

## 1. FAILURE TO MEET JUNE 2010 EMERGENCY BUDGET TARGETS

At the 2010 emergency budget, George Osborne set out a fiscal mandate.

*“The budget announces the government’s forward-looking fiscal mandate to achieve **cyclically-adjusted current balance by the end of the rolling, five-year forecast period.** At this budget, the end of the forecast period is 2015-16.*

*“The fiscal mandate is supplemented by a target for **public sector net debt as a percentage of GDP to be falling at a fixed date of 2015-16.**”*

On the first measure, he has clearly failed.

On the second measure, public sector net debt is actually forecast to start falling as a percentage of GDP on time. However, it will start falling from a much higher than originally forecast, £217 billion or 13 percentage points of GDP higher.

Cyclically-adjusted deficit on current budget (£bn) <sup>1</sup>	2013-14	2014-15	2015-16
June 2010	12.0	-5.4	-15.2
March 2015	44.6	45.8	39.3
<b>Difference</b>	<b>32.6</b>	<b>51.2</b>	<b>54.5</b>

Public sector net debt (% of GDP)	2013-14	2014-15	2015-16
June 2010	70.3	69.4	67.4
March 2015	79.1	80.4	80.2
<b>Difference</b>	<b>8.8</b>	<b>11.0</b>	<b>12.8</b>

<sup>1</sup> Cyclically-adjusted deficit on current budget was only given as percentage of GDP in 2010. Cash values were calculated using nominal GDP forecasts in the June 2010 emergency budget

## 2. SPENDING AND TAXES COMPARED TO JUNE 2010 FORECASTS

Last year, spending was lower than forecast in 2010, but receipts have been weak...

Total managed expenditure (£bn)	2013-14	2014-15	2015-16
June 2010 forecast	722.0	737.5	757.5
March 2015 outturn and forecast	721.5	737.1	742.6
Difference	-0.5	-0.4	-14.9

Current receipts (£bn)	2013-14	2014-15	2015-16
June 2010 forecast	661.9	700.1	737
March 2015 outturn and forecast	624.1	646.9	667.4
Difference	-37.8	-53.2	-69.6

Income tax, national insurance, corporation tax and fuel duties have undershot the 2010 forecast significantly due to a combination of policy changes and a slower than forecast recovery.

### Difference between forecasts for selected tax receipts in June 2010 and March 2015 (%)

Tax	2013-14	2014-15	2015-16
Bank levy	-8	16.7	56.5
Capital gains tax	18.2	46.2	51.2
Inheritance tax	30.8	31	35.5
VAT	3.8	3.8	3
National insurance	-5.8	-10.1	-11.4
Income tax	-13.1	-16.7	-18.2
Fuel duties	-15.4	-18.6	-22.2
Stamp duty land tax	-15.3	-12.8	-23
Corporation tax	-25.5	-25.5	-28

## 3. WHICH TAXES WILL BRING IN THE MOST MONEY IN 2019-20?

Selection of tax receipts forecasts from table 4.5 of OBR *Economic and fiscal outlook March 2015*, with TaxPayers' Alliance calculations

Tax	2014-15 forecast (£bn)	2019-20 forecast (£bn)	Increase (£bn)	Increase (%)
EU ETS auction receipts	0.3	0.6	0.3	100.0
Environmental levies	4.8	9.4	4.6	95.8
Capital gains tax	5.7	9.8	4.1	71.9
Inheritance tax	3.8	6.4	2.6	68.4
Stamp duty land tax	10.9	18.0	7.1	65.1
Income tax (gross of tax credits)	162.6	216.5	53.9	33.1
<i>Self assessment</i>	23.4	32.4	9.0	38.5
<i>Pay as you earn</i>	138.6	185.9	47.3	34.1
Bank levy	2.8	3.7	0.9	32.1
National insurance contributions	108.7	142.7	34.0	31.3
Stamp taxes on shares	3.0	3.9	0.9	30.0
Wine duties	3.9	4.9	1.0	25.6
Value added tax	110.8	131.1	20.3	18.3
Business rates	27.3	32.0	4.7	17.2
Spirits duties	3.2	3.7	0.5	15.6
Air passenger duty	3.2	3.7	0.5	15.6
Other HMRC taxes	6.5	7.3	0.8	12.3
Council tax	27.9	31.1	3.2	11.5
Corporation tax	42.4	46.6	4.2	9.9
<i>Onshore</i>	40.3	46.0	5.7	14.1
<i>Offshore</i>	2.1	0.7	-1.4	-66.7
Insurance premium tax	3.0	3.2	0.2	6.7
Licence fee receipts	3.1	3.3	0.2	6.5
Fuel duties	27.2	28.8	1.6	5.9
Other taxes	7.2	7.3	0.1	1.4
Tobacco duties	9.4	9.3	-0.1	-1.1
Beer and cider duties	3.7	3.6	-0.1	-2.7
VAT refunds	13.9	13.4	-0.5	-3.6
Climate change levy	1.7	1.6	-0.1	-5.9
Vehicle excise duties	6.1	5.1	-1.0	-16.4
Petroleum revenue tax	0.5	0.0	-0.5	-100.0
<b>National accounts taxes</b>	<b>602.4</b>	<b>746.2</b>	<b>143.8</b>	<b>23.9</b>
<b>Current receipts</b>	<b>646.9</b>	<b>804.3</b>	<b>157.4</b>	<b>24.3</b>

## 4. SPENDING FORECASTS HAVE INCREASED SINCE DECEMBER

In the 2014 autumn statement, the Office for Budget Responsibility forecast that total managed expenditure would be £779.9 billion in 2019-20, equating to 35.2 per cent of GDP. In yesterday's budget, however, the forecast for 2019-20 increased by £17.4 billion to £797.3 billion, or 36.0 per cent of GDP. However, spending on debt interest is now forecast to be £51.1 billion in 2019-20, down by £9 billion from the £60.1 billion forecast in December. So total managed expenditure excluding debt interest in 2019-20 is now forecast to be £26.4 billion higher than the forecast in December, and increase of 3.5 per cent.

**Total managed expenditure and debt interest forecasts from table 4.20 of OBR *Economic and fiscal outlook March 2015*, with TaxPayers' Alliance calculations**

March 2015 (£bn)	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Total managed expenditure	737.1	742.6	740.3	743.9	759.2	797.3
Central government debt interest, net of APF	33.6	33.7	40.4	46.5	49.0	51.1
TME less net debt interest	703.5	708.9	699.9	697.4	710.2	746.2
December 2014 (£bn)						
Total managed expenditure	737.1	746.2	746.7	751.3	765.3	779.9
Central government debt interest, net of APF	35.9	40.4	47.3	54.0	57.5	60.1
TME less net debt interest	701.2	705.8	699.4	697.3	707.8	719.8
Difference						
TME less net debt interest (£bn)	2.3	3.1	0.5	0.1	2.4	26.4
TME less net debt interest (%)	0.3	0.4	0.1	0.0	0.3	3.5