

1.6 Direct effects of illustrative changes ^{1,2}

£ million

2010-11 2011-12 2012-13

	2010-11	2011-12	2012-13
Income Tax			
<i>Rates</i>			
Change starting rate for savings income by 1p ³	neg	10	15
Change savings basic rate by 1p	50	80	110
Change basic rate by 1p ⁴	4050	4750	4700
Change basic rate in Scotland by 1p ⁴	350	400	400
Change higher rate by 1p ⁵	550	780	780
Change additional rate by 1p ^{5,6}			
Increase (yield)	50	110	120
Decrease (Cost)	60	120	130
Allowances and reliefs			
Change personal allowance by £100	510	650	700
Change age-related personal allowances by £100	75	85	90
Change aged income limit by £500	20	25	30
Change all personal allowances by 1 per cent	430	510	500
Change all personal allowances by 10 per cent	3900	4700	4800
Limits			
Change starting rate limit for savings income by £100	neg	5	5
Change basic rate limit by 1 per cent	200	300	310
Change basic rate limit by 10 per cent:			
Increase (cost)	1700	2600	2650
Decrease (yield)	2050	3100	3300
Change higher rate limit by 1 per cent	30	50	50
Change higher rate limit by 10 per cent			
Increase (cost)	300	700	650
Decrease (yield)	150	300	300
Allowances, starting and basic and higher rate limits			
Change all main allowances, starting, basic and higher rate limits by 1 per cent	660	850	860
Change all main allowances, starting, basic and higher rate limits by 10 per cent			
Increase (cost)	5950	7850	8000
Decrease (yield)	6400	8350	8650
Working Tax Credit			
Change basic element by £100	330	350	360
Change 30-hour element by £100	250	270	270
Change additional elements for couples and lone parents by £100	300	320	320
Child Tax Credit			
Change family element by £100 ⁷	550	600	580
Change child element by £100	770	870	880
Common Features			
Change first income threshold by £100	100	100	110
Change second income threshold by £100	0	0	0
Corporation tax			
Increase small companies' rate by 1 percentage point ⁸	10	390	550
Increase main rate by 1 percentage point ⁸	400	750	800
Increase small and main rate threshold by £10,000	0	10	20
Capital gains tax			
Change rate by 1 percentage point	0	110	110
Increase annual exempt amount by £500 for individuals and £250 for trusts	0	10	20
Inheritance tax			
Change rate by 1 percentage point	20	50	60
Increase threshold by £5,000	15	35	40
National insurance contributions			
<i>Rates</i>			
Change Class 1 employee main rate by 1 percent point	3800	3600	3700
Change Class 1 employee additional rate by 1 percent point	550	600	650
Change Class 1 employer rate by 1 percentage point ⁹	4450	4300	4450
Change Class 2 rate by £1 per week	170	175	185
Change Class 4 main rate by 1 percentage point	295	275	280
Change Class 4 additional rate by 1 percentage point	60	55	60
Limits			
Change employee entry threshold by £2 per week	235	250	255
Change employer threshold by £2 per week	280	305	305
Change lower profits limit by £104 per year	20	20	20
Change upper profits limit by £520 per year ¹⁰	10	10	10
Change upper earnings limit by £10 per week ¹⁰	125	130	155

One per cent change	Indicative level of current duty on a typical item ¹¹			
Beer and cider duties ¹²	Pint of beer: 41p	45	45	45
Wine duties ¹³	75cl bottle of table wine: £1.69	30	30	35
Spirits duties ¹⁴	70cl bottle of spirits: £6.46	25	20	20
Tobacco duties ¹⁵	20 king size cigarettes: £3.89	20	25	25
Petrol	Litre of petrol: 57.19p	130	120	120
Diesel	Litre of diesel: 57.19p	150	140	150
Rebated oil	Litre of gas oil: 10.99p	5	5	10
Vehicle Excise Duty ¹⁶	Petrol/diesel cars band G: £155	60	60	60
Air passenger duty ¹⁶	Band A economy flight: £11	20	25	30
Landfill tax	Tonne of waste: £2.50/£48	10	10	10
Climate change levy	100kWh of business electricity: 47p	5	5	5
Aggregates levy	Tonne of aggregate: £2.00	5	5	5
VAT				
VAT: change reduced rate by 1 percentage point		240	250	270
VAT: change standard rate by 1 percentage point ¹⁷		4750	4850	5000
Insurance premium tax				
Change standard rate by 1 percentage point		320	430	420
Change higher rate by 1 percentage point		10	10	10
Stamp duty land tax				
Change 1 per cent rate by 1 percentage point ¹⁸		700	870	1000
Change 3 per cent rate by 1 percentage point ¹⁸		470	590	790
Change 4 per cent rate by 1 percentage point ¹⁸		610	750	930
Change rate on leases by 1 percentage point ¹⁸		240	270	320
Increase £125,000 threshold by £5,000 (cost) ¹⁹		15	20	25
Increase £250,000 threshold by £5,000 (cost) ¹⁸		35	40	50
Increase £500,000 threshold by £10,000 (cost) ¹⁸		5	10	10

Table Updated June 2010

¹ Estimates are measured from the relevant standard indexed base, i.e. they show the impacts of the various illustrative changes on top of what is already assumed in the indexed baseline (generally revalorisation plus any announced pre-commitments).

² Assuming implementation in April 2010 for all taxes except insurance premium tax (July 2010 and not allowing for any concessionary period).

³ Includes non-savings income only.

⁴ Excluding savings income taxed at the lower or starting rates and dividends.

⁵ Excluding dividend income.

⁶ Additional rate is introduced in 2010-11 and was announced at Budget 2009.

⁷ Excluding family element, baby addition.

⁸ Estimates exclude North Sea oil and gas companies, but include the impact of a main rate change on marginal small company receipts.

⁹ Estimates include Class 1A and Class 1B national insurance contributions paid by employers.

¹⁰ Estimates include employee national insurance contributions and offsetting effects of contracted-out rebates. Consequential long-term effects on State Second Pension expenditure have not been allowed for.

¹¹ These figures are illustrative as at June 2010 and do not equate to the weighted average level of duty on each item.

¹² Beer and cider: revenue figures are based on duty increases on beer below 22% abv, still cider exceeding 1.2% but less than 8.5% abv and sparkling cider exceeding 1.2% up to 5.5% abv. A typical item of beer is assumed to be 4.2% abv.

¹³ Wine: revenue figures are based on duty increases for wine from 1.2% but not exceeding 22% abv. A typical item of wine is assumed to be still wine of 5.5% to 15% abv.

¹⁴ Spirits: revenue figures are based on duty increases on products of 22% abv and over. A typical item of spirits is assumed to be 37.5% abv.

¹⁵ Duty on cigarettes has specific and ad valorem elements. The figures shown are for a one per cent change in total duty for cigarettes and in the specific duties for other products.

¹⁶ Change applies to all VED and APD rates.

¹⁷ Change applies to the standard rate of VAT at 17.5%.

¹⁸ Estimates include both residential and commercial transactions. For the figures given here all transactions over £500,000 are assumed to pay a 4% rate, ignoring the increase in the rate from 2011-12 to 5% for residential transactions over £1m

¹⁹ Threshold only applies to residential transactions, and is adjusted for impact of disadvantaged area relief