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FINANCIAL STATEMENT (1962-63)

RETURN to an Order of the Honourable The House of Commons
dated 9 April, 1962:—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,
9 April, 1962 } EDWARD BOYLE

(*Sir Edward Boyle*)

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1961-62
BUDGET ESTIMATES AND OUTTURN

TABLE I.—ABOVE THE LINE: REVENUE

				£ million
		Budget Estimate	Exchequer Receipts	+ Increase or - Decrease
INLAND REVENUE				
Income Tax	...	2,729	2,727	- 2
Surtax	...	210	224	+ 14
Death Duties	...	240	262	+ 22
Stamps	...	94	97	+ 3
Profits Tax, Excess Profits Tax and Excess Profits Levy	...	325	335	+ 10
		3,598	3,645	+ 47
CUSTOMS AND EXCISE				
Tobacco	...	835	822	- 13
Oil	...	486	480	- 6
Beer, Spirits and Wine	...	418	420	+ 2
Purchase Tax	...	525	502	- 23
Other Revenue duties, &c.	...	91	85	- 6
Import Duties Act, 1958	...	155	150	- 5
Surcharge	...	*	136	+136
		2,510	2,595	+ 85
Motor Vehicle Duties	...	155	141	- 14
TOTAL RECEIPTS FROM TAXES	...	6,263	6,381	+118
Broadcast Receiving Licences	...	40	39	- 1
Miscellaneous	...	205	225†	+ 20
Total Revenue	...	6,508	6,645	+137

* A revenue surcharge of 10 per cent. on most Customs and Excise duties became operative on 26th July, 1961, under the Surcharge on Revenue Duties Order, 1961. It was estimated that this surcharge would produce an additional £130 million in 1961-62.

† Viz.:—

	£ million
Receipts from Votes:	
— Surplus Appropriations in Aid	40
— Exchequer Extra Receipts	73
Local Loans Fund—Interest on advances under Finance Act, 1935	11
British Petroleum Co., Ltd.—Dividend on shares	13
Germany—Final payment in respect of post-war economic assistance	67
Other items	21
	225

1961-62
BUDGET ESTIMATES AND OUTTURN

TABLE II.—ABOVE THE LINE: EXPENDITURE

	£ million		
	Budget Estimate	Exchequer Issues	+ Increase or — Decrease
CONSOLIDATED FUND SERVICES			
Interest and Management of the National Debt ...	660	711*	+ 51
Sinking Funds	40	40	—
Northern Ireland—share of reserved taxes, &c. ...	92	98	+ 6
Post Office Fund—initial settlement	15	7	— 8
Other Consolidated Fund Services	8	11	+ 3
TOTAL CONSOLIDATED FUND SERVICES ...	815	867	+ 52
SUPPLY SERVICES			
War Office Votes	507	509	+ 2
Navy Votes	413	414	+ 1
Air Votes	527	547	+ 20
Ministry of Aviation (Defence)	190	204	+ 14
Ministry of Defence	19	15	— 4
Total Defence	1,656	1,689	+ 33
Civil Votes	3,531	3,679	+ 148
TOTAL SUPPLY SERVICES	5,187	5,368	+ 181
Total Expenditure	6,002	6,235	+ 233
Surplus above the line	506	410	— 96

* In addition £325 million for interest on the National Debt was met from receipts of interest on below the line advances, &c. (See Table III).

1961-62
BUDGET ESTIMATES AND OUTTURN

TABLE III.—BELOW THE LINE

£ million

Receipts			Payments	
Budget Estimate	Outturn		Budget Estimate	Outturn
325	325	<i>Interest receipts applied to interest of the National Debt</i>	325	325
		<i>Loans to Nationalised Industries</i>		
—	—	Post Office	29	40
—	—	National Coal Board (net)	12	26
32	32	Electricity Council	190	223
3	3	North of Scotland Hydro-Electric Board	15	13
3	3	South of Scotland Electricity Board	20	30
5	5	Gas Council	20	18
18	18	British Overseas Airways Corporation	25	29
8	8	British European Airways Corporation	27	30
21	21	British Transport Commission	137	146
		<i>Loans to other Public Bodies</i>		
57	57	Local Authorities	—	—
—	2	Northern Ireland Exchequer	1	4
1	1	New Towns—Development Corporations and Commission	24	26
—	1	Scottish Special Housing Association	4	3
20	20	Iron and Steel Holding and Realisation Agency—surplus receipts	—	—
—	—	Iron and Steel: Richard Thomas and Baldwins Ltd.	58	55
—	—	Covent Garden Market Authority	—	4
1	—	Sugar Board (net)	—	2
—	—	National Research Development Corporation	1	1
		<i>Loans to Private Industry, &c.</i>		
—	—	Iron and Steel: Colvilles Ltd.	30	20
1	2	Building Societies	40	45
		<i>Loans for Overseas Assistance</i>		
1	1	Colonial Governments	30	19
2	2	Colonial Development Corporation	20	19
5	5	Export Guarantees	49	32
—	1	Anglo-Turkish Armaments Credit	—	—
		<i>Payments arising from war-time liabilities</i>		
—	—	Repayment of post-war credits*	18	17
—	—	War Damage payments	7	8
		<i>Other advances and repayments</i>		
8	8	Post-war temporary houses	—	—
—	—	Married quarters for Armed Forces	6	3
3	2	Town and Country Planning compensation	1	—
514	517		1,089	1,138
		Net payments	575	621

* The total amount of post-war credits outstanding at 31st March, 1962, was estimated at about £326 million.

Note.—Further details of these items are contained in the White Paper on Government Expenditure Below the Line (Cmd. 1680).

1961-62

TABLE IV.—SUMMARISED EXCHEQUER ACCOUNT

£ million

	Receipts	Payments
BUDGET:		
Surplus above the line	410	—
Net payments below the line	—	621
NATIONAL DEBT TRANSACTIONS:		
Marketable securities:		
Redemptions:		
2½% Funding Loan, 1956-61	—	313
4½% Conversion Stock, 1962	—	275
Terminable Annuities (National Debt Commissioners) ...	—	72
National Savings Securities (net):		
National Savings Certificates	—	21
Defence Bonds	16	—
Premium Savings Bonds	43	—
National Savings Stamps and Gift Tokens	23	—
Tax Reserve Certificates (net)	19	—
Floating debt (net)	639	—
Other Debt—payable in sterling:		
Interest-free notes (net)	298	—
Other	—	28
Other Debt—payable in external currencies (net)	—	33
OTHER ISSUES AND REPAYMENTS:		
Increase in sterling capital of Exchange Equalisation Account (net)	—	100
Increase in capital of Civil Contingencies Fund (net)	—	5
Subscription to International Development Association ...	—	9
Repayments of loans arising from liquidation of European Payments Union	28	—
EXCHEQUER BALANCE—DECREASE	1	—
	1,477	1,477

1961-62

TABLE V.—NATIONAL DEBT AT BEGINNING AND END OF YEAR

£ million

	31st March, 1961	31st March, 1962 (provi- sional figures)
Marketable securities:*		
<i>Up to 5 years:</i>		
2½% Funding Loan, 1956-61	313	—
4½% Conversion Stock, 1962	758	—
5½% Treasury Bonds, 1962	300	300
3% Exchequer Stock, 1962-63	341	341
4¾% Conversion Stock, 1963	653	653
4½% Conversion Stock, 1964	505	505
2½% Exchequer Stock, 1963-64	274	274
3% Savings Bonds, 1955-65	713	713
5½% Exchequer Stock, 1966	500	984
2½% Funding Loan, 1956-61, "Assented" (for conversion to 5½% Exchequer Stock, 1966)	484	—
<i>Total up to 5 years</i>	<i>4,841</i>	<i>3,770</i>
<i>5 to 15 years:</i>		
2½% Savings Bonds, 1964-67	752	752
3% Funding Stock, 1966-68	540	540
3½% Conversion Stock, 1969	341	341
3% Funding Loan, 1959-69	253	243
4% Victory Bonds†	99	87
3% Savings Bonds, 1960-70	1,024	1,024
5% Conversion Stock, 1971	414	414
6% Conversion Stock, 1972	—	301
5¼% Conversion Stock, 1974	299	299
3% Savings Bonds, 1965-75	1,073	1,073
<i>Total 5 to 15 years</i>	<i>4,795</i>	<i>5,074</i>
<i>Over 15 years:</i>		
3½% Treasury Stock, 1977-80	262	262
3½% Treasury Stock, 1979-81	483	483
5½% Funding Stock, 1982-84	300	500
5% Treasury Stock, 1986-89	302	302
4% Funding Loan, 1960-90†	193	181
3½% Funding Stock, 1999-2004	443	443
5½% Treasury Stock, 2008-12	500	500
2½% Treasury Stock, 1986-2016	78	78
<i>Total over 15 years</i>	<i>2,561</i>	<i>2,749</i>
<i>Undated:</i>		
4% Consolidated Loan	377	376
3½% War Loan	1,909	1,909
3½% Conversion Loan	567	546
3% Treasury Stock, 1966 or after...	58	58
2¾% Annuities	2	2
2½% Annuities	21	21
2½% Consols	276	276
2½% Treasury Stock, 1975 or after	482	482
<i>Total undated</i>	<i>3,692</i>	<i>3,670</i>
Total Marketable securities	15,889	15,263
Carried forward		

* Classified according to final redemption date.

† Excluding amounts held in the Death Duties Surrendered Securities Account.

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TABLE V.—NATIONAL DEBT AT BEGINNING AND END OF YEAR—*continued*

	£ million	
	31st March, 1961	31st March, 1962 (provi- sional figures)
Brought forward	15,889	15,263
Terminable Annuities due to National Debt Commissioners ...	911	1,026*
Life Annuities	9	8
Debts to the Banks of England and Ireland	14	14
National Savings Securities:		
National Savings Certificates†	2,141	2,119
Defence Bonds	1,059	1,076
Premium Savings Bonds	310	353
National Savings Stamps and Gift Tokens	—	23
Tax Reserve Certificates	377	397
Floating Debt:		
Treasury Bills	4,648	5,330
Ways and Means advances	307	261
Other Debt (payable in sterling):		
Interest-free notes: International Monetary Fund and International Development Association	519	816
Government of Portugal	55	50
Federal Republic of Germany	23	—
Miscellaneous	11	10
Other Debt (payable in external currencies):		
Government of United States of America	1,503	1,479
Government of Canada	379	349
Debts created on liquidation of European Payments Union Switzerland	97	77
	—	18
Total National Debt	28,252	28,669

* Including the liability for Terminable Annuities assumed by the Consolidated Fund on 1st April, 1961, under Section 14(1) of the Post Office Act, 1961, of which £170 million remained outstanding at 31st March, 1962.

† Shown at issue price excluding accrued interest amounting approximately to £515 million at 31st March, 1961, and £530 million at 31st March, 1962.

ESTIMATES, 1962-63

TABLE VI.—ABOVE THE LINE: REVENUE

On the basis of existing taxation

		£ million		
		1961-62 Exchequer Receipts	1962-63 Estimate on the basis of existing Taxation	+ Increase or - Decrease
INLAND REVENUE				
Income Tax	...	2,727	2,798	+ 71
Surtax	...	224	188	- 36
Death Duties	...	262	265	+ 3
Stamps	...	97	95	- 2
Profits Tax, Excess Profits Tax and Excess Profits Levy	...	335	374	+ 39
		3,645	3,720	+ 75
CUSTOMS AND EXCISE				
Tobacco	...	822	820	- 2
Oil	...	480	506	+ 26
Beer, Spirits and Wine	...	420	433	+ 13
Purchase Tax	...	502	535	+ 33
Other Revenue duties, &c.	...	85	88	+ 3
Import Duties Act, 1958	...	150	153	+ 3
Surcharge	...	136	196*	+ 60
		2,595	2,731	+ 136
Motor Vehicle Duties	...	141	150	+ 9
TOTAL RECEIPTS FROM TAXES	...	6,381	6,601	+ 220
Broadcast Receiving Licences	...	39	41	+ 2
Miscellaneous	...	225	165	- 60
Total Revenue	...	6,645	6,807	+ 162

* On the assumption that the revenue surcharge of 10 per cent. remains in force for the whole year.

ESTIMATES, 1962-63

TABLE VII.—ABOVE THE LINE: EXPENDITURE

	£ million		
	1961-62 Budget Estimate	1962-63 Estimate	+ Increase or - Decrease
CONSOLIDATED FUND SERVICES			
Interest and Management of the National Debt ...	660	600	- 60
Sinking Funds	40	41	+ 1
Northern Ireland—share of reserved taxes, &c. ...	92	100	+ 8
Post Office Fund—initial settlement	15	—	- 15
Other Consolidated Fund Services	8	12	+ 4
	—	—	—
TOTAL CONSOLIDATED FUND SERVICES ...	815	753	- 62
SUPPLY SERVICES*			
Defence—			
War Office Votes	503	524	+ 21
Navy Votes	406	422	+ 16
Air Votes	524	552	+ 28
Ministry of Aviation (Defence)	190	204	+ 14
Ministry of Defence	19	19	—
	—	—	—
	1,642	1,721	+ 79
Civil—			
I. Government and Exchequer	85	88	+ 3
II. Commonwealth and Foreign	134	143	+ 9
III. Home and Justice	121	129	+ 8
IV. Industry, Trade and Transport	362	449	+ 87
V. Agriculture	332	401	+ 69
VI. Local Government, Housing and Social Services	2,117	2,290	+173
VII. Universities and Scientific Research	189	178	- 11
VIII. Museums, Galleries and the Arts	6	6	—
IX. Public Buildings and Common Govern- mental Services	124	133	+ 9
X. Smaller Public Departments	9	7	- 2
XI. Miscellaneous	66	66	—
	—	—	—
	3,545	3,890	+345
TOTAL SUPPLY SERVICES	5,187	5,611	+424†
Total Expenditure	6,002	6,364	+362

* The 1961-62 figures have been adjusted for the transfer from Defence to Civil Votes of superannuation payments in respect of former civilian staff of Service Departments.

† The increase is £384 million after putting on to a comparable basis the treatment of excess receipts over payments in respect of Teachers' and National Health Service superannuation. This excess, which was appropriated in aid of Supply expenditure in 1961-62, is to be surrendered to the Exchequer in 1962-63 and is taken into account in the estimate of Miscellaneous Revenue in Table VI.

ESTIMATES, 1962-63
TABLE VIII.—BELOW THE LINE

£ million

Receipts			Payments	
1961-62	1962-63		1961-62	1962-63
Outturn	Estimate		Outturn	Estimate
325	395	<i>Interest receipts applied to interest of the National Debt</i>	325	395
		<i>Loans to Nationalised Industries</i>		
—	—	Post Office	40	35
—	—	National Coal Board (net)	26	—
32	41	Electricity Council	223	220
3	3	North of Scotland Hydro-Electric Board	13	15
3	4	South of Scotland Electricity Board	30	18
5	6	Gas Council	18	20
18	22	British Overseas Airways Corporation	29	39
8	12	British European Airways Corporation	30	22
21	27	British Transport Commission	146	166*
		<i>Loans to other Public Bodies</i>		
57	58	Local Authorities	—	—
2	2	Northern Ireland Exchequer	4	—
1	1	New Towns—Development Corporations and Commission	26	28
1	—	Scottish Special Housing Association	3	6
20	—	Iron and Steel Holding and Realisation Agency—surplus receipts	—	—
—	—	Iron and Steel: Richard Thomas and Baldwins Ltd.	55	3
—	—	Covent Garden Market Authority	4	—
—	2	Sugar Board (net)	2	—
—	—	National Research Development Corporation	1	1
		<i>Loans to Private Industry, &c.</i>		
—	—	Iron and Steel: Colvilles Ltd.	20	10
2	3	Building Societies	45	—
—	—	Housing Associations	—	3
		<i>Loans for Overseas Assistance</i>		
1	1	Colonial Governments	19	20
2	2	Colonial Development Corporation	19	15
5	7	Export Guarantees	32	50
1	—	Anglo-Turkish Armaments Credit	—	—
		<i>Payments arising from war-time liabilities</i>		
—	—	Repayment of post-war credits	17	17
—	—	War Damage payments	8	6
		<i>Other advances and repayments</i>		
8	—	Post-war temporary houses	—	—
—	—	Married quarters for Armed Forces	3	7
2	3	Town and Country Planning compensation	—	—
517	589		1,138	1,096
		Net payments	621	507

Note.—Further details of these items are contained in the White Paper on Government Expenditure Below the Line (Cmd. 1680).

* Including provision for loans to successor bodies to the Commission on the assumption that the vesting date under the Transport Bill now before Parliament will be 1st January, 1963.

ESTIMATES, 1962-63

TABLE IX.—SUMMARY

On the basis of existing taxation

£ million

	1961-62		1962-63 Estimate		1961-62		1962-63 Estimate
	Budget Estimate	Outturn			Budget Estimate	Outturn	
ABOVE THE LINE				Revenue			
Inland Revenue ...	3,598	3,645	3,720	Expenditure			
Customs and Excise ...	2,510*	2,595	2,731	Consolidated Fund Services	815	867	753
Motor Duties ...	155	141	150	Supply†: Defence...	1,642	1,675	1,721
Total Tax Revenue ...	6,263	6,381	6,601	Civil ...	3,545	3,693	3,890
Other Revenue ...	245	264	206	Total Supply ...	5,187	5,368	5,611
Total Revenue ...	6,508	6,645	6,807	Total Expenditure ...	6,002	6,235	6,364
				Surplus ...	506	410	443
BELOW THE LINE							
Total Receipts ...	514	517	589	Total Payments ...	1,089	1,138	1,096
Net Payments ...	575	621	507				
	1,089	1,138	1,096				

	1961-62		1962-63 Estimate
	Budget Estimate	Outturn	
Surplus above the line ...	506	410	443
Net payments below the line ...	575	621	507
Borrowing requirement ...	69	211	64

* See note * on page 4.
† See notes on page 11.

TABLE X.—PROPOSED CHANGES IN TAXATION

INLAND REVENUE

INCOME TAX

It is proposed to increase the income limit for small income relief (whereby relief from tax is given on two-ninths of total income instead of two-ninths of earned income only) from £300 to £400.

It is proposed to raise the exemption limits for persons aged 65 and over from £275 to £300 for single persons and from £440 to £480 for married couples.

It is proposed to exempt from tax the special £200 bounty payable under the scheme introduced last July to men in the Army who volunteer for a further period of service.

It is proposed to change the basis on which capital allowances may be taken into account, under Section 20, Finance Act, 1954, to create or augment a business loss available for relief against other income.

It is proposed to limit grossing up of dividends paid by United Kingdom companies in cases where relief has been allowed for "tax spared" overseas to the rate at which tax has been effectively borne either here or overseas.

It is proposed to strengthen the provisions of the Finance Act, 1960, against avoidance of tax.

INCOME TAX AND PROFITS TAX

It is proposed to levy income tax (under a new Case VII of Schedule D), surtax and profits tax on certain short-term gains hitherto non-taxable. The charge will be imposed on gains arising from the acquisition and disposal of all forms of property subject to certain exclusions, *e.g.*, tangible movable property, owner-occupied dwellings and buildings used for the purpose of the vendor's trade. It is proposed that the charge shall only take effect where both acquisition and disposal take place on or after 10th April, 1962. In general the charge will apply—

- (i) in the case of land, where the disposal takes place not more than three years after the acquisition;
- (ii) in the case of other property, where the disposal takes place not more than six months after the acquisition.

(As a corollary to (i) it is proposed, in certain circumstances, to impose a special charge on the disposal of shares in a land-owning company which has held land for not more than three years.)

It is proposed to impose tax in certain cases where transactions in land of a trading nature by associated persons and companies are so arranged that profits emerge in a non-taxable form.

TABLE X.—PROPOSED CHANGES IN TAXATION—*continued*INLAND REVENUE—*continued*

ESTATE DUTY

It is proposed to raise the exemption limit for estate duty from £3,000 to £4,000 and to reduce the rate of duty on estates between £4,000 and £5,000 from 2 per cent. to 1 per cent. and on estates between £5,000 and £6,000 from 3 per cent. to 2 per cent.; these changes will take effect in respect of deaths occurring on or after 10th April, 1962.

It is proposed that immovable property situated abroad shall be subject to estate duty where it passes on the death of a person domiciled in Great Britain; this will take effect in respect of deaths occurring after the passing of the Finance Bill.

It is proposed that where estate duty is charged in Great Britain on property situated in another country, any duty charged by that country shall be allowed as a credit against the British estate duty payable in respect of that property; this change will take effect in respect of deaths occurring on or after 10th April, 1962.

It is proposed to introduce legislation enabling comprehensive conventions for the avoidance of double death duties to be made with countries whose duties are different in character from those in the United Kingdom.

STAMP DUTY

It is proposed, with effect from 1st August, 1962, to abolish settlement duty except in relation to unit trusts and to remove an anomaly affecting the incidence of this duty on unit trusts.

TITHE REDEMPTION

TITHE REDEMPTION ANNUITIES

It is proposed that where, after 1st October, 1962, there is a change in the ownership of land on which an annuity is charged, the annuity shall be compulsorily redeemable.

TABLE X.—PROPOSED CHANGES IN TAXATION—*continued*

CUSTOMS AND EXCISE

SURCHARGES OR REBATES IN RESPECT OF REVENUE DUTIES
AND PURCHASE TAX

It is proposed to extend for one year the powers provided by section 9 of the Finance Act, 1961, which enable the Treasury by Order to impose a surcharge or allow a rebate in respect of the main revenue duties of customs and excise, the purchase tax, and the associated drawbacks and similar payments. The general scope of the power will be unchanged, and the maximum rate of surcharge or rebate will remain at 10 per cent. of the amount of duty or tax otherwise due.

It is proposed to withdraw, with effect from 10th April, 1962, the surcharge of 10 per cent. imposed under the Surcharge on Revenue Duties Order, 1961.

In the case of spirits, beer, wine, tobacco, hydrocarbon oil, television advertisements and betting on football and similar pools, the duty changes proposed in the following paragraphs broadly maintain the existing levels of duty inclusive of surcharge.

In the case of purchase tax, changes are proposed in both the rate structure and in the coverage of the tax. Details are set out on page 23.

Apart from the removal of the surcharge, it is not proposed to make any changes in the rates of duty on:

- (a) heavy hydrocarbon oil previously charged at either 2d. or 3d. a gallon;
- (b) matches and mechanical lighters (except as shown on page 21);
- (c) betting at dog racecourses.

CUSTOMS

Spirits, beer, wine, tobacco and hydrocarbon oil.—It is proposed to amend the basic duties on imported spirits (other than perfumed spirits), beer (other than black beer), wine, tobacco, light hydrocarbon oils and heavy hydrocarbon oils used as road fuel; and to introduce separate rates of duty for spirits, beer and tobacco (other than unmanufactured tobacco) imported from countries of the European Free Trade Association (E.F.T.A.). These changes will take effect from 10th April, 1962. The proposed duties and the existing duties are as follows:

TABLE X.—PROPOSED CHANGES IN TAXATION—*continued*
 CUSTOMS AND EXCISE—*continued*
 CUSTOMS—*continued*

	Existing duties*				Proposed duties		
	Full rate		Commonwealth Preference rate		Full rate	Commonwealth Preference rate	E.F.T.A. rate
	In cask	In bottle	In cask	In bottle			
	£ s. d. per proof gallon	£ s. d. per proof gallon	£ s. d. per proof gallon	£ s. d. per proof gallon	£ s. d. per proof gallon	£ s. d. per proof gallon	£ s. d. per proof gallon
SPIRITS (other than perfumed spirits)							
Brandy or rum ...	10 13 8	10 14 8	10 11 2	10 12 2	11 14 9	11 12 3	11 13 6
Imitation rum or geneva ...	10 13 9	10 14 9	10 11 3	10 12 3			
Unsweetened spirits other than those already enumerated	10 13 9	10 13 9	10 11 3	10 11 3			
Spirits of any description, and mixtures and preparations containing spirits, not otherwise mentioned ...	10 13 9	10 14 9	10 11 3	10 12 3			
Liqueurs, cordials, mixtures and other preparations in bottle, entered in such manner as to indicate that the strength is not to be tested ...	—	per liquid gallon 14 9 2	—	14 5 10	per liquid gallon 15 17 0	15 13 8	15 15 4
Mixtures, compounds or preparations for medical purposes, containing spirits—							
(a) in bottle entered in such manner as to indicate that the strength is not to be tested ...	—	1 1 5	—	1 1 5	1 0 4	1 0 4	1 0 4
(b) other, containing unsweetened spirits ...	0 15 2	per proof gallon 0 15 2	0 15 2	0 15 2	per proof gallon 0 15 1	0 15 1	0 15 1
(c) other, containing sweetened spirits ...	0 15 2	0 16 2	0 15 2	0 16 2			

The effective rate of duty on all imported spirits used solely for medical or scientific purposes will be 15s. 1d. per proof gallon. This is the existing rate for brandy or rum, imported in cask, used for these purposes, while other spirits are at present liable at 16s. 2d., 16s. 1d. or 15s. 2d. per proof gallon. The additional duties of 1s. 0d. per proof gallon and 1s. 4d. per liquid gallon on imported immature spirits (other than perfumed spirits), which have been warehoused for a period of two years and less than three years, are increased respectively to 1s. 6d. per proof gallon and 2s. 0d. per liquid gallon, *i.e.*, to the rates at present applicable to spirits which have not been warehoused or have been warehoused for a period of less than two years.

* The rates of existing duties shown throughout Table X do not include the surcharge of 10 per cent. levied under the Surcharge on Revenue Duties Order, 1961.

TABLE X.—PROPOSED CHANGES IN TAXATION—*continued*CUSTOMS AND EXCISE—*continued*CUSTOMS—*continued*

	Existing duties*		Proposed duties		
	Full rate	Commonwealth Preference rate	Full rate	Commonwealth Preference rate	E.F.T.A. rate
	£ s. d. per 36 gallons	£ s. d. per 36 gallons	£ s. d. per 36 gallons	£ s. d. per 36 gallons	£ s. d. per 36 gallons
BEER (other than black beer of gravity of twelve hundred degrees or more)					
1,030 degrees or less ...	6 12 2½†	5 12 2½†	7 3 5†	6 3 5†	6 13 5†
Additional for each degree over 1,030 degrees ...	0 6 7½	0 6 7½	0 7 3½	0 7 3½	0 7 3½

† Subject in each case to an additional duty of 10d. per 36 gallons, of any gravity, consequential on the hops duty.

	£ s. d. per gallon	£ s. d. per gallon	£ s. d. per gallon	£ s. d. per gallon	
WINE					
Light wine†—					
Still—					
Not in bottle ...	0 13 0	0 11 0	0 14 0	0 12 0	There are no separate E.F.T.A. rates; the full rates of duty are therefore chargeable
In bottle ...	0 15 6	0 12 6	0 16 6	0 13 6	
Sparkling ...	1 5 6	1 3 6	1 6 6	1 4 6	
Heavy wine†—					
Still—					
Not in bottle ...	1 6 0	0 16 0	1 7 6	0 17 6	
In bottle ...	1 8 6	0 17 6	1 10 0	0 19 0	
Sparkling ...	1 18 6	1 8 6	2 0 0	1 10 0	
For each degree or fraction of a degree above 42 degrees an additional ...	0 2 2	0 1 4	0 2 2	0 1 4	

† Light wine means wine not exceeding 27 degrees proof spirit in the case of wine entitled to Commonwealth preference rates of duty or 25 degrees in the case of other wine. Heavy wine means wine exceeding these limits.

	£ s. d. per lb.	£ s. d. per lb.	£ s. d. per lb.	£ s. d. per lb.	
TOBACCO					
Tobacco, unmanufactured—					
Containing 10 per cent. or more moisture—					There are no separate E.F.T.A. rates; the full rates of duty are therefore chargeable
Unstripped ...	3 4 6	3 2 11½	} 3 10 10½	3 9 4	
Stripped ...	3 4 6½	3 2 11⅞			
Containing less than 10 per cent. moisture—					
Unstripped ...	3 5 6	3 3 9½	} 3 11 10½	3 10 2	
Stripped ...	3 5 6½	3 3 9⅞			

* See footnote on page 17.

TABLE X.—PROPOSED CHANGES IN TAXATION—*continued*
 CUSTOMS AND EXCISE—*continued*
 CUSTOMS—*continued*

	Existing duties*		Proposed duties		
	Full rate	Commonwealth Preference rate	Full rate	Commonwealth Preference rate	E.F.T.A. rate
	£ s. d. per lb.	£ s. d. per lb.	£ s. d. per lb.	£ s. d. per lb.	£ s. d. per lb.
TOBACCO—<i>continued</i>					
Tobacco, manufactured—					
Cigars	3 14 5	3 11 5 $\frac{5}{8}$	4 0 9 $\frac{1}{2}$	3 17 10 $\frac{1}{8}$	3 19 4
Cigarettes	3 10 0	3 7 7 $\frac{1}{2}$	3 16 4 $\frac{1}{2}$	3 14 0	3 15 2 $\frac{1}{2}$
Cavendish or Negrohead Cavendish or Negrohead manufactured in bond	3 9 0	3 6 9	3 15 4 $\frac{1}{2}$	3 13 1 $\frac{1}{2}$	3 14 3
Other manufactured tobacco	3 7 0	3 5 0 $\frac{1}{2}$	3 13 4 $\frac{1}{2}$	3 11 5	3 13 4 $\frac{1}{2}$
	3 7 3	3 5 3 $\frac{1}{2}$	3 13 7 $\frac{1}{2}$	3 11 8	3 12 8
Snuff—					
Containing more than 13 per cent. moisture	3 6 6	3 4 7 $\frac{7}{8}$	3 12 10 $\frac{1}{2}$	3 11 0 $\frac{3}{8}$	3 11 11 $\frac{1}{2}$
Containing not more than 13 per cent. moisture	3 9 0	3 6 9	3 15 4 $\frac{1}{2}$	3 13 1 $\frac{1}{2}$	3 14 3
	Existing duties*		Proposed duties		
	Rate per gallon		Rate per gallon		
	s. d.		s. d.		
HYDROCARBON OIL					
Light oils	2 6		2 9		
Heavy oils used as road fuel	2 6		2 9		

It is proposed to remove, from 10th April, 1962, the prohibition on the importation of snuff work, tobacco stalks, tobacco stalk flour and tobacco cut and compressed by mechanical or other means, and to charge these products with duty on importation as follows:

- tobacco stalk, at the appropriate unmanufactured tobacco rate;
- snuff work and tobacco stalk flour, at the appropriate snuff rate;
- tobacco cut and compressed by mechanical or other means, at the rate for other manufactured tobacco.

It is proposed to extend, from 10th April, 1962, the definition of "fuel oils" to include any heavy oils which contain in solution an amount of hard asphalt of not less than one tenth of one per cent. and of which the closed flash point is one hundred and fifty degrees centigrade or below. The effective duty chargeable on such oils will be reduced from 3d. to 2d. a gallon.

* See footnote on page 17.

TABLE X.—PROPOSED CHANGES IN TAXATION—*continued*CUSTOMS AND EXCISE—*continued*CUSTOMS—*continued*

Sugar, coffee and cocoa.—It is proposed to reduce the Customs duties on imported sugar, coffee and cocoa, and certain related products, from 10th April, 1962. The proposed duties and the existing duties are as follows:

	Existing duties*			Proposed duties	
	Full rate	Commonwealth Preference rate	Preferential Certificated Colonial rate	Full rate	Commonwealth Preference rate
	s. d. per cwt.	s. d. per cwt.	s. d. per cwt.	s. d. per cwt.	s. d. per cwt.
Sugar—					
of a polarisation exceeding—					
99°	11 8·0	5 10·0	2 4·7	6 10·8	1 0·8
98° but n.e. 99°	11 8·0	4 9·2	1 6·3	6 10·8	
97° but n.e. 98°	8 7·0	4 7·7	1 5·8	3 11·3	
96° but n.e. 97°	8 4·3	4 6·3	1 5·3	3 10·0	
95° but n.e. 96°	8 1·6	4 4·8	1 4·8	3 8·8	
94° but n.e. 95°	7 10·9	4 3·3	1 4·4	3 7·6	
93° but n.e. 94°	7 8·2	4 1·9	1 3·9	3 6·3	
92° but n.e. 93°	7 5·6	4 0·5	1 3·5	3 5·1	
91° but n.e. 92°	7 2·9	3 11·0	1 3·0	3 3·9	
90° but n.e. 91°	7 0·2	3 9·6	1 2·6	3 2·6	
89° but n.e. 90°	6 9·5	3 8·1	1 2·1	3 1·4	Free
88° but n.e. 89°	6 6·8	3 6·6	1 1·6	3 0·2	
87° but n.e. 88°	6 4·6	3 5·5	1 1·3	2 11·1	
86° but n.e. 87°	6 2·3	3 4·2	1 0·8	2 10·1	
85° but n.e. 86°	6 0·3	3 3·1	1 0·5	2 9·2	
84° but n.e. 85°	5 10·3	3 2·0	1 0·2	2 8·3	
83° but n.e. 84°	5 8·3	3 1·0	11·8	2 7·3	
82° but n.e. 83°	5 6·3	2 11·9	11·5	2 6·4	
81° but n.e. 82°	5 4·5	2 10·9	11·2	2 5·6	
80° but n.e. 81°	5 2·7	2 9·9	10·9	2 4·8	
79° but n.e. 80°	5 0·9	2 8·9	10·5	2 4·0	
78° but n.e. 79°	4 11·1	2 8·0	10·2	2 3·1	
77° but n.e. 78°	4 9·3	2 7·0	9·9	2 2·3	
76° but n.e. 77°	4 7·5	2 6·0	9·6	2 1·5	
not exceeding 76°	4 6·0	2 5½	9·6	2 0½	

* See footnote on page 17.

TABLE X.—PROPOSED CHANGES IN TAXATION—*continued*CUSTOMS AND EXCISE—*continued*CUSTOMS—*continued*

	Existing duties*		Proposed duties	
	Full rate	Common-wealth Preference rate	Full rate	Common-wealth Preference rate
	s. d. per cwt.	s. d. per cwt.	s. d. per cwt.	s. d. per cwt.
Molasses (other than invert sugar)—				
Containing 70 per cent. or more of sweetening matter	7 5	3 8½	} Free	Free
Containing less than 70 per cent. and more than 50 per cent. of sweetening matter	5 4	2 8		
Containing not more than 50 per cent. of sweetening matter	2 7	1 3½		
Invert sugar—				
Containing 70 per cent. or more of sweetening matter	7 5	3 8½	3 8½	Free
Containing less than 70 per cent. and more than 50 per cent. of sweetening matter	5 4	2 8	2 8	Free
Containing not more than 50 per cent. of sweetening matter	2 7	1 3½	1 3½	Free
Glucose—				
Solid	7 5	3 8½	3 8½	Free
Liquid	5 4	2 8	2 8	Free
Saccharin	per oz. 7 6	per oz. 5 7½	ad val. 33½%	Free
Coffee, not kiln-dried, roasted or ground	per cwt. 14 0	per cwt. 4 8	per cwt. 9 4	Free
Coffee, kiln-dried, roasted or ground ...	18 8	15 6⅔	12 6	9 4
Preparations which consist wholly or partly of extracts, essences and other preparations of coffee and chicory ...	84 0	70 0	56 0	42 0
Cocoa	14 0	11 8	2 4	Free
Cocoa husks and shells	2 0	1 8	Free	Free
Cocoa butter	14 0	11 8	2 4	Free

Matches and mechanical lighters.—It is proposed to introduce, from 10th April, 1962, separate rates of duty for matches and mechanical lighters imported from countries of the European Free Trade Association. The proposed rates and the existing full rates of customs duty are as follows:

	Existing full rate*		Proposed E.F.T.A. rate	
	s. d.	s. d.	s. d.	s. d.
Matches—				
per 7,200 matches in containers of more than 30	14 5		14 1	
per 10,000 matches in containers of 30 or less	19 11		19 7	
Mechanical Lighters—				
Domestic gas lighters	5 0		4 6	
Other portable lighters	7 0		6 6	

* See footnote on page 17.

TABLE X.—PROPOSED CHANGES IN TAXATION—*continued*CUSTOMS AND EXCISE—*continued*

EXCISE

Spirits, beer, British wines (sweets), tobacco, hydrocarbon oil, pool betting and television advertisement.—It is proposed to amend the Excise duties on spirits (other than spirits used solely for medical or scientific purposes), beer (other than black beer), British wines (sweets), tobacco, light hydrocarbon oils and heavy hydrocarbon oils used as road fuel, pool betting (other than betting by means of a totalisator set up on a dog racecourse) and television advertisements. These changes will take effect from 10th April, 1962. The proposed duties and the existing duties are as follows:

	Existing duties*	Proposed duties
	£ s. d. per proof gallon	£ s. d. per proof gallon
SPIRITS	10 10 10	11 11 11
<p>The additional Excise Duty of 1s. 0d. per proof gallon on immature spirits, which have been warehoused for a period of two years and less than three years, is increased to 1s. 6d. per proof gallon, <i>i.e.</i>, to the rate at present applicable to spirits which have not been warehoused or have been warehoused for a period of less than two years.</p>		
BEER (other than black beer of gravity of twelve hundred degrees or more)	per 36 gallons	per 36 gallons
1,030 degrees or less	5 11 9½	6 3 0
Additional for each degree over 1,030 degrees	0 6 7½	0 7 3½
BRITISH WINES (SWEETS)	per gallon	per gallon
Still	0 10 6	0 11 6
Sparkling	0 16 6	0 17 6
TOBACCO	per lb.	per lb.
Tobacco, unmanufactured—		
Containing 10 per cent. or more moisture	3 2 9½	3 9 2
Containing less than 10 per cent. moisture	3 3 7½	3 10 0
Tobacco, manufactured—		
Cavendish or Negrohead manufactured in bond	3 5 0½	3 11 5
HYDROCARBON OIL	per gallon	per gallon
Light oils	0 1 3	0 1 6
Heavy oils used as road fuel	0 1 3	0 1 6
Petrol substitutes†	0 1 3	0 1 6
Power methylated spirits (power alcohol)	0 2 6	0 2 9
† Petrol substitutes are defined as any liquid intended to take the place of petrol as fuel for internal combustion piston engines, being neither a hydrocarbon oil nor power methylated spirits.		
POOL BETTING (other than betting by means of a totalisator set up on a dog racecourse)	per cent. 30	per cent. 33
TELEVISION ADVERTISEMENT	10	11

* See footnote on page 17.

TABLE X.—PROPOSED CHANGES IN TAXATION—*continued*CUSTOMS AND EXCISE—*continued*EXCISE—*continued*

Sugar, molasses, glucose and saccharin.—It is proposed to repeal the Excise duties on these products, and the related manufacturers' licence duties, from 10th April, 1962.

Purchase Tax.—It is proposed that, from 10th April, 1962, all goods at present chargeable with tax at the rate of 50 per cent. of the wholesale value shall become chargeable at the rate of 45 per cent. of the wholesale value; and all goods at present chargeable with tax at the rates of 12½ per cent. or 5 per cent. of the wholesale value shall become chargeable at the rate of 10 per cent. of the wholesale value.

It is proposed that tax shall be charged at the rate of 15 per cent. of the wholesale value on the following goods:

- (a) chocolates, sweets and similar confectionery (including drained, glacé or crystallised fruits); and chocolate biscuits and other confectionery having a case or coating of chocolate couverture, but not including cakes in such a case or coating;
- (b) manufactured beverages (including fruit juices, bottled waters, cider and perry) and syrups, concentrates, essences, powders, crystals or other products for the preparation of beverages; containers of gas for the preparation of carbonated beverages;
- (c) ice-cream, ice lollies, water ices and similar frozen products, and prepared mixes and powders for making such products—

if delivered by registered traders or imported by unregistered persons on or after 1st May, 1962, but that this charge shall not extend to the following goods:

- (i) chocolate couverture not prepared or put up for retail sale;
- (ii) drained cherries;
- (iii) candied peels;
- †(iv) beverages chargeable with any duty of customs or excise charged on intoxicating liquor of any description, and preparations thereof;
- †(v) tea, maté, herbal teas and similar products, and preparations and extracts thereof;
- †(vi) cocoa, coffee and chicory and other roasted coffee substitutes, and preparations and extracts thereof;
- †(vii) preparations and extracts of meat, yeast, egg or milk.

† Chargeable beverages, &c., used for producing non-chargeable beverages will, however, have to be purchased (or appropriated) tax-paid.

It is proposed that provision shall be made to enable drugs and medicines to be temporarily exempted from Purchase Tax, pending the making of a Treasury Order, by direction of the Commissioners of Customs and Excise on the recommendation of the Minister of Health or the Minister of Agriculture, Fisheries and Food.

It is proposed that, from the passing of the Finance Act, manufacturers of chargeable goods who are at present not required to be registered (because they neither sell nor let out on hire more than £500 of chargeable goods per year) shall be required to be registered if they appropriate to business use more than £500 of chargeable goods per year.

TABLE XI.—ESTIMATED EFFECT OF CHANGES IN TAXATION

	£ million	
	Estimate for 1962-63	Estimate for full year
INLAND REVENUE		
<i>Income Tax—</i>		
Increase of income limit for small income relief from £300 to £400	- ½	-1½
Increase of age exemption limits from £275 to £300 for single persons and from £440 to £480 for married couples	-1½	-2½
Change of basis for claims under Section 20, Finance Act, 1954	-6	*
<i>Estate Duty—</i>		
Increase of exemption limit from £3,000 to £4,000 and reduction by 1 per cent. in the rates on estates up to £6,000	-1	-1¾
Charge on immovable property situated abroad ...	+1	+2
Unilateral relief	- ½	-1
TOTAL INLAND REVENUE	-8½	...

* The cost in 1963-64 is expected to be £4 million and nil in a full year in the future.

TABLE XI.—ESTIMATED EFFECT OF CHANGES IN TAXATION—*continued*

								£ million	
								Estimate for 1962-63	Estimate for a full year
CUSTOMS AND EXCISE									
<i>Customs and Excise</i>									
Surcharge								-176	-196
<i>Customs*</i>									
Tobacco								+ 63	+ 65
Hydrocarbon Oil... ..								+ 36½	+ 37½
Beer								+ ¾	+ ¾
Spirits								+ 2½	+ 2½
Wine								+ ¾	+ ¾
Sugar								- 7¾	- 8
Coffee and Cocoa								- 1½	- 1½
TOTAL CUSTOMS								+ 94½	+ 97
<i>Excise—</i>									
Tobacco								Negligible	Negligible
Hydrocarbon Oil... ..								+ 1½	+ 1½
Beer								+ 14¾	+ 16¾
Spirits								+ 9½	+ 9¾
British Wines								+ ¼	+ ¼
<i>Purchase Tax—</i>									
Changes in rates								+ 27	+ 37
Confectionery, Soft Drinks and Ice Cream								+ 30	+ 50
Pool Betting								+ 2½	+ 2½
Television Advertisement								+ ¾	+ ¾
Sugar								- 5½	- 5½
TOTAL EXCISE								+ 80¾	+ 113
TOTAL CUSTOMS AND EXCISE								- 1	+ 14
Total Inland Revenue and Customs and Excise ...								- 9½	...

* The introduction of E.F.T.A. Convention rates of duty will reduce the receipts from Customs duties (mainly those on beer and matches) by about £150,000 per year. This reduction is too small to be shown in detail.

ESTIMATES, 1962-63

TABLE XII.—INLAND REVENUE

Head of Revenue	After Budget changes		£ million
	1961-62		
	Budget Estimate	Outturn	
Income Tax	2,729	2,727	2,790
Surtax	210	224	188
Death Duties	240	262	264½
Stamps	94	97	95
Profits Tax, Excess Profits Tax and Excess Profits Levy	325	335	374
Total Inland Revenue	3,598	3,645	3,711½

ESTIMATES, 1962-63
TABLE XIII.—CUSTOMS AND EXCISE REVENUE
After Budget changes

£ million

Head of Duty	1961-62		1962-63 Estimate
	Budget Estimate*	Receipts (provisional)	
Spirits C	37	37	38
... .. E	142	134	139
<i>Total Spirits</i>	<i>179</i>	<i>171</i>	<i>177</i>
Beer C	14	13	14
... .. E	223	232	247
<i>Total Beer</i>	<i>237</i>	<i>245</i>	<i>261</i>
Wine C	20	20	22
British Wine E	4	4	4
Tea, Cocoa, Coffee and Chicory, &c. ... C	2	2	1
Sugar, Molasses, Glucose and Saccharin... C	9	9	1
... .. E	5	6	—
<i>Total Sugar, &c.</i>	<i>14</i>	<i>15</i>	<i>1</i>
Tobacco C	886	870	885
Matches and Mechanical Lighters ... C	5	5	4
... .. E	9	8	8
<i>Total Matches, &c.</i>	<i>14</i>	<i>13</i>	<i>12</i>
Oil C	508	500	535
Oil, &c. E	9	10	10
<i>Total Oil, &c.</i>	<i>517</i>	<i>510</i>	<i>545</i>
Television Licence E	12	12	12
Excise Licences, including Liquor Licences E	1	1	1
Import Duties Act, 1958 C	155	150	153
Purchase Tax E	546	521	606
Betting E	46	38	42
Television Advertisement E	7	6	8
Deposits and other receiptsC & E	—	3	—
Difference between payments into Exchequer and actual receiptsC & E	—	+ 14	—
Total Revenue Customs ...	1,636	1,616	1,653
... .. Excise ...	1,004	979	1,077
TOTAL	2,640	2,595	2,730

* As amended by the estimate for the revenue surcharge of 10 per cent. on most Customs and Excise duties, which became operative on 26th July, 1961, under the Surcharge on Revenue Duties Order, 1961.

ESTIMATES, 1962-63

TABLE XIV.—SUMMARY

After Budget changes

£ million

	1961-62		1962-63 Estimate		1961-62		1962-63 Estimate
	Budget Estimate	Outturn			Budget Estimate	Outturn	
Revenue				Expenditure			
ABOVE THE LINE				ABOVE THE LINE			
Inland Revenue ...	3,598	3,645	3,711	Consolidated Fund Services	815	867	753
Customs and Excise ...	2,510*	2,595	2,730	Supply†: Defence... ..	1,642	1,675	1,721
Motor Duties	155	141	150	Civil	3,545	3,693	3,890
Total Tax Revenue ...	6,263	6,381	6,591	Total Supply	5,187	5,368	5,611
Other Revenue	245	264	206	Total Expenditure ...	6,002	6,235	6,364
Total Revenue ...	6,508	6,645	6,797	Surplus	506	410	433
BELOW THE LINE				BELOW THE LINE			
Total Receipts ...	514	517	589	Total Payments ...	1,089	1,138	1,096
Net Payments ...	575	621	507				
	1,089	1,138	1,096				

	1961-62		1962-63 Estimate
	Budget Estimate	Outturn	
Surplus above the line ...	506	410	433
Net payments below the line ...	575	621	507
Borrowing requirement ...	69	211	74

* See note * on page 4.

† See notes on page 11.

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