence Assistance receipts from United States Government	10,730
Surplus receipts from trading services of Ministry of Materials	19,704
Other items	20,000
	66,685
	136,099

NOTE: *Post-war Credits*.—The total amount of Income Tax post-war credits outstanding at 31st March, 1954, was about £564 million.

Refund of Excess Profits Tax.—The total amount of Excess Profits Tax post-war refunds outstanding at the same date was about £9 million gross or £5 million after deduction of Income Tax.

1953-54

TABLE III.—EXCHEQUER RECEIPTS AND PAYMENTS, 1953-54

	Receipts	£000
Ordinary Revenue	...	4,368,130
Self-Balancing Revenue	...	237,940
Receipts applicable under various Acts to Interest on the National Debt	...	87,324
Money raised by creation of Debt (Total 818,641):—		
National Savings Certificates	...	154,100
3½ per cent. Defence Bonds	...	64,935
3 per cent. Defence Bonds	...	2
3 per cent. Exchequer Stock, 1960	...	100,000
3 per cent. Exchequer Stock, 1962-63	...	339,573
Tax Reserve Certificates (net)	...	54,764
Ways and Means Advances (net)	...	20,630
Treasury Bills (net)	...	84,637
Receipts under the War Risks Insurance Act, 1939 (S. 16 (3))	...	4
Receipts under the Marine and Aviation Insurance (War Risks) Act, 1952 (S. 5 (3))	...	1,500
Repayments, &c., under:—		
Land Settlement (Facilities) Acts, 1919 and 1921	...	158
Tithe Act, 1936 (S. 26)	...	2,279
Export Guarantees Act, 1949 (S. 3)	...	3,454
Housing (Temporary Accommodation) Act, 1944 (S. 8)	...	21,305
Housing (Scotland) Act, 1950 (S. 94 (4))	...	174
Armed Forces (Housing Loans) Act, 1949 (S. 1)	...	111
Local Authorities Loans Act, 1945 (S. 3 (4))	...	20,828
Miscellaneous Financial Provisions Act, 1950 (S. 2 (4)):—		
Northern Ireland Exchequer	...	49
New Towns Act, 1946 (S. 12 (5))	...	248
Cinematograph Film Production (Special Loans) Act, 1949 (S. 8 (1))	...	1,259
Development of Inventions Act, 1948 (S. 12 (1))	...	251
Coal Industry Nationalisation Act, 1946 (S. 28 (2))	...	4,620
Cotton (Centralised Buying) Act, 1947 (S. 21 (3))	...	53,091
Overseas Resources Development Act, 1948 (S. 18 (1)):—		
Colonial Development	...	179
Miscellaneous Financial Provisions Acts, 1946 and 1950 and Civil Contingencies Fund Act, 1952	...	115,000
European Payments Union (Financial Provisions) Act, 1950 (S. 3)	...	2,200
Anglo-Turkish (Armaments Credit) Agreement Act, 1938 (S. 1 (2))	...	1,021
Suez Canal Drawn Shares	...	187
Exchequer Balance on 31st March, 1953	...	3,592
		<u>5,743,545</u>

‡ Viz.:—

Internal Debt—

	£000
Bretton Woods Agreement Act, 1945—International Bank and Monetary Fund—Interest Free Notes	57,200
Bank of England (Treasury Special Account)—Interest Free Notes	31,075
Loans Free of Interest	501
Government of India—Agreement of 26th September, 1942	886
Financial Agreement of 9th July, 1948 (Cmd. 7472)	5,372
Government of Pakistan—Financial Agreement of 9th July, 1948 (Cmd. 7479)	272
European Payments Union Credit	8,037
Government of Northern Ireland—Ulster Saving Certificates	871
Deposits by Trustee Savings Banks, &c.	4,203
Miscellaneous	348

External Debt—

United States—Government Loan under Agreement of 6th December, 1945 (Cmd. 6708)	19,293
Government of Canada—Loan under Financial Agreement of 6th March, 1946 (Cmd. 6904)	5,310
Loan Free of Interest	19,342
Government of Belgium—Loan under Agreement of 30th June, 1952 (Cmd. 8617)	4,448
Miscellaneous	374

Total Decrease 157,532

1953-54

TABLE III.—EXCHEQUER RECEIPTS AND PAYMENTS, 1953-54—*continued*

	Payments	£000
Ordinary Expenditure		4,238,867
Sinking Funds		35,625*
Self-Balancing Expenditure		237,940
Interest outside the Permanent Debt Charge—Issues under various Acts ...		87,324†
Issues for Redemption of Debt (Total 535,605):—		
National Savings Certificates (Principal only)		135,050
2½ per cent. Defence Bonds		26,780
3 per cent. Defence Bonds		72,038
3½ per cent. Defence Bonds		4,207
1½ per cent. Serial Funding Stock, 1953		24,993
2½ per cent. National War Bonds, 1951-53		570
2½ per cent. National War Bonds, 1952-54		70,709
2½ per cent. Terminable Annuities (National Debt Commissioners) ...		6,695
3 per cent. Terminable Annuities (National Debt Commissioners) ...		35,972
3½ per cent. Terminable Annuity (National Debt Commissioners) ...		1,059
Other Debt under the National Loans Act, 1939 (net)		157,532‡
Excess Profits Tax, Post-war refunds (balance after deduction of tax) ...		7,260
Issue to National Debt Commissioners:—		
Suez Canal Drawn Shares		187
Issues under the following Acts:—		
Tithe Act, 1936—Temporary advances to Redemption Annuities Account ...		2,260
Export Guarantees Act, 1949—Acquisition of Guaranteed Securities ...		25
Housing (Temporary Accommodation) Acts, 1944 and 1947—Provision of temporary houses		365
Housing (Scotland) Act, 1950—Advances to Scottish Special Housing Association		8,688
Local Authorities Loans Act, 1945—Issues to Local Loans Fund for loans to Local Authorities		299,250
Miscellaneous Financial Provisions Act, 1950—Northern Ireland Government Loans		2,500
New Towns Acts, 1946 to 1953—Capital advances to Development Corporations		29,711
Cinematograph Film Production (Special Loans) Acts, 1949 to 1954—Advances to National Film Finance Corporation for loans ...		1,350
Development of Inventions Act, 1948—Capital Advances to National Research Development Corporation		655
Coal Industry Acts, 1946 to 1951—Advances to National Coal Board for working capital, &c.		41,000
Cotton (Centralised Buying) Act, 1947—Advances to Raw Cotton Commission for working balances		11,002
Overseas Resources Development Act, 1948—		
Capital Advances to Colonial Development Corporation		5,450
Miscellaneous Financial Provisions Act, 1946—		
War Damage Payments—Board of Trade		35,275
War Damage Payments—War Damage Commission		37,000
Town and Country Planning Act, 1947 and Town and Country Planning (Scotland) Act, 1947—Issues to Central Land Board		1,200
Miscellaneous Financial Provisions Acts, 1946 and 1950 and Civil Contingencies Fund Act, 1952—Temporary increase of capital of Fund ...		105,000
Finance Acts, 1946 and 1947—Repayment of Post-war Credits		16,764
Exchequer Balance on 31st March, 1954		3,242
		5,743,545

* The following issues out of Revenue to purchase or redeem Debt are included under the head of Sinking Funds:—

Specific Sinking Funds:—	£000
Capital of Terminable Annuities	1,001
4 per cent. Funding Loan Sinking Fund	7,615
3 per cent. Funding Loan Sinking Fund	6,172
3½ per cent. Conversion Loan Sinking Fund	14,147
Victory Bonds Sinking Fund	6,690
Total	35,625

† This amount was met from receipts under various Acts authorising such application.

‡ See note on page 6.

TABLE IV.—NATIONAL DEBT

	31st March, 1953	31st March, 1954 (approximate figures)
	£000	£000
2½% Consols, &c.	313,065	312,917
4% Consols, 1957 or after	390,808	389,199
2¾% Funding Loan, 1952-57	100,560	100,556
2½% Funding Loan, 1956-61	805,200	804,174
3% Funding Loan, 1959-69	318,990	312,250
3% Funding Stock, 1966-68	338,292	338,272
4% Funding Loan, 1960-90	271,414	263,840
3½% Conversion Loan, 1961 or after	711,696	694,729
3½% Conversion Stock, 1969	—	340,558
3% National Defence Loan, 1954-58	320,819	320,810
3½% War Loan	1,910,480	1,909,893
3% War Loan, 1955-59	302,519	302,461
2½% National War Bonds, 1951-53	570	—
2½% National War Bonds, 1952-54	809,682	450
2½% National War Bonds, 1954-56	426,106	823,719
3% Savings Bonds, 1955-65	712,676	712,550
3% Savings Bonds, 1960-70	1,024,695	1,024,520
3% Savings Bonds, 1965-75	1,073,139	1,073,021
2½% Savings Bonds, 1964-67	752,550	752,428
2¼% Exchequer Stock, 1955	735,143	734,275
3% Exchequer Stock, 1960	100,000	200,000
3% Exchequer Stock, 1962-63	—	341,278
3% Treasury Stock, 1966 or after	58,212	58,192
2½% Treasury Stock, 1975 or after	482,100	482,013
2½% Treasury Stock, 1986-2016	78,457	78,457
3½% Treasury Stock, 1977-80	158,738	206,098
3½% Treasury Stock, 1979-81	—	240,133
4% Victory Bonds (repayable by annual drawings ending 1976)	240,513	233,956
1¾% Serial Funding Stock, 1953	577,246	—
1¾% Serial Funding Stock, 1954	485,495	534,825
3% Serial Funding Stock, 1955	523,806	523,799
2¼% Serial Funding Stock, 1957	—	502,920
Terminable Annuities	11,874	11,800
3½% Terminable Annuity*	46,534	45,475
3% Terminable Annuities*	1,044,773	1,008,801
2½% Terminable Annuities*	208,086	201,391
3½% Defence Bonds	73,521	181,320
3% Defence Bonds	531,808	412,886
2½% Defence Bonds	215,650	189,093
National Savings Certificates†	1,748,599	1,766,694
Tax Reserve Certificates	314,039	368,803
Other Debt:		
International Monetary Fund—Interest Free Notes	471,250	415,175
International Bank for Reconstruction and Development—Interest Free Notes	81,675	80,550
Bank of England (Treasury Special Account)—Interest Free Notes	32,025	950
European Payments Union	204,833	196,796
Government of India... ..	144,163	137,905
Government of Pakistan	6,710	6,438
Government of Portugal	81,000	81,000
Miscellaneous	26,147	19,811
Treasury Bills	4,406,625	4,491,420
Ways and Means Advances	307,315	327,945
	<u>23,979,598</u>	<u>24,556,546</u>
Deduct:		
Victory Bonds, &c., purchased by National Debt Commissioners, but not yet cancelled	90,889	88,492
Total Internal Debt (net)	<u>23,888,709</u>	<u>24,468,054</u>
External Debt:		
United States—Government Loan	1,517,095	1,497,801
E.C.A. and M.S.A. Loans	137,428	137,428
Canadian Government Loans	489,707	465,865
Other Debt (payable in external currency)	18,274	13,454
Total External Debt	<u>2,162,504</u>	<u>2,114,548</u>
Total National Debt (net)	<u>26,051,213</u>	<u>26,582,602</u>

* Issued to National Debt Commissioners.

† Shown at issue price, exclusive of accrued interest amounting approximately to £508 million at 31st March, 1953, and £530 million at 31st March, 1954.

TABLE V.—Central and Local Government Expenditure

Year	Expenditure by Central Government			Expenditure by Local Authorities less Government grants †
	Ordinary Expenditure *	Issues under Defence Loans Acts, 1937 and 1939	Total of Columns 2 and 3	
(1)	(2)	(3)	(4)	(5)
	£000	£000	£000	£000
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	226,267
1941-42	4,839,849	—	4,839,849	220,968
1942-43	5,433,296	—	5,433,296	222,496
1943-44	5,797,498	—	5,797,498	226,320
1944-45	6,036,815	—	6,036,815	230,501
1945-46	5,648,652	—	5,648,652	248,414
1946-47	3,836,287	—	3,836,287	270,915
1947-48	3,212,661	—	3,212,661	313,805
1948-49	3,198,792	—	3,198,792	298,591
1949-50	3,345,350	—	3,345,350	310,708‡
1950-51	3,245,636	—	3,245,636	322,424‡
1951-52	4,120,420	—	4,120,420	353,614‡
1952-53	4,340,303	—	4,340,303	378,749‡
1953-54	4,274,492§	—	4,274,492	¶424,737‡

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

† As measured by rates collected.

‡ Estimated.

§ Exchequer Issues.

¶ *Viz.*, England and Wales £378,000,000, Scotland £46,737,000.

1954-55

TABLE VI.—Comparison of Estimated EXPENDITURE under Budget heads

Service	Budget Estimate 1953-54	Estimate 1954-55	+ Increase or - Decrease
	£000	£000	£000
Ordinary Expenditure			
CONSOLIDATED FUND SERVICES			
Interest and Management of the National Debt	580,000	570,000	- 10,000
Sinking Funds	35,000	36,000	+ 1,000
Payments to Northern Ireland Exchequer	48,000	51,000	+ 3,000
Other Consolidated Fund Services ...	10,000	10,000	—
TOTAL	673,000	667,000	- 6,000
SUPPLY SERVICES			
Army Votes	581,000	561,000	- 20,000
Navy Votes	364,500	367,000	+ 2,500
Air Votes	548,000	537,000	- 11,000
Ministry of Supply (Defence)	123,750	151,000	+ 27,250
Ministry of Defence	19,512	23,904	+ 4,392
Total Defence	1,636,762	1,639,904	+ 3,142
<i>Less American Aid receipts appropriated in aid of Defence Votes</i>	<i>140,000</i>	<i>85,360</i>	<i>+ 54,640</i>
	1,496,762	1,554,544	+ 57,782
Civil Votes (excluding Ministry of Supply (Defence))	2,045,288	2,253,625	+ 208,337
Customs and Excise, Inland Revenue and balance of Post Office Votes	44,236	47,230	+ 2,994
TOTAL SUPPLY SERVICES	3,586,286	3,855,399	+ 269,113
Total Ordinary Expenditure	4,259,286	4,522,399	+ 263,113
Self-Balancing Expenditure			
Post Office	224,615	237,800	+ 13,185
Excess Profits Tax Post-war refunds (part deducted for tax)	3,300	2,500	- 800
Total Self-Balancing Expenditure	227,915	240,300	+ 12,385

1954-55

TABLE VII.—Classified Statement of Estimated EXPENDITURE

£ million

	Budget Estimate 1953-54		Estimate 1954-55		+ Increase or - Decrease
1. DEBT SERVICE:—					
Interest and Management ...	580.0		570.0		
Sinking Funds	35.0		36.0		
		615.0		606.0	- 9.0
2. DEFENCE PREPARATIONS:—					
Army	581.0		561.0		
Navy	364.5		367.0		
Air	548.0		537.0		
Ministry of Supply (defence expenditure)	123.8		151.0		
Ministry of Defence	19.5		23.9		
TOTAL DEFENCE PROGRAMME ...	1,636.8		1,639.9		
<i>Less</i> American Aid receipts appropriated in aid of Defence Votes	140.0		85.4		
TOTAL DEFENCE PROGRAMME (NET)	1,496.8		1,554.5		
Civil Defence	42.3		38.5		
TOTAL DEFENCE AND CIVIL DEFENCE	1,539.1		1,593.0		
Industrial Capacity (defence) ...	43.9		20.2		
Strategic Reserves	52.5		54.8		
TOTAL DEFENCE PREPARATIONS ...		1,635.5		1,668.0	+ 32.5
3. ASSISTANCE TO LOCAL SERVICES (<i>For details see Table VII (a)</i>) ...		547.9		602.1	+ 54.2
4. HEALTH, INSURANCE, PENSIONS, &C. SERVICES (<i>For details see Table VII (b)</i>)		778.5		797.8	+ 19.3
5. AGRICULTURAL AND FOOD SUBSIDIES:—					
Agricultural Subsidies			204.1*		
Food (including Welfare) Subsidies	} 232.0		133.2†		
		232.0		337.3	+ 105.3
6. OTHER SERVICES:—					
Supply and trading services ...	36.8		56.6		
General (<i>For details see Table VII (c)</i>)	413.6		454.6		
		450.4		511.2	+ 60.8
TOTAL ORDINARY EXPENDITURE ...		4,259.3		4,522.4	+ 263.1
7. SELF-BALANCING SERVICE:—					
Post Office		224.6		237.8	+ 13.2
Excess Profits Tax, Post-war refunds (part deducted for tax)		3.3		2.5	- 0.8
TOTAL SELF-BALANCING EXPENDITURE		227.9		240.3	+ 12.4

* Including continuing food trading operations.

† Bread, milk (general and welfare) and welfare foods only.

1954-55

TABLE VII (a).—ASSISTANCE TO LOCAL SERVICES

£ million

	Budget Estimate 1953-54	Estimate 1954-55	+ Increase or - Decrease
(a) General grant for Local Services:— Exchequer Contributions to Local Revenue ...	68.0	77.4	+ 9.4
(b) Specific services (in addition to provision included in the first item above):—			
Education (excluding Universities)* ...	258.8	279.1	+ 20.3
Universities ...	27.1	27.9	+ 0.8
Health Services ...	22.2	23.8	+ 1.6
Housing:—			
(i) Permanent Housing ...	42.8	52.0	+ 9.2
(ii) Temporary Housing ...	21.6	21.7	+ 0.1
(iii) Emergency Housing† ...	5.7	9.1	+ 3.4
Police ...	36.1	37.9	+ 1.8
Fire Services ...	4.7	4.9	+ 0.2
Roads (including Trunk Roads) ...	33.2	38.5	+ 5.3
Development Areas ...	8.2	8.6	+ 0.4
Child Care ...	9.9	9.9	—
Miscellaneous ...	9.6	11.3	+ 1.7
TOTAL ...	547.9	602.1	+ 54.2

* Including costs of administration and teachers' pensions.

† Including certain terminal and miscellaneous services.

TABLE VII (b).—HEALTH, INSURANCE, PENSIONS, &c. SERVICES

£ million

	Budget Estimate 1953-54	Estimate 1954-55	+ Increase or - Decrease
National Health Service* ...	391.7	407.2	+ 15.5
Contributions to National Insurance and Pensions Schemes:—			
National Insurance Fund ...	71.4	71.0	- 0.4
National Insurance (Industrial Injuries) Fund ...	6.7	6.7	—
Family Allowances ...	104.0	105.5	+ 1.5
War Pensions ...	82.5	81.0	- 1.5
Non-contributory Old Age Pensions ...	20.6	18.7	- 1.9
National Assistance ...	101.6	107.7	+ 6.1
TOTAL ...	778.5	797.8	+ 19.3

* Excluding grants to local health authorities and Civil Defence.

1954-55

TABLE VII (c).—OTHER SERVICES (GENERAL)

							£ million		
							Budget Estimate 1953-54	Estimate 1954-55	+ Increase or - Decrease
Agriculture, Fisheries and Forestry*†	...	...	...	...	...	...	27.6	36.8	+ 9.2
Broadcasting	...	...	...	...	...	...	17.0	18.9	+ 1.9
Civil Aviation*	...	...	...	...	...	...	14.6	17.1	+ 2.5
Civil Superannuation, &c. (other than Defence and Revenue Departments)	...	...	...	...	...	...	9.1	10.8	+ 1.7
Colonial Development and Welfare	...	...	...	...	...	...	16.5	16.7	+ 0.2
Commonwealth and Foreign Services*	...	...	...	...	...	...	70.7	90.2	+ 19.5
Employment, Transference, Training and Resettlement*	...	...	...	...	...	...	19.5	19.4	- 0.1
Irish Services‡	...	...	...	...	...	...	56.1	58.9	+ 2.8
Prisons, &c.*	...	...	...	...	...	...	7.8	8.4	+ 0.6
Research and Development §	...	...	...	...	...	...	17.3	19.1	+ 1.8
Tax Collection:—									
Customs and Excise	...	...	...	...	...	...	11.4	12.4	+ 1.0
Inland Revenue	...	...	...	...	...	...	32.0	33.6	+ 1.6
Works, Buildings, Stationery and Information Services*	...	...	...	...	...	...	61.6	62.0	+ 0.4
Miscellaneous||	...	...	...	...	...	...	52.4	50.3	- 2.1
TOTAL	...	...	...	...	...	...	413.6	454.6	+ 41.0

* Including cost of administration.

† Excluding agricultural and food subsidies (*see* item 5 of Table VII), but including the White Fish subsidy and certain expenditure on floods and sea defence.

‡ Excluding food and agriculture expenditure borne on United Kingdom Votes.

§ Excluding expenditure by the Ministry of Supply, the Defence Departments and the Atomic Energy Department.

|| Including general administration.

1954-55

TABLE VIII.—Comparison of Estimated RECEIPTS from Revenue in 1954-55 with Exchequer Receipts in 1953-54

On the basis of existing Taxation

	Exchequer Receipts in 1953-54	Estimate for 1954-55 on the basis of existing Taxation	+ Increase or - Decrease
	£000	£000	£000
Ordinary Revenue			
INLAND REVENUE			
Income Tax	1,730,991	1,800,000	+ 69,009
Surtax	132,400	132,000	- 400
Death Duties	164,500	165,000	+ 500
Stamps	56,600	55,000	- 1,600
Profits Tax and Excess Profits Tax ...	188,400	172,000	- 16,400
Excess Profits Levy	65,850	60,000	- 5,850
Other Inland Revenue Duties	1,390	1,000	- 390
	2,340,131	2,385,000	+ 44,869
CUSTOMS AND EXCISE			
Customs	1,042,396	1,062,500	+ 20,104
Excise	721,975	722,500	+ 525
	1,764,371	1,785,000	+ 20,629
MOTOR VEHICLE DUTIES	73,115	77,000	+ 3,885
TOTAL RECEIPTS FROM TAXES	4,177,617	4,247,000	+ 69,383
Broadcast Receiving Licences	16,400	21,000*	+ 4,600
Receipts from Sundry Loans	38,014	24,000	- 14,014
Miscellaneous	136,099	245,000	+ 108,901
Total Ordinary Revenue	4,368,130	4,537,000	+ 168,870
Self-Balancing Revenue			
Post Office	232,000	237,800	+ 5,800
Income Tax deducted from Excess Profits Tax, Post-war refunds	5,940	2,500	- 3,440
Total Self-Balancing Revenue	237,940	240,300	+ 2,360

* Includes proceeds of increased licence fees announced on 2nd March, 1954.

TABLE IX.—PROPOSED CHANGES IN TAXATION

INLAND REVENUE

INCOME TAX

It is proposed that the provisions of the Income Tax Acts relating to the cessation of one trade and the setting up and commencement of another shall not apply in cases where three-quarters or more of the interest in the trade belonged to the same persons before and after the change.

INCOME TAX AND PROFITS TAX

It is proposed to make an investment allowance instead of an initial allowance in respect of certain capital expenditure incurred after 6th April, 1954. The investment allowance will apply to expenditure on all types of asset now qualifying for initial allowance, except for second-hand plant and machinery and ordinary motor cars; these excluded items, however, will continue to qualify for initial allowance. The investment allowance will also be made for capital expenditure on agricultural buildings and works, on buildings and plant for scientific research and on plant hitherto dealt with on a "renewals" basis. The new allowance will not be deducted in computing the written down value of the asset for the purpose of annual allowances, balancing allowances or balancing charges. It is proposed to make the investment allowance at the rate of 20 per cent. for plant and machinery, scientific research and mining works and at 10 per cent. for industrial buildings and agricultural buildings and works. In cases, *e.g.*, mining works, where the present initial allowance is at a higher rate than that proposed for the investment allowance, an option will be given to take the initial allowance instead of the investment allowance.

It is proposed to amend the law relating to capital allowances in respect of sales of assets between companies under common control.

ESTATE DUTY

It is proposed to increase from £2,000 to £10,000 the limit for non-aggregation of small estates and to take account of settled property derived from the deceased (whether or not settled by him) in determining whether the limit applies.

It is proposed to amend the law relating to policies of assurance which do not form part of the deceased's own estate at death.

It is proposed to give a relief of 45 per cent. of that part of the duty payable which relates to industrial premises and plant and machinery used for the purposes of a trade carried on by the deceased or by a company which he controlled.

It is proposed to make certain modifications of the law relating to the valuation of company shares on the "assets basis".

It is proposed that these changes in estate duty shall take effect in respect of deaths occurring after the passing of the Finance Bill.

TABLE X.—ESTIMATED EFFECT OF CHANGES IN TAXATION

	Estimate for 1954-55	Estimate for a full year
	£	£
INLAND REVENUE		
<i>Income Tax and Profits Tax—</i>		
Introduction of investment allowance instead of initial allowance	Negligible	*
<i>Estate Duty—</i>		
Increase from £2,000 to £10,000 in limit for non-aggregation of free and settled estate	—125,000	— 250,000
Relief of 45 per cent. of duty payable in respect of certain fixed assets	—500,000	—1,500,000
TOTAL INLAND REVENUE	—625,000	—1,750,000
CUSTOMS AND EXCISE		
<i>Customs—</i>		
Chicory	Negligible	Negligible
<i>Excise—</i>		
Entertainments Duty	—3,500,000	—4,100,000
TOTAL CUSTOMS AND EXCISE	—3,500,000	—4,100,000
Total	—4,125,000	—5,850,000

* No estimate for "a full year" can be given as the cost will increase year by year and will depend on the actual level of new investment. The cost for 1955-56 is estimated at £4,000,000.

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

Head of Duty							1953-54		1954-55 Estimate
							Budget Estimate	Receipts (provisional)	
							£000	£000	£000
Spirits	...	...	...	...	...	C	28,000	26,320	25,000
						E	75,000	81,054	80,000
Total Spirits	...	...	...	...	...	...	103,000	107,374	105,000
Beer	...	...	...	...	...	C	12,500	13,242	13,000
						E	237,500	242,032	242,000
Total Beer	...	...	...	...	...	...	250,000	255,274	255,000
Wine	...	...	...	...	...	C	16,500	17,637	18,000
British Wine	...	...	...	...	...	E	3,000	3,015	3,000
Tea	...	...	...	...	...	C	250	156	150
Cocoa	...	...	...	...	...	C	1,200	1,590	1,200
Coffee and Chicory	...	...	...	...	...	C	200	142	200
Sugar, Molasses, Glucose and Saccharin						C	7,000	7,302	8,750
						E	4,000	4,235	3,500
Total Sugar, &c.	...	...	...	...	...	...	11,000	11,537	12,250
Dried Fruits	...	...	...	...	...	C	400	344	300
Tobacco	...	...	...	...	...	C and E	615,000	626,810	633,000
Matches and Mechanical Lighters	...	...	...	...	...	C	3,000	3,482	3,400
						E	9,000	9,271	9,350
Total Matches, &c.	...	...	...	...	...	...	12,000	12,753	12,750
Silk	...	...	...	...	...	C	4,000	3,887	4,000

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

Head of Duty	1953-54		1954-55 Estimate
	Budget Estimate	Receipts (provisional)	
	£000	£000	£000
Oil C	276,500	278,845	290,000
Oil, &c. E	13,500	10,656	10,000
Total Oil, &c.	290,000	289,501	300,000
Entertainments E	43,530	44,229	40,500
Liquor Licences— Duties E	5,150	5,143	5,200
Monopoly Values E	550	702	600
Other Licences E	200	219	200
Playing Cards E	50	43	50
Key Industry Duty C	1,750	2,549	2,500
Duties under Import Duties Act, 1932 C	70,000	54,084	56,000
Ottawa Duties C	6,000	4,774	5,000
Beef and Veal C	2,000	1,764	2,000
Purchase Tax E	260,000	299,319	295,000
Betting E	29,000	29,413	29,500
Other Articles and Deposits C	—	800	—
... .. E	—	38	100
Total Other Articles, &c.	—	838	100
Difference between payments into Exchequer and actual receipts C	—	— 1,332	—
... .. E	—	— 7,394	—
Total Difference	—	— 8,726	—
Total Revenue Customs ...	1,044,300	1,042,396	1,062,500
... .. Excise ...	680,480	721,975	719,000
TOTAL	1,724,780	1,764,371	1,781,500

1953-54 OUTTURN AND 1954-55 BUDGET ESTIMATE

TABLE XII.—Conventional form of Accounts
(before 1954-55 taxation changes)

£ million

Revenue		ABOVE THE LINE			Expenditure		1953-54			1954-55		
		Estimate	Outturn	Estimate			Estimate	Outturn	Estimate			
Inland Revenue ...	2,436	2,340	2,385	Interest on Debt ...	580	580	570					
Customs and Excise ...	1,725	1,764	1,785	Sinking Funds ...	35	35	36					
Motor Duties ...	69	73	77	Northern Ireland ...	48	50	51					
				Miscellaneous ...	10	9	10					
TOTAL TAX REVENUE	4,230	4,177	4,247	TOTAL CONSOLIDATED FUND SERVICES ...	673	674	667					
Post Office (Net Receipt)	2	—	—	Supply: Defence ...	1,497	1,365	1,555					
Broadcast Licences ...	16	17	21	Civil ...	2,045	2,190	2,254					
Sundry Loans ...	25	38	24	Tax Collection...	44	45	47					
Miscellaneous ...	95	136	245	TOTAL SUPPLY ...	3,586	3,600	3,856					
Total Revenue ...	4,368	4,368	4,537	Total Expenditure ...	4,259	4,274	4,523					
				Surplus ...	109	94	14					
	4,368	4,368	4,537		4,368	4,368	4,537					
BELOW THE LINE*												
Receipts					Payments							
Interest outside Budget...	88	87	105	Interest outside Budget ...	88	87	105					
Export Guarantees—				Export Guarantees ...	1	—	4					
Repayments ...	2	3	4	Post-war Credits...	16	17	17					
Housing receipts from				Excess Profits Tax Refunds	4	7	3					
Votes ...	21	21	24	War Damage ...	80	72	28					
Local Authorities—				Scottish Special Housing	9	9	8					
Repayments ...	20	21	25	Armed Forces—Housing	7	—	10					
Raw Cotton Commission:				Loans to Local Authorities	400	299	300					
Net repayments ...	10	42	25	Loans to Northern Ireland								
Coal Nationalisation—				Exchequer ...	4	3	1					
Repayments ...	4	5	5	Loans for New Towns								
Film Corporation—				Development ...	34	30	36					
Repayments ...	1	1	1	Loans to Film Corporation	1	1	1					
Anglo-Turkish Arma-				Loans for Development of								
ments Credit—				Inventions ...	—	1	—					
Repayments ...	—	1	1	Town and Country Planning:								
Other repayments ...	1	1	1	Issues to Central Land								
				Board ...	1	1	—					
Total Receipts ...	147	182	191	Coal Nationalisation—								
Net Sum borrowed or met				Working Capital, &c. ...	43	41	59					
from Surplus ...	549	391	388	Overseas Resources—								
				Colonial Development	8	5	7					
	696	573	579	Total Payments ...	696	573	579					
Total Receipts ...	4,515	4,550	4,728		4,955	4,847	5,102					

* Items below the line are:—

1. Receipts applicable by statute to debt interest which would otherwise be paid out of revenue.
2. Receipts applicable to debt redemption.
3. Payments for which the Treasury has power to borrow.

1953-54 OUTTURN AND 1954-55 BUDGET ESTIMATE

TABLE XII.—Alternative Classification

(before 1954-55 taxation changes)

£ million

Receipts	REVENUE ITEMS			Payments	1953-54			1954-55		
	Estimate	Outturn	Estimate		Estimate	Outturn	Estimate			
Tax Revenue	4,230	4,177	4,247	Interest on Debt ...	580	580	570			
Broadcast Licences ...	16	17	21	Interest outside Budget ...	88	87	105			
Sundry Loans (Interest)	8	9	8	Post-war Credits... ..	16	17	17			
Miscellaneous	45	47	30	Other Expenditure ...	3,465	3,440	3,690			
Interest outside Budget...	88	87	105							
Housing receipts from Votes	21	21	24							
Total Revenue Receipts	4,408	4,358	4,435	Total Revenue Payments	4,149	4,124	4,382			
				Surplus	259	234	53			
	4,408	4,358	4,435		4,408	4,358	4,435			

LOANS AND OTHER NON-REVENUE ITEMS

Receipts	REVENUE ITEMS			Payments	1953-54			1954-55		
	Estimate	Outturn	Estimate		Estimate	Outturn	Estimate			
Post Office (Net Receipt)	2	—	—	Sinking Funds	35	35	36			
Sundry Loans (Principal)	17	29	16	Export Guarantees ...	1	—	4			
Miscellaneous	50	89	215	Excess Profits Tax Refunds	4	7	3			
Export Guarantees— Repayments	2	3	4	War Damage	80	72	28			
Local Authorities— Repayments	20	21	25	Capital and Loan, &c., Items in Supply Expen- diture	205	191	202			
Raw Cotton Commission: Net repayments ...	10	42	25	Change in trading stocks, &c.	— 74	— 13	— 18			
Coal Nationalisation— Repayments	4	5	5	Stockpiling of Strategic Reserves	48	41	43			
Film Corporation— Repayments	1	1	1	Scottish Special Housing Armed Forces—Housing	9	9	8			
Anglo-Turkish Arma- ments Credit— Repayments	—	1	1	Loans to Local Authorities	7	—	10			
Other repayments ...	1	1	1	Loans to Northern Ireland	400	299	300			
				Exchequer	4	3	1			
Total Non-Revenue Receipts	107	192	293	Loans for New Towns Development	34	30	36			
Excess of Non-Revenue Payments over Receipts	699	531	427	Loans to Film Corporation	1	1	1			
	806	723	720	Loans for Development of Inventions	—	1	—			
				Town and Country Planning: Issues to Central Land Board	1	1	—			
Total Receipts ...	4,515	4,550	4,728	Coal Nationalisation— Working Capital, &c. ...	43	41	59			
				Overseas Resources— Colonial Development	8	5	7			
				Total Non-Revenue Payments	806	723	720			
					806	723	720			
				Total Payments ...	4,955	4,847	5,102			

1953-54 OUTTURN AND 1954-55 BUDGET ESTIMATE

TABLE XIII.—Conventional form of Accounts
(after 1954-55 taxation changes)

£ million

Revenue	ABOVE THE LINE		Expenditure	1953-54		1954-55	
	1953-54	1954-55		1953-54	1954-55		
	Outturn	Estimate		Outturn	Estimate		
Inland Revenue	2,340	2,384	Interest on Debt	580	570		
Customs and Excise	1,764	1,782	Sinking Funds	35	36		
Motor Duties	73	77	Northern Ireland	50	51		
			Miscellaneous	9	10		
TOTAL TAX REVENUE	4,177	4,243	TOTAL CONSOLIDATED FUND SERVICES	674	667		
			Supply: Defence	1,365	1,555		
Broadcast Licences	17	21	Civil	2,190	2,254		
Sundry Loans	38	24	Tax Collection	45	47		
Miscellaneous	136	245	TOTAL SUPPLY	3,600	3,856		
Total Revenue	4,368	4,533	Total Expenditure	4,274	4,523		
			Surplus	94	10		
	4,368	4,533		4,368	4,533		
BELOW THE LINE*							
Receipts			Payments				
Interest outside Budget	87	105	Interest outside Budget	87	105		
Export Guarantees—			Export Guarantees	—	4		
Repayments	3	4	Post-war Credits	17	36		
Housing receipts from Votes	21	24	Excess Profits Tax Refunds	7	3		
Local Authorities—			War Damage	72	28		
Repayments	21	25	Scottish Special Housing	9	8		
Raw Cotton Commission—			Armed Forces—Housing	—	10		
Net repayments	42	25	Loans to Local Authorities	299	300		
Coal Nationalisation—			Loans to Northern Ireland				
Repayments	5	5	Exchequer	3	1		
Film Corporation—			Loans for New Towns Develop-				
Repayments	1	1	ment	30	36		
Anglo-Turkish Armaments			Loans to Film Corporation	1	1		
Credit—Repayments... ..	1	1	Loans for Development of				
Other repayments	1	1	Inventions	1	—		
			Town and Country Planning—				
Total Receipts	182	191	Issues to Central Land Board				
Net Sum borrowed or met from			Coal Nationalisation—				
Surplus	391	407	Working Capital, &c.	41	59		
			Overseas Resources—				
	573	598	Colonial Development	5	7		
Total Receipts	4,550	4,724	Total Payments	573	598		
				573	598		
			Total Payments	4,847	5,121		

* Items below the line are:—

1. Receipts applicable by statute to debt interest which would otherwise be paid out of revenue.
2. Receipts applicable to debt redemption.
3. Payments for which the Treasury has power to borrow.

1953-54 OUTTURN AND 1954-55 BUDGET ESTIMATE

TABLE XIII.—Alternative Classification

(after 1954-55 taxation changes)

£ million

REVENUE ITEMS					
Receipts	1953-54	1954-55	Payments	1953-54	1954-55
	Outturn	Estimate		Outturn	Estimate
Tax Revenue	4,177	4,243	Interest on Debt	580	570
Broadcast Licences	17	21	Interest outside Budget	87	105
Sundry Loans (Interest)	9	8	Post-war Credits	17	36
Miscellaneous	47	30	Other Expenditure	3,440	3,690
Interest outside Budget	87	105	Total Revenue Payments	4,124	4,401
Housing receipts from Votes	21	24	Surplus	234	30
Total Revenue Receipts	4,358	4,431			
	4,358	4,431		4,358	4,431

LOANS AND OTHER NON-REVENUE ITEMS

Receipts			Payments		
	1953-54	1954-55		1953-54	1954-55
Sundry Loans (Principal)	29	16	Sinking Funds	35	36
Miscellaneous	89	215	Export Guarantees	—	4
Export Guarantees—			Excess Profits Tax Refunds	7	3
Repayments	3	4	War Damage	72	28
Local Authorities—			Capital and Loan, &c., Items in		
Repayments	21	25	Supply Expenditure	191	202
Raw Cotton Commission—			Change in trading stocks, &c.	— 13	— 18
Net repayments	42	25	Stockpiling of Strategic Reserves	41	43
Coal Nationalisation—			Scottish Special Housing	9	8
Repayments	5	5	Armed Forces—Housing	—	10
Film Corporation—			Loans to Local Authorities	299	300
Repayments... ..	1	1	Loans to Northern Ireland		
Anglo-Turkish Armaments			Exchequer	3	1
Credit—Repayments	1	1	Loans for New Towns Develop-		
Other repayments	1	1	ment	30	36
			Loans to Film Corporation	1	1
			Loans for Development of		
			Inventions	1	—
			Town and Country Planning—		
			Issues to Central Land Board	1	—
			Coal Nationalisation—		
			Working Capital, &c.	41	59
			Overseas Resources—		
			Colonial Development	5	7
Total Non-Revenue Receipts	192	293	Total Non-Revenue Payments	723	720
Excess of Non-Revenue					
Payments over Receipts	531	427			
	723	720		723	720
Total Receipts	4,550	4,724	Total Payments	4,847	5,121

BUDGET ESTIMATES, 1954-55

A.—ORDINARY REVENUE AND EXPENDITURE

TABLE XIV

Estimated Revenue				Estimated Expenditure			
£000				£000			
<i>Inland Revenue—</i>				<i>Interest and Management of the National Debt ...</i>			
Income Tax	...	...	1,800,000	Sinking Funds	...	...	36,000
Surtax	...	...	132,000	Payments to Northern Ireland Exchequer	...	...	51,000
Death Duties	...	...	164,375	Other Consolidated Fund Services	...	...	10,000
Stamps	...	...	55,000				
Profits Tax and Excess Profits Tax	...	...	172,000				
Excess Profits Levy	...	...	60,000				
Other Inland Revenue Duties	...	...	1,000				
				Total	...	...	667,000
Total Inland Revenue	...	...	2,384,375				
<i>Customs and Excise—</i>				<i>Supply Services—</i>			
Customs	...	...	1,062,500	<i>Defence—</i>	...	...	£000
Excise	...	...	719,000	Army Votes	...	...	561,000
				Navy Votes	...	...	367,000
Total Customs and Excise	...	...	1,781,500	Air Votes	...	...	537,000
				Ministry of Supply (Defence)	...	...	151,000
Motor Vehicle Duties	...	...	77,000	Ministry of Defence	...	...	23,904
TOTAL RECEIPTS FROM TAXES	...	...	4,242,875				1,639,904
				<i>Less—American Aid receipts appropriated</i>	...	...	85,360
Broadcast Receiving Licences	...	...	21,000†	<i>in aid of Defence Votes</i>	...	...	...
Receipts from Sundry Loans	...	...	24,000	<i>Civil—</i>	...	...	1,554,544
Miscellaneous	...	...	245,000	I. Central Government and Finance	...	...	20,808
				II. Commonwealth and Foreign	...	...	106,995
TOTAL REVENUE	...	...	4,532,875	III. Home Department, Law and Justice	...	...	85,852
				IV. Education and Broadcasting	...	...	328,537
				V. Health, Housing and Local Government	...	...	612,698
				VI. Trade, Labour, Materials and Supply	...	...	140,785
				VII. Common Services (Works, Stationery, &c.)	...	...	68,502
				VIII. Agriculture and Food	...	...	338,026
				IX. Transport, Fuel, Power, and Industrial Research	...	...	138,639
				X. Pensions, National Insurance and National Assistance	...	...	412,783
							2,253,625
				Post Office Vote (Excess over Revenue)	...	...	340
				<i>Tax Collection—</i>	...	...	46,890
				Customs and Excise and Inland Revenue Votes	...	...	3,855,399
				TOTAL EXPENDITURE	...	...	4,522,399
							10,476
				SURPLUS	...	...	4,532,875

* In addition £105 million for Interest on the National Debt will be met from receipts under various Acts authorising such application.

† Includes proceeds of increased licence fees announced on 2nd March, 1954.

B.—SELF-BALANCING REVENUE AND EXPENDITURE

	£000
Post Office expenditure corresponding to Revenue	237,800
Excess Profits Tax, Post-war refunds (part deducted for tax)	2,500
Total	<u>240,300</u>

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