

A.1 The Economic and Fiscal Strategy Report (EFSR) explains how the measures and other decisions announced in Budget 2010 build on those already introduced to advance the Government's long-term goals. This chapter of the Financial Statement and Budget Report (FSBR) brings together in summary form all the measures and decisions that affect the Budget arithmetic that have been announced since Budget 2009 and gives their estimated effect on government revenues and spending to 2012-13. The chapter also includes a summary of the changes to the main rates and allowances for the personal tax and benefit system, the business tax system, value added tax (VAT), environmental taxes, and other indirect taxes.

A.2 The appendices to this chapter provide additional information on Budget measures:

- Appendix A1 provides details of tax changes and other policy decisions which were announced in Budget 2009 or earlier, but which take effect from April 2010 or later;
- Appendix A2 explains in detail how the effects of the Budget measures on government revenues are calculated;

A.3 Appendix A3 previously showed estimates of the costs to the Government of some of the main tax allowances and reliefs. This is now published on the HMRC website.¹

A.4 In the text of this chapter, the number or letter in brackets after each measure refers to the line in Tables A1 and A2 where its cost or yield is shown. The symbol '-' indicates that the proposal has no Exchequer effect until at least 2013-14. The symbol '*' indicates that the effect is negligible, amounting to less than £3 million a year.

BUDGET POLICY DECISIONS

A.5 Table A1 summarises the Budget 2010 measures that affect government revenues and spending and also includes all measures announced since the 2009 Pre-Budget Report. This includes tax measures, national insurance contributions (NICs) measures, measures that affect Annually Managed Expenditure (AME), and additions to Departmental Expenditure Limits (DEL). Measures that are financed from existing DEL provisions are not included, unless otherwise stated. Measures that impact on the next spending review period when departmental budgets have not been set will be absorbed within the Government's spending growth assumption for 2011-12 onwards. They are therefore excluded from the scorecard for this period.

¹http://www.hmrc.gov.uk/stats/tax_expenditures/menu.htm

Table A1: Budget 2010 policy decisions¹

		(+ve is an Exchequer yield)			£ million	
	Head	2010-11 indexed	2011-12 indexed	2012-13 indexed	2010-11 non-indexed	
Supporting Business						
1	Capital gains tax: increase in Entrepreneurs' relief to £2m from 2010-11	Tax	-5	-75	-90	-5
2	Annual investment allowance: increase to £100,000 from 2010-11	Tax	-30	-120	-110	-30
3	Business rates: temporary increase in relief for small businesses	Tax	-210	-205	+5	-210
4	Tax relief for video games industry	Tax	0	-40	-50	0
5	HMRC: enhanced online services for SMEs	Spend	-20	-	-	-20
6	Small business credit adjudicator	Spend	-5	-	-	-10
7	Support for university places and innovation	Spend	-385	-	-	-385
8	Investment in transport	Spend	-385	-	-	-385
9	Reprioritised spending from BIS and DfT	Spend	+230	-	-	+230
10	Reprioritised spending from DWP: extend Young Person's Guarantee ²	Spend	+475	-	-	0
Helping People Fairly						
11	Fuel duty: phase increase	Tax	-550	0	0	+850
12	Individual savings account: indexation from 2011-12	Tax	0	*	-5	0
13	SDLT: temporary relief for first time buyers	Tax	-230	-290	-30	-230
14	SDLT: properties over £1m from 2011-12	Tax	+90	+70	+230	+90
15	Support for Mortgage Interest	Spend	-165	-	-	-165
16	Housing benefit reform ³	Spend	0	-	-	0
17	Reduction in social security fraud and error	Spend	+115	-	-	+115
18	Child tax credit: £4 supplement for children aged 1 and 2 from 2012-13 ⁴	Spend	0	-	-	0
19	Working tax credit: extend eligibility for over 60s from 2010-11	Spend	-10	-	-	-10
20	Additional age related payment to pensioner households	Spend	-600	-	-	-600
21	Saving Gateway: funding	Spend	-10	-	-	-10
Delivering on Environmental Goals						
22	EU Emissions Trading Scheme auctions: amendments	Tax	0	-10	0	0
23	VED: HGVs	Tax	-10	-10	-15	0
24	Company car tax: ultra-low carbon cars	Tax	0	0	-5	0
25	Aggregates levy rate	Tax	0	+5	+5	0
26	Landfill tax: increase in 2014-15 ⁵	Tax	0	0	0	0
27	Enhanced capital allowances: amendments	Tax	+5	+5	+5	+5
Ensuring Sustainability of the Public Finances						
28	Alcohol duty: increase in rates in 2013-14 and 2014-15 ⁶	Tax	0	0	0	0
29	Cider duty: increase in rates in 2010-11	Tax	+15	+15	+15	+30
30	Tobacco duty: increase in rates from 2010-11 to 2014-15	Tax	+35	+95	+155	+140
31	Fuel duty: increase in rates in 2014-15 ⁷	Tax	0	0	0	0
32	Inheritance tax: freeze threshold from 2011-12 to 2014-15 ⁸	Tax	0	+35	+110	0
Protecting Revenue and Administrative Changes						
33	Gifts of qualifying investments to charities	Tax	+15	+15	+15	+15
34	Liechtenstein Disclosure Facility ⁹	Tax	+40	+320	+140	+40
35	Remittance basis: avoidance	Tax	+5	+5	+5	+5
36	Loans to participators	Tax	+15	+15	+15	+15
37	Double Tax Relief: avoidance	Tax	0	+75	+80	0
38	Share Incentive Plans: avoidance	Tax	+20	+20	+20	+20
39	Transactions in securities	Tax	+170	+65	+65	+170
40	Enhanced disclosure regime	Tax	+25	+50	+50	+25
41	Partnerships: avoidance of SDLT	Tax	+70	+80	+90	+70
42	Mixed use assets: VAT treatment	Tax	+15	+65	+60	+15
43	Extend financial securities	Tax	0	*	+5	0
44	Charity and trust tax reliefs: amendments	Tax	-15	-35	-60	-15
45	VAT: Place of supply of energy products	Tax	-125	0	0	-125
TOTAL POLICY DECISIONS:			-1,415	+150	+705	-365

– Included within the existing spending growth assumptions for 2011-12 onwards.

* Negligible

¹ Costings reflect Budget 2010 economic forecast and assumptions.

² The extension of the Young Persons's Guarantee in 2011-12 costs £450m.

³ The estimated yield of this measure rises to £50m in steady state.

⁴ The estimated cost of this measure is £180m from 2012-13.

⁵ The estimated yield of this measure is £70m in 2014-15.

⁶ The estimated yield of this measure is £105m in 2013-14, and £190m in 2014-15.

⁷ The estimated yield of this measure is £425m in 2014-15.

⁸ This is in addition to the inheritance tax measure announcement at 2009 Pre-Budget Report set out in Table A2.

⁹ The estimated yield for this measure is partly based on operational data since December 2009.

A.6 Table A2 summarises the impact on government revenues and spending of measures announced at the 2009 Pre-Budget Report, and also includes all other measures announced since Budget 2009

Table A2: 2009 Pre-Budget Report policy decisions^{1,2}

		(+ve is an Exchequer yield)			£ million	
	Head	2010-11 indexed	2011-12 indexed	2012-13 indexed	2010-11 non-indexed	
Ensuring Sustainability of the Public finances						
a	Freeze higher rate threshold in 2012-13	Tax	0	0	+240	0
b	Increase NICs primary threshold by £570 in 2011-12 ³	Tax	0	-1,430	-1,450	0
c	Increase employer NICs rate by 0.5% from 2011-12 ³	Tax	0	+2,260	+2,360	0
d	Increase main employee and self-employed NICs rate by 0.5% from 2011-12 ³	Tax	0	+1,920	+1,990	0
e	Increase additional employee and self-employed NICs rate by 0.5% from 2011-12 ³	Tax	0	+310	+330	0
f	Pensions tax: updated income definition ⁴	Tax	0	0	+600	0
g	Freeze Inheritance Tax threshold in 2010-11	Tax	+70	+170	+190	+70
h	Bank payroll tax ⁵	Tax	+1,300	0	0	+1,300
i	Salary sacrifice: workplace canteens	Tax	0	+110	+110	0
j	Auto-enrolment: slower introduction ⁶	Tax	0	0	+100	0
Protecting Revenues						
k	Insurance Premium Tax: avoidance	Tax	+10	+10	+10	+10
l	Index linked gilts	Tax	+40	+65	+40	+40
m	Financial products avoidance	Tax	+100	+100	+50	+100
n	Foreign exchange: structured arrangements ⁷	Tax	+25	+85	+40	+25
o	Substantial donors to charity: replacement of anti-avoidance legislation	Tax	*	-10	-10	*
p	Pensions tax: anti-forestalling rules	Tax	-80	0	0	-80
Supporting Business						
q	Rates on empty property: extension of temporary exemption	Tax	-135	+10	0	-135
r	Small Companies Rate of corporation tax: defer increase to 2011-12	Tax	-10	-380	-110	-10
s	Patent Box from 2013-14 ⁸	Tax	0	0	0	0
t	Bingo Duty: reduce to 20%	Tax	-5	-10	-10	-5
u	Seafarer's Earning deduction	Tax	0	-5	-5	0
v	Venture Capital Schemes: State Aid changes	Tax	0	-20	-30	0
w	Stamp Duty: exemption for company buybacks of shares of overseas branches	Tax	-5	-5	-5	-5
x	Digital Britain: Landline Duty	Tax	+90	+175	+175	+90
y	Strategic Investment Fund: addition ⁹	Spend	-110	0	0	-110
z	Funding for <i>Building Britain's Future</i>	Spend	+35	0	0	+35
Protecting the Environment						
aa	Climate change levy: reduction of relief from 2011-12	Tax	0	+50	+50	0
ab	Fuel Benefit Charge: increase multiplier	Tax	+50	+45	+45	+50
ac	Company Car Tax: extend bands from 2012-13	Tax	0	0	+120	0
ad	Biofuels Duty Differential: limited extension	Tax	-10	-10	0	-10
ae	Zero-carbon vehicles: tax reliefs	Tax	-5	-5	-5	-5
af	Warm Front and Greener Boiler Incentive ¹⁰	Spend	-85	0	0	-85
Helping People Fairly¹¹						
ag	Income tax: indexation of rates and thresholds	Tax	0	0	0	0
ah	National Insurance contributions: indexation of rates and limits	Tax	0	0	0	-60
ai	Tax relief for travel expenses	Tax	+35	+85	+85	+35
aj	Childcare: employer supported childcare tax relief ¹²	Tax/Spend	0	0	0	0
ak	Extension of free school meals	Spend	-140	-	-	-140
al	Benefits uprating	Spend	-700	0	0	-700
am	Local authority guideline rents ¹³	Spend	-115	-	-	-115
an	Money Guidance rollout in 2010-11	Spend	-10	0	0	-10
ao	Working Tax Credits: extension to over 65s from 2010-11	Spend	-5	-	-	-5
ap	Tackling benefit error	Spend	+95	-	-	+95
aq	Housing Benefit: managing gains from Local Housing Allowance from 2011-12	Spend	-40	-	-	-40
ar	Support for Mortgage Interest ¹⁴	Spend	-70	0	0	-70
as	Gurkhas: removal of 1997 cut-off	Spend	-240	-	-	-240
at	Cold Weather Payments	Spend	0	0	0	0

Table A2: 2009 Pre-Budget Report policy decisions^{1,2} (continued)

Head	(+ve is an Exchequer yield)			£ million
	2010-11 indexed	2011-12 indexed	2012-13 indexed	2010-11 non-indexed
TOTAL POLICY DECISIONS	+85	+3,520	+4,910	+25
au Reserve: support for military operations	-2,500	0	0	-2,500
av Memo: Increase to Public Sector Current Expenditure	0	-7,700	-6,900	0

– Included within the current spending growth assumption for 2011-12 onwards.

¹ This table also includes measures announced between Budget 2009 and the 2009 Pre-Budget Report.

² Costings reflect Budget 2010 economic forecast and assumptions.

³ This is in addition to the 0.5 per cent NICs increase announced at the 2008 Pre-Budget Report set out in Table A11.

⁴ This is in addition to the pensions tax relief measure announced at Budget 2009 set out in Table A11. The net yield is £3.5 billion.

⁵ This costing shows the net yield figure of £1.3bn (with an underlying gross figure of £2bn). More details on this costing are set out in paragraphs A.212 and chapter C.

⁶ In 2013-14 the yield is £0.7 billion, in 2014-15 the yield is £1.6 billion.

⁷ This costing has been updated in light of increased information on related avoidance schemes.

⁸ The costs of this measure will rise to £1.3bn in steady state.

⁹ Total addition to the Strategic Investment Fund at PBR 2009 was £210m in 2010-11, including Barnett consequential for non-reprioritised funding. £100m of this is funded through reprioritisation.

¹⁰ Total funding for Warm Front and the Greener Boiler Incentive is £215m in 2010-11 including Barnett consequential for non-reprioritised funding. £130m of this is funded through reprioritisation.

¹¹ Employment support package costing £45 million in 2009-10 and £355 million in 2010-11 funded by DWP underspend.

¹² Employer supported childcare tax relief measure used to fund expansion of free childcare for 2 year olds.

¹³ Total support for Local Authority Guideline rents is £170m in 2010-11. £55m of this is funded through reprioritisation.

¹⁴ Total Support for Mortgage Interest in 2009-10 was £70m, including Barnett consequential for non-reprioritised funding. £45m of this was funded through reprioritisation.

PERSONAL TAX, SUPPORT AND BENEFITS

Income Tax

Bands, rates and personal allowances **A.7** As announced at the 2009 Pre-Budget Report, the income tax personal allowance for the under 65s, age related allowances and limits, the starting limit for savings and the basic rate limit will be maintained at their 2009-10 levels in 2010-11. (ag)

A.8 As announced at the 2009 Pre-Budget Report, the point at which individuals start to pay the higher rate of income tax will be frozen in 2012-13. (a)

Table A3: Bands of taxable income

2009-10	£ per year	2010-11	£ per year
Basic ^{1,2} rate (20 per cent)	0-37,400	Basic ^{1,2} rate (20 per cent)	0-37,400
Higher ² rate (40 per cent)	Over 37,400	Higher ² rate (40 per cent)	37,401-150,000
		Additional rate (50 per cent)	over 150,000

¹ From 2008-09 there is a 10 per cent starting rate for savings income only. The starting rate limit for savings is £2,440 for 2009-10 and will remain at this level for 2010-11. If an individual's taxable non-savings income exceeds the starting rate limit, then the starting rate for savings will not be available for savings income.

² The rates available for dividends for the 2008-09 and 2009-10 tax years are the 10 per cent basic rate and the 32.5 per cent higher rate. For the 2010-11 tax year, as well as these rates there is a new dividend additional rate of 42.5 per cent.

Table A4: Income tax allowances

	£ per year		
	2009-10	2010-11	Increase
Personal allowance			
age under 65	6,475	6,475	0
age 65-74	9,490	9,490	0
age 75 and over	9,640	9,640	0
Married couple's allowance ¹			
age 75 and over	6,965	6,965	0
minimum amount ²	2,670	2,670	0
Income limit for under 65 personal allowance	N/A	100,000	
Income limit for age-related allowances	22,900	22,900	0
Blind person's allowance	1,890	1,890	0

¹ Available to people born before April 6 1935. Tax relief for this allowance is restricted to 10 per cent.

² This is also the maximum relief for maintenance payments where at least one of the parties is born before 6 April 1935.

Effects on the Scottish Parliament's tax varying powers – statement regarding Section 76 of the Scotland Act 1998

A.9 A one penny change in the Scottish variable rate (SVR) could be worth approximately plus or minus £350 million in 2010-11 and plus or minus £400 in 2011-12. These figures do not include an estimate of the behavioural impacts of invoking the Scottish variable rate. In HM Treasury's view, an amendment to the Scottish Parliament's tax varying powers is not required as a result of these changes.

A.10 The White Paper *Scotland's Future in the United Kingdom*, published in November 2009, set out the Government's response to the recommendations of the Calman commission. Among other changes, the Government intends that the SVR will be replaced with a Scottish rate of income tax, and that this will be legislated for during the next Parliament.

National insurance contributions

NICs rates A.11 As announced at the 2009 Pre-Budget Report, from 6 April 2011, the employee, employer and self-employed rates of national insurance contributions (NICs) will increase by 0.5 per cent. This is in addition to the 0.5 per cent increase already announced at the 2008 Pre-Budget Report that also comes into effect on 6 April 2011. (c) (d) (e)

NICs thresholds A.12 As announced at the 2009 Pre-Budget Report, the NICs thresholds and limits will remain unchanged for 2010-11, with the exception of the Lower Earnings Limit, which will rise in line with the Basic State Pension. The NICs flat rates and the employee, employer and self-employed rates of NICs remain unchanged for 2010-11, with the exception of the special Class 2 rate for volunteer development workers, which will rise to £4.85 a week. (ah)

A.13 As announced at the 2009 Pre-Budget Report, from 6 April 2011, the primary NICs threshold will be increased to the weekly equivalent of £570 more than the income tax personal allowance. (b)

Table A.5: Class I national insurance contribution rates 2010-11

Earnings ¹ £ per week	Employee (primary) NIC rate ² per cent	Employer (secondary) NIC rate ³ per cent
Below £97 (LEL)	0	0
£97 to £110 (PT/ST) ⁴	0	0
£110 to £844 (UEL)	11	12.8
Above £844	1	12.8

¹ The limits are defined as LEL – lower earnings limit; PT – primary threshold; ST – secondary threshold; and UEL – upper earnings limit.

² The contracted-out rebate for primary contributions in 2010-11 is 1.6 per cent of earnings between the LEL and the Upper Accrual Point (UAP) of £770 for contracted-out salary-related schemes (COSRS) and contracted-out money purchase (COMPS) schemes.

³ The contracted-out rebate for secondary contributions is 3.7 per cent of earnings between the LEL and UAP for COSRS and 1.4 per cent for COMPS. For COMPS, an additional age-related rebate is paid direct to the scheme following the end of the tax year.

⁴ No NICs are actually payable but a notional Class I NIC will be deemed to have been paid in respect of earnings between LEL and PT to protect benefit entitlement.

Table A.6: Self-employed national insurance contribution rates 2010-11

Annual profits ² £ per year	Self employed NICs	
	Class 2 ¹ £ per week	Class 4 per cent
Below £5,075 (SEE) ³	0.00	0
£5,075 to £5,715 (LPL)	2.40	0
£5,715 to £43,875 (UPL)	2.40	8
Above £43,875	2.40	1

¹ Class 2 NICs are paid at a weekly flat rate of £2.40 by all self-employed persons unless they have applied for a small earnings exception.

² The limits are defined as SEE – small earnings exception; LPL – lower profits limit and UPL – upper profits limit.

³ The self-employed may apply for exception from paying Class 2 contributions if their earnings are less than, or expected to be less than, the level of the small earnings exception.

Tax credits, benefits and personal taxes

Working Tax Credit **A.14** As announced at the 2009 Pre-Budget Report, from 6 April 2010, all elements of the Working Tax Credit (WTC), with the exception of the childcare element, will increase by 1.5 per cent. The disregard for the WTC in Housing Benefit will also increase by 1.5 per cent. (al)

A.15 The 2009 Pre-Budget Report announced, from 6 April 2011, people aged over 65 will qualify for the WTC if they work at least 16 hours a week, rather than 30 as currently. Budget 2010 announces an extension to this eligibility to those aged over 60. (ao) (19)

A.16 From 6 April 2011, payment of the childcare element of the WTC will become more flexible for parents who have short, fixed periods of childcare costs. These parents will be able to claim support when they need it over short periods rather than on an annualised basis. (*)

A.17 From April 2011, customers moving into work from the Employment and Support Allowance with a limited capability for work will be automatically eligible for the disability element in the WTC. (*)

Child Tax Credit **A.18** As announced at the 2009 Pre-Budget Report, from 6 April 2010, elements of the Child Tax Credit (CTC), except the family, baby and child elements, will increase by 1.5 per cent. The threshold for receipt of the maximum CTC award will rise to £16,190, reflecting the income level at which a family in receipt of the basic and couple or lone parent elements of the WTC would have their entitlement to the WTC tapered to zero. (al)

A.19 From 6 April 2012, the child element of the CTC will be increased by £4 per week for each child aged one and two. (18)

Table A.7: Working and Child Tax Credits rates and thresholds

	£ per year		
	2009-10	2010-11	Increase
Working Tax Credit			
Basic Element	1,890	1,920	30
Couple and lone parent element	1,860	1,890	30
30 hour element	775	790	15
Disabled worker element	2,530	2,570	40
Severe disability element	1,075	1,095	20
50 plus element, 16-29 hours	1,300	1,320	20
50 plus element, 30+ hours	1,935	1,965	30
Childcare element			
maximum eligible cost for one child	£175 per week	£175 per week	–
maximum eligible cost for two or more children	£300 per week	£300 per week	–
per cent of eligible costs covered	80%	80%	–
Child Tax Credit			
Family element	545	545	–
Family element, baby addition	545	545	–
Child element	2,235	2,300	65
Disabled child element	2,670	2,715	45
Severely disabled child element	1,075	1,095	20
Income thresholds and withdrawal rates			
First income threshold	6,420	6,420	–
First withdrawal rate (per cent)	39%	39%	–
Second income threshold	50,000	50,000	–
Second withdrawal rate (per cent)	6.67%	6.67%	–
First threshold for those entitled to Child Tax Credit only	16,040	16,190	150
Income disregard	25,000	25,000	–

Child Benefit A.20 As announced at the 2009 Pre-Budget Report, from 12 April 2010, first and subsequent child rates of Child Benefit will increase by 1.5 per cent. (al)

Guardian's Allowance A.21 As announced at the 2009 Pre-Budget Report, from 12 April 2010, Guardian's Allowance will increase by 1.5 per cent. (al)

Childcare Support Reform A.22 As announced on 4 December 2009, from 6 April 2011 all new users of Employer Supported Childcare will receive income tax relief at the same amount as basic rate taxpayers. Current users' reliefs and exemptions will not be affected. (aj)

A.23 As announced on 4 December 2009, by 2015 the ten hours of free childcare offered for the most disadvantaged two year olds will be extended to families on low or modest incomes. Roll out will commence from April 2011. (aj)

A.24 The Government intends to introduce legislation as soon as possible in the next Parliament that will retrospectively relax the 'generally available' conditions applicable to tax exemptions on childcare vouchers and employer contracted childcare in order to clarify the position of employers with employees at or near the National Minimum Wage. (*)

Travel expenses and the national minimum wage A.25 As announced at the 2009 Pre-Budget Report, a consultation was launched on 11 February 2010 (which closes on 6 May 2010), inviting views on a proposed solution to the potentially exploitative arrangements for some workers paid at or near the National Minimum Wage. It is proposed to take effect from 1 October 2010. (ai)

Extension of Free School Meals **A.26** As announced at the 2009 Pre-Budget Report, eligibility for Free School Meals will be extended to primary school pupils in working families with a household income below £16,190. The extension will be staged with the first roll out to eligible primary school pupils in Key Stage 1 from September 2010 and the remaining pupils benefiting from September 2011. (ak)

Additional paternity leave **A.27** As announced by the Prime Minister on 15 September 2009, fathers of babies due from 6 April 2011 will be given the right to take up to six months additional paternity leave, which can be taken once the mother has returned to work. The leave may be paid if taken during the mother's maternity pay period. (-)

Pension Credit **A.28** As announced at the 2009 Pre-Budget Report, from 12 April 2010 the standard minimum income guarantee in Pension Credit will increase above indexation to £132.60 a week for a single pensioner and to £202.40 for a pensioner couple. (al)

Pensions tax relief restriction: income definition **A.29** As announced at the 2009 Pre-Budget Report, the restriction of pensions tax relief from 6 April 2011 will apply to individuals with gross incomes of £150,000 and over, where gross income incorporates all pension contributions. This will be subject to an income floor at £130,000 (excluding the value of any employer contributions). The anti-forestalling regime was also extended so that the special annual allowance applies to those on incomes of £130,000 and over. This is an extension to the policy announced in Budget 2009. Following a formal consultation, Budget 2010 announces how the restriction of relief will be applied and delivered, and that deemed contributions to defined benefit pension schemes will be valued using the age-related factors method. (f)

Pensions: special annual allowance **A.30** As announced at the 2009 Pre-Budget Report, the rate of the special annual allowance charge will be changed from 6 April 2010 to ensure that it continues to recover the difference between the rate of relief given on pension contributions and the basic rate of tax, following the introduction of the 50 per cent additional tax rate. (*)

Pensions reform – pensions taxation **A.31** Changes will be made to the pensions tax legislation at the beginning of the next Parliament to enable the National Employment Savings Trust (NEST) to operate as a registered pension scheme, to remove tax on interest charges on late contributions made by employers to qualifying pension schemes, and to amend the tax rules on unauthorised borrowing by registered pension schemes. (-)

Slower introduction of private pension reforms **A.32** As announced at the 2009 Pre-Budget Report, the introduction of the Government's private pension reforms will go ahead as planned from October 2012 but will be slowed to give small businesses longer to adjust. Employers will now be brought onto the reforms over 4 years starting with largest to smallest. Reflecting this change, the second transitional period for contributions will start from October 2016, reaching steady state from October 2017. (j)

Public sector pension reforms **A.33** As announced at the 2009 Pre-Budget Report, the Government will implement cap and share reforms, limiting the contribution made by employers to pensions, in the Teachers, NHS, Civil Service and Local Government Pension Schemes following their next actuarial valuation.

Payment to pensioner households **A.34** An additional £100 will be paid to households with someone aged over 80 and an additional £50 to households with someone aged over the female State Pension Age alongside the Winter Fuel Payment in winter 2010-11. (20)

- Cold Weather Payments** **A.35** As announced at the 2009 Pre-Budget Report, the increase in Cold Weather Payments from £8.50 to £25 has continued for winter 2009-10. (at)
- Former Gurkhas** **A.36** On 21 May 2009 the Home Secretary announced that all former Gurkhas who retired prior to 1 July 1997 and completed four years service can apply to settle in the UK with their spouses and dependent children. (as)
- Benefits uprating** **A.37** As announced at the 2009 Pre-Budget Report, a proportion of the increase expected in April 2011 for certain benefits will be brought forward by a year. As such, Disability Living Allowance, Carer's Allowance, Attendance Allowance, Industrial Injuries Benefits, Statutory Maternity Pay, Statutory Paternity Pay, Statutory Adoption Pay, Maternity Pay, and severe disability premia in income-related benefits will increase by 1.5 per cent on 12 April 2010. (al)
- Housing Benefit reforms** **A.38** As announced at the 2009 Pre-Budget Report, a package of administrative reforms to Housing Benefit will be introduced from April 2010. In addition, Housing Benefit reforms previously announced at Budget 2009 will be delayed until April 2011. (aq)
- A.39** Budget 2010 announces measures to control Local Housing Allowance payments for expensive properties from October 2011. (16)
- Benefit administrative reforms** **A.40** As announced at the 2009 Pre-Budget Report, the Government will introduce a package of administrative reforms to the benefit system from 2010-11. This includes measures to reduce the scope for fraud and error to ensure recipients receive correct payments. (ap)
- A.41** Budget 2010 announces a further package of actions to prevent incorrect payments in the benefits system. This will include measures to improve the interface between the IT systems for different benefits, to enable the automatic cross-checking of information on individuals' circumstances, and to increase resources to review existing claims to identify and remove overpayments. (17)
- Guideline rents** **A.42** As announced at the 2009 Pre-Budget Report, the average guideline rent increase for 2010-11 will be reduced from 6.1 per cent to 3.1 per cent for local authority tenants. The Housing Revenue Account Subsidy determination for 2010-11 including Local Authority Average Guideline Rent increases was issued on 3 February 2010. (am)
- Support for Mortgage Interest** **A.43** As announced at the 2009 Pre-Budget Report, the standard interest rate applied to the Support for Mortgage Interest scheme is maintained at 6.08 per cent for a further six months until 31 June 2010. (ar)
- A.44** Budget 2010 announces that the standard interest rate applied to the Support for Mortgage Interest scheme will be frozen at 6.08 per cent for a further six months until 31 December 2010. (15)
- ISAs** **A.45** From 6 April 2011, and annually for the duration of the next Parliament, Individual Saving Account (ISA) investment limits will be indexed in line with Retail Prices Index (RPI). The limits will be rounded each year to the nearest multiple of 120, to enable savers to plan monthly savings more easily, and frozen in the event of negative RPI. (12)
- Saving Gateway** **A.46** The first Saving Gateway accounts will be available in July 2010. Eligibility for Saving Gateway accounts is set out in the Saving Gateway Accounts Act 2009 and Saving Gateway Accounts Regulations 2009. (21)
- Shared Lives relief** **A.47** As announced at the 2009 Pre-Budget Report, from 6 April 2010 Shared Lives carers (also known as Adult Placement Carers) will receive a tax free allowance for their caring

income similar to the current Foster Care relief. From 9 December 2009 there has been no loss of capital gains tax private residence relief where adult placement carers use part of their home exclusively for the accommodation of an adult in care. Budget 2010 also announces that the Government intends to extend the income tax exemption for adopters to those caring for children under a Special Guardianship order or certain Residence Orders, from 6 April 2010. (*)

Salary sacrifice **A.48** As announced at the 2009 Pre-Budget Report, legislation will be introduced to remove the tax exemption for workplace canteens when used in conjunction with salary sacrifice or flexible benefit arrangements. This will be effective from 6 April 2011. (i)

Life insurance deficiency relief **A.49** Following the introduction of the new additional rates of income tax, the Government intends to introduce legislation as soon as possible in the next Parliament, effective from 6 April 2010, to allow life insurance deficiency relief at the additional rate (and dividend additional rate). (*)

Seafarers' earnings deduction **A.50** As announced at the 2009 Pre-Budget Report, the Government intends to introduce legislation as soon as possible in the next Parliament to extend the seafarers earnings deduction to EU and European Economic Area resident seafarers. (u)

TAXES ON CHARGEABLE GAINS, INHERITANCE TAX, ASSETS AND PROPERTY

Stamp duty land tax **A.51** A 5 per cent rate of stamp duty land tax will be introduced in 2011-12 for purchases of residential property worth over £1 million. (14)

A.52 A two-year relief from stamp duty land tax for first time buyers of residential property up to £250,000 will take effect from the 25 March 2010. (13)

Real Estate Investment Trusts **A.53** The Government intends to introduce legislation as soon as possible in the next Parliament to allow UK-REITs to issue optional stock dividends as part of their property income distribution requirement. (-)

Inheritance tax **A.54** The inheritance tax allowance will be frozen at its 2009-10 level of £325,000 until 2014-15. This extends the 2009 Pre-Budget Report announcement, which froze the allowance at its 2009-10 level in 2010-11. (g) (32)

Settlor interested trusts **A.55** With effect from 6 April 2010, where settlors are liable to income tax on trust income at a lower rate of tax than paid by the trustees, they will be required to pay the difference to the trustees and these resulting payments will be disregarded for inheritance tax purposes. The Government intends to legislate as soon as possible in the next Parliament. (*)

Trusts for asbestos victims **A.56** The Government intends to introduce legislation as soon as possible in the next Parliament, which will apply retrospectively to April 2006, to help trusts specifically set up to compensate asbestos victims, but which have been unable to access tax efficient structures for the benefit of victims. (44)

Capital gains tax **A.57** From 6 April 2010, the capital gains tax entrepreneurs' relief lifetime limit will be increased from £1 million to £2 million. (1)

A.58 From 6 April 2010, the capital gains tax annual exempt amount will be held in line with statutory indexation at £10,100 for 2010-11. (-)

BUSINESS AND FINANCIAL SERVICES

- Corporation tax rate** **A.59** The main rate of corporation tax will remain unchanged for financial year 2011-12 at 28 per cent on profits of companies other than ring fence profits, and 30 per cent on ring fence profits. (-)
- Small companies' rate** **A.60** As announced at the 2009 Pre-Budget Report, the planned increase in the small companies' rate of corporation tax is being deferred for one year; and the rate will remain at 21 per cent for the financial year 2010-11. (r)
- Annual Investment Allowance** **A.61** The Annual Investment Allowance for qualifying capital expenditure on plant and machinery will be raised to £100,000 from April 2010. A targeted anti-avoidance rule will also be introduced from 24 March 2010. (2)
- Small business rate relief** **A.62** The level of small business rate relief in England will be temporarily increased for one year, from 1 October 2010, to give full relief for eligible businesses occupying premises with a rateable value of up to £6,000 and tapering relief to £12,000. (3)
- Enhanced online services for SMEs** **A.63** HMRC will enhance the online support it provides to SMEs by the end of 2011, including personalising businesslink.gov.uk for start-ups and making it easier for businesses to register for multiple taxes online with a single interactive form. (5)
- Small business credit adjudicator** **A.64** The Government intends to introduce legislation to create a new statutory credit adjudicator, to support small businesses seeking access to finance. (6)
- Associated company rules** **A.65** With effect from 1 April 2011, a measure will be introduced to further reform and simplify the associated company rules as they apply to the small companies' rate of corporation tax. (*)
- Consortium relief rules** **A.66** The Government intends to introduce legislation soon as possible in the next Parliament to amend those aspects of corporate tax group relief rules that cover Consortium Relief so that EU and EEA-resident companies engaged in UK consortia will be allowed to pass on the losses of those consortia to their UK-resident subsidiaries. At the same time, legislation will be introduced to strengthen rules designed to ensure that access to consortium relief is given only in proper proportion to the member company's involvement in the consortium. (-)
- Empty property relief** **A.67** As announced at the 2009 Pre-Budget Report, the temporary increase in the threshold for empty property relief will be extended for a further year, to a rateable value of £18,000 in 2010-11. (q)
- Bank payroll tax** **A.68** As announced at the 2009 Pre-Budget Report, a bank payroll tax will apply to banks that award discretionary bonuses, in whatever form, above £25,000 in the period from 9 December 2009 to 5 April 2010. The banks awarding these bonuses will pay a payroll tax of 50 per cent on the excess bonus over £25,000. (h)
- Patent box** **A.69** As announced at the 2009 Pre-Budget Report, a Patent Box will be introduced, applying a 10 per cent rate of corporation tax to income from patents from 1 April 2013. (s)
- R&D tax credits** **A.70** As announced at the 2009 Pre-Budget Report, legislation will be introduced to abolish the condition requiring that any intellectual property (IP) deriving from the R&D be owned by the company making the claim. Legislation will be effective for any expenditure incurred by a Small or Medium sized Enterprise (SME) on R&D in an accounting period ending on or after 9 December 2009. (*)

- Capital distributions** **A.71** As announced on 24 February 2010, the Government will end uncertainty over the tax treatment of some types of distributions made to UK companies, in order to prevent disruption of commercial transactions. The Government intends to introduce legislation as soon as possible in the next Parliament, to apply retrospectively, but companies will be able to opt out of the retrospective effect. (-)
- Landline duty** **A.72** As announced in the *Digital Britain* White Paper published on 16 June 2009, a new duty will be introduced to help fund the roll-out of Next Generation Access (super-fast broadband). The duty is a 50 pence per month charge on landlines and will be introduced on 1 October 2010. (x)
- Film tax relief** **A.73** As announced at the 2009 Pre-Budget Report, with effect from 9 December 2009, legislation will be introduced to correct an unintended anomaly affecting the amount of tax credit claimable where films are produced over more than one accounting period. (-)
- Video games industry relief** **A.74** Following consultation on design, a tax relief for the UK video games industry will be introduced, subject to state aid approval from the European Commission. (4)
- Debt cap** **A.75** As a result of further consultation with business on the practical working of the worldwide debt cap rules, a small number of additional changes are being made to the draft legislation published alongside the 2009 Pre-Budget Report. These changes will be effective from 1 January 2010. (*)
- Venture Capital Schemes** **A.76** As announced at the 2009 Pre-Budget Report, the Government intends to introduce legislation as soon as possible in the next Parliament for the changes required as a condition for the state aid approval of the UK's tax advantaged venture capital schemes. The changes will have effect on and after the date that the bill receives Royal Assent, with the exception of the definition of eligible shares for VCTs, which will not affect monies raised by the VCT before that date. (v)
- UK oil and gas fiscal regime** **A.77** As announced on 27 January 2010, secondary legislation has been introduced to extend the scope of the field allowance to remote deep water gas fields as are found in the West of Shetland area, with effect from 5th March 2010. (-)
- A.78** As announced at the 2009 Pre-Budget Report, secondary legislation will be introduced as soon as possible in the next Parliament to extend the scope of the Ultra High Pressure High Temperature field allowance that acts to reduce the initial tax paid by qualifying new developments. (*)
- A.79** As announced at the 2009 Pre-Budget Report, technical changes will be introduced to the oil and gas fiscal regime. This ensures legislation that removes chargeable gains from oil and gas licence swaps is effective in its application to commercial transactions, from 24 March 2010; it extends the scope of the ring fence reinvestment relief to allow the relief to apply, from 24 March 2010, when proceeds are reinvested in exploration and development expenditure, including drilling costs; and it ensures that the field allowance introduced in Finance Act 2009 can be available to fields that have previously been decommissioned, from 22 April 2009. (*)
- A.80** With effect from 24 March 2010, technical changes will be introduced to the ring fence reinvestment relief rules to enable the relief to apply, as originally intended, when a group company makes the reinvestment. (-)
- Life insurance companies** **A.81** The Government intends to modify the transfer of business rules for life insurance companies. (-)

A.82 The Government intends to introduce legislation to provide regulation making powers so that where action is taken by the Financial Services Compensation Scheme (FSCS) to protect policyholders with insurance and annuity contracts, the tax treatment remains broadly as if the FSCS had not intervened. It will have effect from Royal Assent of Finance Bill 2010. (-)

Tax and accounting changes **A.83** As announced at the 2009 Pre-Budget Report, the Government intends to introduce legislation to enable amendments to be made to the corporation tax rules on financial instruments when necessitated by changes to accountancy standards, with effect for periods for which such changes are adopted. (-)

Stamp taxes on shares **A.84** As announced on 7 September 2009, a company's purchase of its own shares, held on an overseas branch register, is regarded as exempt from stamp duty unless the instrument transfer is executed in the UK. (w)

A.85 Budget 2010 announces that clearing relief rules for stamp taxes on shares are clarified by explicitly including members of clearing houses and their nominees. The Government intends to introduce legislation that will be effective from when Finance Bill 2010 receives Royal Assent. (-)

Offshore funds **A.86** The treatment of chargeable gains for investors subject to corporation tax in some contract-based offshore funds will change to fully align the treatment with that of overseas unit trusts, with effect from 1 April 2010. (*)

A.87 Following the introduction of the new offshore funds regime (announced at Budget 2009) on 1 December 2009, amendments were introduced to the regulations that came into effect on 1 December 2009 in order to assist with transitional provisions. (-)

Funds investing in non-reporting offshore funds **A.88** A new tax regime for funds investing in non-reporting offshore funds was introduced on 6 March 2010 for authorised investment funds investing more than 20 per cent in non-reporting offshore funds. (-)

Mutual societies **A.89** As announced at the 2009 Pre-Budget Report, regulations have been introduced, with effect for the most part from 22 April 2009, to ensure that tax does not act as a barrier to transfers of engagements between mutual societies, or to demutualisations. (-)

VALUE ADDED TAX

VAT flat rate scheme **A.90** As announced at the 2009 Pre-Budget Report, the flat rates were amended on 1 January 2010 to take account of latest sectoral data and the return of the standard VAT rate to 17.5 per cent. (*)

VAT registration threshold **A.91** From 1 April 2010, the VAT registration threshold will be increased from £68,000 to £70,000 and the deregistration threshold from £66,000 to £68,000. (-)

Tour Operators' Margin Scheme **A.92** From 1 January 2010, some amendments have been made to the Tour Operators' VAT Margin Scheme to ensure full compliance with EU law.

VAT revenue sharing agreement **A.93** The VAT and excise duties revenue sharing agreement between the UK and the Isle of Man was recalibrated in October 2009, with effect from 2010-11.

Emissions allowances: VAT zero-rate **A.94** As announced on 31 July 2009, with immediate effect, a VAT zero rate for emissions allowances (also known as carbon credits) was introduced to counter an emerging Missing Trader Intra-Community (MTIC) fraud threat. (*)

- VAT fraud reverse charge** **A.95** Finance Bill 2010 will enable a reverse charge to be applied to services used in Missing Trader fraud, amending the existing provision available in respect of goods used in the fraud. (*)
- VAT and postal services** **A.96** From 31 January 2011 VAT will be applied at the standard rate to certain postal services provided by the universal service provider (Royal Mail). The zero rating for passenger transport services will also be updated to reflect the status of the provider of a passenger transport service made in conjunction with its postal services. (*)
- Treatment of supplies of aircraft** **A.97** With effect from 1 August 2010, the scope of the zero rate for aircraft supplies will be amended from one based on the aircraft's weight and usage to one based on the status of the customer. (*)
- VAT place of supply** **A.98** From 1 January 2011, the scope of special rules for natural gas, simplifying VAT treatment for business, will be adjusted and the rules (which already include electricity) will be extended to heat and cooling networks. (45)
- VAT partial exemption** **A.99** From 1 April 2010 the basis on which businesses calculate the amount of VAT they can recover will be simplified. (*)
- VAT option to tax** **A.100** From 1 April 2010 amendments will be made to simplify the option to tax regime. (*)
- VAT business and non-business assets** **A.101** As announced on 22 January 2010, measures will be introduced to protect revenues tied up in certain existing Lennartz schemes. In addition, from 1 January 2011 the use of Lennartz arrangements for certain assets will be withdrawn. (42)

ENVIRONMENT AND TRANSPORT

- Fuel duty** **A.102** On 1 April 2010, the main fuel duty rate will increase by one penny per litre. It will then rise by a further one penny per litre on 1 October 2010 and by 0.76 pence per litre on 1 January 2011. On the same dates: leaded petrol will rise by the same amount as main fuel duty; rebated oils rates will rise in proportion to the main fuel duty rate; and the duty differential for compressed natural gas will be maintained. (11)
- A.103** On 1 April 2010, the duty differential for liquefied petroleum gas will be reduced by 1 penny per litre. Also on 1 April 2010, the duty rate for aviation gasoline will rise by 3.78 pence per litre in order to meet EU minima. (11)
- A.104** Fuel duty will rise by one penny per litre in real terms in April 2014. This is an extension of the Budget 2009 announcement, which increased fuel duty by one penny per litre in real terms in each April from 2011 to 2013. (31)
- A.105** As announced at Budget 2008, the 20 pence per litre biofuels duty differential will cease from 1 April 2010 and biofuels will be charged the main duty rate. As announced at the 2009 Pre-Budget Report, the duty differential will continue for biodiesel produced from used cooking oil for two years. (ad)
- Fuel benefit charge** **A.106** As announced at the 2009 Pre-Budget Report, from 6 April 2010, the fuel benefit charge multiplier for company cars will increase from £16,900 to £18,000. The van fuel benefit charge will increase from £500 to £550. (ab)
- Fuel scale charges** **A.107** From 1 May 2010, the VAT fuel scale charges will be revised to reflect updated fuel prices. (*)
- VED** **A.108** As announced at the 2009 Pre-Budget Report, from 1 April 2010, the VED rate for motorcycles over 600cc will increase by £4 to £70, and the rate for motorcycles between 401cc and 600cc will increase by £2 to £50. Rates for motorcycles of 400cc or less will be frozen. (*)

A.I09 As confirmed in Budget 2009, rates for car VED from 1 April 2010 are set out in tables A8a and A8b.

A.II0 VED for heavy goods vehicles, and all related rates will be frozen in 2010-11. From 1 April 2011, some additional exceptional rates will be introduced, based on the weight categories and suspension type set out in EU regulations. These will only apply to vehicles that would otherwise be below EU minimum rates. The number, and value of these exceptional rates will be announced after the relevant exchange rate data is available in October. (23)

A.III Reduced Pollution Certificates (RPCs), which offer a VED discount, will be available for vehicles that achieve early compliance with the Euro VI air quality standard. The discount will be restricted to vehicles registered before the new standard becomes mandatory and will be time limited to five years. (23)

Table A8a: VED bands and rates for cars registered on or after 1 March 2001 (graduated VED)

VED band	CO ₂ emissions (g/km)	2010-11	
		standard rate (£) ¹	first-year rate (£) ¹
A	Up to 100	0	0
B	101 - 110	20	0
C	111 - 120	30	0
D	121 - 130	90	0
E	131 - 140	110	110
F	141 - 150	125	125
G	151 - 165	155	155
H	166 - 175	180	250
I	176 - 185	200	300
J	186 - 200	235	425
K ²	201 - 225	245	550
L	226 - 255	425	750
M	Over 255	435	950

¹ Alternative fuel discount: £10

² Includes cars emitting over 225g/km registered between 1 March 2001 and 23 March 2006

Table A8b: VED bands and rates for private and light goods vehicles registered before 1 March 2001 (pre-graduated VED)

Engine size	2010-11 (£)
1549cc and below	125
Above 1549cc	205

Company car tax **A.II2** As announced at the 2009 Pre-Budget Report, from 6 April 2012 the 10 per cent category for cars emitting 120g CO₂ per km or less will be removed, and the system of bands will be extended so that they increase by 1 percentage point with every 5g CO₂ per km increase in emissions, from 10 per cent. Cars that emit 99g CO₂ per km or less will be subject to tax on 10 per cent of their list price. (ac)

A.II3 As announced at the 2009 Pre-Budget Report, from 6 April 2010, all company cars and vans emitting zero CO₂ will be exempt from company car tax for five years. (*)

A.II4 Budget 2010 announces that company cars emitting between 1 and 75g CO₂ per km will be subject to tax of 5 per cent of their list price for 5 years from 6 April 2010. (24)

A.II5 On 14 November 2009, HMRC published guidance announcing changes to the regime on car averaging for businesses that provide different company cars to their employees over the year. This will take effect from April 2010. (-)

Capital allowances for zero-carbon commercial vehicles **A.II6** As announced at the 2009 Pre-Budget Report, from 1 April 2010 (for corporation tax) and 6 April 2010 (for income tax) a 100 per cent first-year allowance will be provided for the purchase of new goods vehicles emitting zero CO₂. Budget 2010 confirms that this will be in place for 5 years. (ae)

EU Emission Trading System **A.II7** The Government intends to opt nitrous oxide gases from nitric acid production into the EU Emission Trading System from 2011. (22)

Landfill tax **A.II8** The standard rate of landfill tax will increase by £8 per tonne from 1 April 2014. The rate will not fall below £80 per tonne in the future. The lower rate of landfill tax will remain frozen at £2.50 per tonne in 2011-12. (26)

A.II9 Following consultation, the list of wastes that qualify for the lower rate of landfill tax will remain broadly the same as present. A new qualifying criteria will be published later this year. There will be no changes to the way that waste disposal is defined in legislation for tax purposes. (*)

Landfill communities fund **A.II20** The landfill communities fund will increase in line with inflation in 2010-11 to £74 million. (-)

Climate change levy **A.II21** As announced at the 2009 Pre-Budget Report, from 1 April 2011 the climate change levy (CCL) discount available to energy intensive sectors participating in the climate change agreements (CCA) scheme will reduce from 80 to 65 per cent across all taxable commodities. (aa)

A.II22 As announced at the 2009 Pre-Budget Report, the plastics and laundries sectors were admitted to the CCA scheme on 1 October 2009 and 1 December 2009 respectively. (-)

A.II23 CCL rates will increase in line with inflation in 2011-12. (-)

Aggregates levy **A.II24** Aggregates levy will increase from £2.00 per tonne to £2.10 per tonne on 1 April 2011. (25)

Aggregates Levy Credit Scheme **A.II25** The Government is seeking EU state aid approval to extend the Aggregates Levy Credit Scheme (ALCS) in Northern Ireland for a further ten years from 31 March 2011. (-)

Enhanced capital allowances **A.II26** The lists of designated energy saving and water-efficient technologies qualifying for 100 per cent enhanced first-year capital allowance will be updated during 2010, subject to agreement with the European Commission. (27)

OTHER INDIRECT TAXES AND DUTIES

Tobacco duties **A.II27** Duties on tobacco will increase by 1 per cent above inflation on 24 March 2010. From 2011-12 to 2014-15, duties on tobacco will increase by 2 per cent above inflation each year. (30)

Table A9: Changes to tobacco duties

	Effect of tax ¹ on typical item (increase in pence)	Unit
Cigarettes	15	packet of 20
Cigars	6	packet of 5
Hand-rolling tobacco	15	25g
Pipe tobacco	9	25g

¹ Tax refers to duty plus VAT.

Alcohol duty A.I28 As announced at Budget 2008, alcohol duty rates on beer, wine and spirits will increase by 2 per cent above inflation on 29 March 2010.

A.I29 Cider duty rates will increase by 10 per cent above inflation on 29 March 2010. From 1 September 2010, the technical definition of cider will be changed. (29)

A.I30 Alcohol duty rates on all products will increase by 2 per cent above inflation for a further two years until 2014-15. (28)

Table A10: Changes to alcohol duties

	Effect of tax ¹ on typical item (increase in pence)	Unit
Beer	2	Pint of beer @ 4.2% abv
Wine	2	175ml glass typical strength
Wine	10	75cl bottle typical strength
Sparkling Wine	12	75cl bottle typical strength
Spirits	36	70cl bottle @ 37.5% abv
Spirits-based RTDs	2	275ml bottle @ 5.4% abv
Cider	5	Litre bottle typical strength
Sparkling Cider	9	75cl bottle typical strength

¹ Tax refers to duty plus VAT.

Betting and gaming duties A.I31 As announced at the 2009 Pre-Budget Report, the rate of bingo duty will reduce to 20 per cent for accounting periods starting on or after 29 March 2010. (t)

A.I32 From 4pm on 26 March 2010 all rates of amusement machine licence duty will be increased in line with inflation. (-)

A.I33 Gaming duty bands will increase in line with inflation for accounting periods starting on or after 1 April 2010. (-)

PROTECTING TAX REVENUES

Tax avoidance disclosure regime A.I34 The Government intends to introduce legislation revising the Disclosure Of Tax Avoidance Schemes (DOTAS) regime and providing for increased penalties for failure to comply with the rules. The substantive powers will come into effect at a later time appointed by Order. New Regulations, not dependent upon new legislation, will revise and extend the DOTAS 'hallmarks' (descriptions of schemes required to be disclosed). (40)

Inheritance tax avoidance schemes **A.I35** As announced at the 2009 Pre-Budget Report, two schemes that had been used to avoid inheritance tax through the use of trusts were closed down with immediate effect from 9 December 2009. (-)

Pensions tax anti-forestalling **A.I36** At Finance Bill 2009, with effect from 22 April 2009, the special annual allowance was amended to provide more protection for those making pension contributions less regularly than quarterly. Where irregular contributions of more than £20,000 have been made over the last three years, the special annual allowance is the average of those contributions with an upper limit of £30,000. (p)

Sale of lessor companies **A.I37** As announced at the 2009 Pre-Budget Report, with effect from 9 December 2009, legislation will be introduced to prevent companies from exploiting a weakness in the legislation that would allow a group to sell a lessor company without suffering the full effect of the charge imposed by the Schedule. (-)

A.I38 As announced at the 2009 Pre-Budget Report, with effect from 9 December 2009, an option for companies to elect to defer the immediate tax charge under the sale of lessor companies legislation will be introduced. Budget 2010 announces the publication of further draft legislation to prevent alternative treatment being used for tax avoidance purposes. (-)

Cushion gas **A.I39** From 1 April 2010, leases of cushion gas will be deemed to be long funding leases and cushion gas will qualify for plant and machinery allowances at the special rate of 10 per cent. (*)

Capital allowance transfer **A.I40** With effect from the announcement made on 21 July 2009, legislation was introduced to prevent tax avoidance through the transfer of an entitlement to benefit from capital allowances where the tax written down value of the plant or machinery exceeds its balance sheet value. Minor amendments were announced in Pre-Budget Report 2009. (-)

Branch asset transfers **A.I41** On 6 January 2010, the Government announced action with immediate effect to close a loophole and prevent corporate tax avoidance where trade assets are transferred out of an overseas branch of a UK company. (-)

Collecting debts during litigation **A.I42** As announced at the 2009 Pre-Budget Report, HMRC will apply a more consistent approach to the collection of debts when a tribunal or court has found against the taxpayer but there is a further appeal. This will apply to decisions made on or after 1 April 2010. (-)

Large Time-to-Pay requests **A.I43** As announced at the 2009 Pre-Budget Report, from 6 April 2010 HMRC will require businesses applying for Time-To-Pay for debts of £1 million or over to provide an Independent Business Review in support of their request. (*)

Sideways loss relief **A.I44** With effect from the announcement made on 21 October 2009, the Government intends to introduce legislation to prevent abuse of the rules on sideways loss relief. (-)

Terminal loss relief **A.I45** With effect from the announcement made on 21 May 2009, legislation was introduced in Finance Bill 2009, to prevent terminal loss relief from being accessed via artificial cessations of trade. (-)

Substantial donors **A.I46** The Government is committed to replacing the anti-avoidance rules relating to substantial donors to charities and will continue to explore the details of the proposed new purpose test. (o)

Gifts of shares to charity **A.I47** The Government intends to introduce legislation to close down a tax avoidance scheme involving relief for gifts of shares to charity, with effect from 15 December 2009, when this action was first announced. (33)

- Transactions in securities** **A.I48** The Government intends to introduce legislation with immediate effect, to counter tax advantages arising from certain transactions in securities. The changes also close a loophole used to avoid tax. (39)
- Financial securities** **A.I49** Legislation to extend to PAYE and NICs the power for HMRC to require financial securities from non-compliant business will be introduced and come into effect on 6 April 2011. (43)
- Financial products avoidance** **A.I50** With effect from the announcement made on 21 October 2009, legislation will be introduced to counter the abuse of the double tax relief rules through the use of unauthorised unit trusts, manufactured overseas dividends and manufactured interest payments. (m)
- Index-linked gilt avoidance** **A.I51** As announced at the 2009 Pre-Budget Report, with effect from 9 December 2009, legislation will be introduced to ensure the tax exemption for the inflationary return of an index-linked gilt cannot be exploited for avoidance purposes. (l)
- Loan relationship debt buy back** **A.I52** As announced on 14 October 2009 and 9 November 2009, legislation will be introduced to prevent companies not in financial difficulties from buying back debt at a discount to the amount borrowed, without being subject to tax, unless the debt is exchanged for new debt of the same value or for the issue of ordinary shares. (-)
- Overhedging/underhedging** **A.I53** As announced at the 2009 Pre-Budget Report, the Government intends to introduce legislation with effect from 1 April 2010 to substantially reduce Exchequer risk from overhedging and underhedging transactions using loans and derivatives. With effect from Royal Assent of Finance Bill 2010, the Government introduces a new power to enable these provisions to be extended, in the case of banks and other financial traders, to instruments other than loans and derivatives. Regulations made under this power will be effective from the date that they are made. (n)
- Life insurance companies** **A.I54** As announced at the 2009 Pre-Budget Report, with effect from 9 December 2009, the Government intends to introduce legislation to change the current apportionment rules for life insurance companies so that amounts representing deferred profits are always taxed at the appropriate effective tax rate whenever they accrue and emerge. (-)
- EU clearance services and depositary banks** **A.I55** With effect from the announcement made on 1 October 2009, action will be taken to prevent tax avoidance where UK shares, intended for non-EU markets, are deliberately routed through EU clearance services or depositary banks. (-)
- Extension of charity tax reliefs** **A.I56** From 1 April 2010, the UK's tax reliefs for charities and charitable donations will be extended to the EU, subject to a new definition of a body entitled to charity tax reliefs. (44)
- Insurance premium tax loophole** **A.I57** As announced at the 2009 Pre-Budget Report, a loophole through which fees are artificially carved out of a taxable insurance contract to avoid insurance premium tax is being closed. Following further consultation with industry, revisions will be made to the draft legislation published alongside the Pre-Budget Report. The measure will apply with effect from 24 March 2010. (k)
- Leasing anti-avoidance** **A.I58** As announced at the 2009 Pre-Budget Report, with effect from 9 December 2009, legislation will be introduced to counter two types of avoidance involving the leasing of plant and machinery. (-)
- Remittance basis** **A.I59** With effect from 6 April 2010, the definition of a relevant person will be amended to prevent avoidance of the remittance basis rules. (35)

- Foreign currency bank accounts** **A.I.60** With effect from the announcement made on 16 December 2009, Capital Gains Tax relief has not been available for losses on transfers from bank accounts in a foreign currency if the transfer is liable to income tax on the remittance basis. (-)
- Recovering overpaid tax** **A.I.61** As announced at the 2009 Pre-Budget Report, from 1 April 2011 there will be a new regime for claims to recover overpaid stamp duty land tax and petroleum revenue tax. (*)
- A.I.62** The Government intends to introduce legislation to provide tougher penalties for failing to declare offshore tax liabilities, linking the level of the penalty with the tax transparency of the jurisdiction in which the income arises. Effective from 6 April 2011. (*)
- Repo legislation** **A.I.63** As announced on 9 February 2010, with effect from 1 October 2007, the Government intends to introduce legislation to clarify the corporation tax treatment of manufactured payments received in the course of sale and repurchase transactions. (-)
- Double Taxation relief** **A.I.64** Legislative amendments to Double Tax Relief rules will be introduced, with effect from 1 April 2010, to ensure that deductions for foreign tax from any foreign income can only be taken where the foreign tax has been included in income taxable in the UK. (37)
- Loans to participators in close companies** **A.I.65** The Government intends to introduce legislation to counter avoidance involving the release of loans to participators by close companies. From 24 March 2010 these companies will be denied a corporation tax deduction for such a release or write-off. (36)
- Opening postal packets** **A.I.66** To help combat the smuggling of tobacco into the UK by post, the Government intends to introduce legislation to strengthen customs powers to open suspect postal packets without first telling the addressee, with effect from Royal Assent of Finance Bill 2010. (*)
- Subsidiary companies and CSOP** **A.I.67** The Government intends to introduce legislation, with effect from 24 March 2010, to prevent the use of options over shares in companies under the control of listed companies in the Company Share Option Plan (CSOP). (*)
- Stamp duty land tax** **A.I.68** The Government intends to introduce legislation, with effect from midnight on 24 March 2010, to tackle the exploitation for tax avoidance of the stamp duty land tax partnerships rules. (41)
- Extra Statutory Concessions** **A.I.69** As announced at the 2009 Pre-Budget Report, a consultation on legislation to retain the effect of seven Extra Statutory Concessions (ESCs), and nine ESCs will be withdrawn on 9 December 2010. (*)
- Excise compliance checks** **A.I.70** A response document is published following consultation on modernising compliance checking powers for excise duties. (*)
- Interest harmonisation** **A.I.71** A response document is published following consultation on completing the harmonisation of interest charged by HMRC across different tax regimes. (*)
- Late filing and payment penalties** **A.I.72** A response document is published following consultation on completing the modernisation of HMRC' late filing and late payment penalty regimes. (*)
- Equitable Liability** **A.I.73** As announced at the 2009 Pre-Budget Report, the Government will legislate the Equitable Liability extra statutory concession. The concession will continue to operate until legislation is introduced. (*)
- Liechtenstein Disclosure Facility** **A.I.74** As a result of an agreement between Liechtenstein and the UK in August 2009, the Liechtenstein disclosure facility allows people with unpaid taxes linked to investments or assets in Liechtenstein to settle their tax liability, including interest and penalties. This runs until 31 March 2015. (34)

Share incentive plans: anti-avoidance **A.175** The Government intends to introduce legislation, with immediate effect, to counter tax avoidance that exploits the Share Incentive Plan (SIP), a tax advantaged employee share scheme. (38)

OTHER SPENDING MEASURES

Support for military operations **A.176** As announced at the 2009 Pre-Budget Report, for 2010-11, an additional £2.5 billion will be added to the Reserve to ensure that sufficient funding is available for military operations in Afghanistan. (au)

Building Britains Future **A.177** The spending announcements in *Building Britain's Future* published in June 2009 were funded by reprioritisation from within existing budgets. This included a net reprofiling of £35 million from 2009-10 to 2010-11. (z)

Strategic Investment Fund **A.178** As announced at the 2009 Pre-Budget Report, additional funding of £210m, including Barnett consequentials and £100m of reprioritisation, will be allocated in 2010-11 for the Strategic Investment Fund. (y)

Warm front and boiler scrappage **A.179** As announced at the 2009 Pre-Budget Report, additional funding of £210m, including Barnett consequentials and of £130m of reprioritisation, will be allocated in 2010-11 to provide heating and insulation for vulnerable low income households through the Warm Front scheme; and to provide an incentive to households replacing inefficient boilers. (af)

Support for growth Budget 2010 announces a spending package of £385 million to support university places and innovation, of which £150 million is from reprioritisation, and a package of £385 million for investment in transport, of which £80 million is from reprioritisation. (7) (8) (9)

Young Persons Guarantee **A.180** The 2009 Pre-Budget Report brought forward the Young Persons Guarantee, so that beginning from January 2010 18 to 24 year olds would be guaranteed a job, work placement or work-related skills training from 6 months of their job seeker's allowance claim, and would be required to take up this place from 10 months. Budget 2010 further extends the Guarantee for an additional year until April 2012. (10)

Money Guidance **A.181** As announced at the 2009 Pre-Budget Report, the Government and the FSA will provide £20 million in 2010-11 to fund the national roll-out of the Money Guidance service. The Chancellor announced the national launch of the service on 11 March 2010. (an)

Other spending **A.182** As announced at the 2009 Pre-Budget Report, current spending will grow by an average of 0.8 per cent a year in real terms from 2011-12 to 2014-15, helping to sustain public finances in the medium term. (av)

APPENDIX A1: MEASURES ANNOUNCED IN BUDGET 2009 OR EARLIER

Table A1 I: Measures announced in Budget 2009 or earlier which take effect from April 2010 or later

		(+ve is an Exchequer yield)			£ million
	Head	2010-11 indexed	2011-12 indexed	2012-13 indexed	2010-11 non-indexed
Measures announced in Budget 2009 or earlier ¹					
a	Child Trust Fund: extra payments for disabled children	Spend	-15	-	-15
b	Increase Child Element of Child Tax Credit	Spend	-170	-	-140
c	Housing Benefit/Council Tax Benefit overpayments: remove double subsidy provision	Spend	+10	-	+10
d	Housing Benefit/Council Tax Benefit: earnings disregard	Spend	-5	-	-5
e	Housing Benefit: managing gains from Local Housing Allowance	Spend	+145	-	+145
f	Reassessment of work capability of incapacity benefit claimants	Spend	-10	-	-10
g	Removal of Enterprise Zone Allowances	Tax	-25	+15	* -25
h	Publishing names of serious tax defaulters	Tax	+20	+30	+30 +20
i	Repeal furnished holiday lettings rules	Tax	-10	+25	+15 -10
j	Freeze basic rate limit in 2011-12	Tax	0	+280	+680 0
k	Income Tax: full withdrawal of personal allowance from £100,000 from 2010-11 ²	Tax	+900	+1,470	+1,470 +900
l	Income Tax: increase additional rate to 50% from £150,000 and increase trust rate to 50% from 2010-11 ³	Tax	+1,300	+3,050	+2,660 +1,300
m	Align the NICs primary threshold with personal allowance in 2011-12 ⁴	Tax	0	-1,640	-1,660 0
n	Increase main employee NICs rate by 0.5% from 2011-12 ⁴	Tax	0	+1,860	+1,950 0
o	Increase additional employee NICs rate by 0.5% from 2011-12 ⁴	Tax	0	+290	+300 0
p	Increase employer NICs rate by 0.5% from 2011-12 ⁴	Tax	0	+2,260	+2,360 0
q	Increase main self-employed rate of NICs by 0.5% from 2011-12 ⁴	Tax	0	+120	+130 0
r	Increase additional self-employed NICs rate by 0.5% from 2011-12 ⁴	Tax	0	+20	+20 0
s	Pensions Tax: restrict tax relief to 20% above £150,000 from 2011-12 ⁵	Tax	0	+200	+2,900 0
t	Freeze pension lifetime and annual allowance from 2011-12 for 5 years	Tax	+200	+400	+450 +200
u	Company car tax (Budget 2008)	Tax	+85	+75	+70 +85
v	Company car tax (Budget 2009)	Tax	0	+85	+75 0
w	Vehicle excise duty	Tax	-5	-5	-5 -5
x	Biofuels: removal of the duty differential	Tax	+350	+375	+400 400

– Included within the current spending growth assumption for 2011-12 onwards.

¹ Costings reflect Budget 2010 economic forecast and assumptions.

² This costing includes the 2008 Pre-Budget Report announcement to restrict the personal allowance by half from £100,000 and to zero from £140,000 from 2010-11.

³ This costing includes the 2008 Pre-Budget Report announcement to increase additional rate to 45% from £100,000.

⁴ This is in addition to the NICs announcements at the 2009 Pre-Budget Report set out in Table A2.

⁵ This is in addition to the pensions tax relief announcement at the 2009 Pre-Budget Report set out in Table A2.

Child Trust Fund A.183 As announced at Budget 2009, the Government will contribute an additional £100 per year to the Child Trust Fund (CTF) accounts of all disabled children, with severely disabled children receiving £200 per year. Payments start in April 2010 for children with a CTF account who were entitled to Disability Living Allowance at any point in tax year 2009-10. (a)

Child Tax Credit A.184 As announced at Budget 2009, from 6 April 2010 the child element of the Child Tax Credit will increase by an additional £20 above indexation. (b)

Council tax and housing benefit A.185 As announced at Budget 2009, from April 2010 rules on how Housing Benefit and Council Tax Benefit overpayments that result from customers changing address within the same local authority area, will be rationalised so there is no longer double payment. (c)

A.186 As announced at Budget 2009, from 2010-11 a change in the earnings limit in Housing Benefit and Council Tax Benefit for those undertaking permitted work on Incapacity Benefit and Severe Disablement Allowance will be made, so that these earnings limits equal that for income-related Employment Support Allowance. (d)

- Local Housing Allowance** **A.187** As announced at Budget 2009, from April 2010 there will no longer be scope for anyone to receive more in the LHA than they have to pay in rent. This was subsequently delayed to April 2011 (see paragraph A.38). (e)
- Reassessment of work capability** **A.188** As announced at Budget 2008, starting in October 2010, the eligibility of incapacity benefits of all existing incapacity benefits will be reassessed using the new Employment Support Allowance Work Capability Assessment. (f).
- Enterprise Zone Allowances** **A.189** As announced on 17 December 2007, Enterprise Zone Allowances will be withdrawn from April 2011 as a consequence of the withdrawal of the Industrial Building's Allowance. (g)
- Publication of names** **A.190** As announced at Budget 2009, HMRC will be able to publish the names and details of individuals and companies who are penalised for deliberate defaults leading to a loss of tax of more than £25,000. This power will come into effect by Treasury Order with effect from 1 April 2010. (h)
- Furnished holiday lettings** **A.191** As announced at Budget 2009, from 6 April 2010, the furnished holiday lettings (FHL) rules will be repealed. (i)
- Income tax** **A.192** As announced at Budget 2009, in 2010-11 the income tax personal allowance will be restricted for those with incomes over £100,000 at a rate of £1 of allowance lost for every £2 of income over that level until completely withdrawn. (j)
- A.193** As announced at Budget 2009, a new additional rate of income tax of 50 per cent (and 42.5 per cent for dividend income) will be introduced in 2010-11 for those with incomes above £150,000. The tax rate applicable to trusts will also rise to 50 per cent. (k)
- A.194** As announced at the 2008 Pre-Budget Report, the basic rate limit will be held at its 2010-11 position in 2011-12. (l)
- National insurance contributions** **A.195** The 2008 Pre-Budget Report announced an increase in the primary national insurance contribution threshold to the weekly equivalent of the income tax personal allowance in 2011-12. Table A11 shows the impact of this increase. As set out at para A.13, the 2009 Pre-Budget Report announced a further primary threshold rise in 2011-12. (m)
- A.196** The 2008 Pre-Budget Report announced an increase in employee, employer and self-employed rates of national insurance contributions by 0.5 per cent in 2011-12. Table A11 shows the impact of this increase. As set out at paragraph A.11, the 2009 Pre-Budget Report announced a further 0.5 per cent increase in 2011-12. (n) (o) (p) (q) (r)
- Pensions tax: restrict tax relief** **A.197** Budget 2009 announced that tax relief on pension contributions would be restricted for individuals on high incomes from 2011-12. The 2009 Pre-Budget Report announced further details of the income thresholds to determine whether individuals are affected. Anti-forestalling provisions were introduced with effect from 22 April 2009 (see paragraph A.29). (s)
- Pensions lifetime and annual allowances** **A.198** As announced at 2008 Pre-Budget Report, the lifetime allowance will be maintained at the 2010-11 level of £1.8 million for a further five years, up to and including 2015-16. The annual allowance will also be held constant at £255,000 over the same period. (t)
- Company car tax** **A.199** As announced at Budget 2008, from April 2010 the lower threshold for the 15 per cent CCT band will be lowered so that it applies to drivers of company cars emitting between 121kg CO₂ per km and 134g CO₂ per km. (u)
- A.200** As announced at Budget 2009, from April 2011 the proportion of a company car's list price subject to tax will increase by 1 percentage point with each 5g per km that its CO₂ emission exceed this threshold, to a maximum of 35 per cent for company cars emitting 225g CO₂ per km. The £80,000 cap on the list price of company cars will also be abolished on this

date, meaning that the full list price of all company cars will be used to calculate the level of benefit that is taxable under CCT. (v)

Vehicle excise duty – imported vehicles **A.201** As announced at Budget 2009, from 1 April 2010 cars imported into the UK will only pay the First-Year Rate if they are under six months old or have travelled less than 6,000 km. Wider rules on the licensing of imported vehicles imported into the UK from 23 March 2006 onwards will also be changed from April 2010. (w)

Biofuels differential **A.202** As announced at Budget 2008, from 2010-11 the biofuels duty differential will cease (see para. A.105 for exception), and support for biofuels will be provided by the Renewable Transport Fuel Obligation. (x)

APPENDIX A2: EXPLAINING THE COSTINGS

A.203 This appendix explains how the fiscal impacts of the Budget and Pre-Budget Report policy decisions are calculated. In the context of these calculations, the net revenue effects for the measures may include amounts for taxes, national insurance contributions, social security benefits and other charges to the Exchequer, including penalties.

Calculating the costings

A.204 The Budget Report projections for the public finances take full account of all the measures announced in this and previous Budgets and Pre-Budget Reports. This is achieved through detailed modelling of the direct effect on receipts of individual measures, including their microeconomic behavioural effects where significant, and through the use of macroeconomic models which are able to estimate the indirect impact of the Budget Report package of measures as a whole. The detailed tax models tend to only consider the impact of a measure on the tax base the measure is being applied to, or closely related tax bases. The indirect impacts on other tax bases and the impact on economic growth are generally captured through the macroeconomic models. The costings shown in Table A1, A2 and A11 are consistent with those produced using the detailed tax models.

A.205 The calculation of the expected effect of changes in duty rate on consumer demand for excise goods assumes that any change in duty is passed on in full to consumers. Where the effect of one tax change is affected by implementation of others, the measures are normally costed in the order in which they appear.

A.206 The indexed costings show the exchequer impacts of the measures against a baseline that assumes allowances, thresholds and specific tax rates will be increased in line with either the appropriate price index (more details given in paragraph A.208 below), or any pre-commitments (measures announced in previous Budgets or Pre-Budget Reports that are or were due to come into effect). As such they give an indicator of the impact of the decisions made in the current Budget report.

A.207 The non-indexed column shows the revenue effects of the policy options against a baseline that assumes allowances; thresholds and tax rates are left unchanged. The non-indexed column therefore includes the revenue impact of indexation or other pre-commitments.

A.208 Unless allowances, thresholds and specific tax rates have been pre-announced, the indexed baseline assumes the following:

- income tax and National Insurance allowances and thresholds (excluding the higher rate limit and the income above which the income tax personal allowance will be restricted); the child element and disabled and severely

disabled child elements of the Child Tax Credit, the single person, couple, lone parent, 30 hour 50 plus, disabled and severely disabled worker elements of the Working Tax Credit; inheritance tax nil-rate band allowance threshold; business rates and the capital gains tax annual exempt amount all increase in line with the change in the Retail Price Index (RPI) in the year to the September prior to the respective Budget or Pre-Budget Report;

- the climate change and aggregates levy and the vehicle excise duty, amusement machine licence duty, air passenger duty, fuel, tobacco and alcohol duties all rise in line with the projected annual change in the RPI in the year to the third quarter following the respective Budget or Pre-Budget Report;
- VAT thresholds and gaming duty bands rise in line with the change in the RPI in the year to the December prior to the respective Budget.

A.209 With the exception of business rates, when indexation rates are negative, the indexed baseline assumes allowances, thresholds and specific tax rates are held constant. The indexed baseline also takes account of statutory rounding rules.

A.210 The yields of measures that close tax avoidance loopholes or tackle tax fraud represent the estimated direct Exchequer effect of the measures with the existing level of avoidance activity.

A.211 These estimates are shown on a National Accounts basis. The National Accounts basis aims to recognise tax when the tax liability accrues irrespective of when the tax is received by the Exchequer. However, some taxes are accounted for when the Exchequer actually receives the tax, reflecting the difficulty in determining the period to which the tax liability relates. Examples of such taxes are corporation tax, self-assessment income tax, stamp duty land tax, inheritance tax and capital gains tax. This approach is consistent with other Government publications.

Notes on individual Budget measures

Bank payroll tax **A.212** The expected yield from the bank payroll tax is shown in table A2. The net yield of £1.3 billion compares to the expected net yield of £550 million at the 2009 Pre-Budget Report. The updated yield is based on a higher forecast for banks bonuses including deferred awards in 2009-10 which are now expected to rise by around 25 per cent on 2008-09 levels, while the Pre-Budget Report forecast a fall. Receipts from the bank payroll tax are estimated to be £2 billion but the behavioural change from introduction of the tax is expected to reduce income tax and NICs receipts relative to not introducing the tax, which reduces the net yield of the policy to £1.3 billion. Due to National Accounts rules bank payroll tax receipts are scored in 2010-11 and the behavioural impact on income tax and NICs impacts on 2009-10 receipts (see chapter C for more details).

