

## Direct effects of illustrative changes<sup>1</sup>

	£m		
	2016-17	2017-18	2018-19
<b>Income Tax rates</b>			
Change starting rate for savings income by 1p <sup>2</sup>	Neg	Neg	Neg
Change savings basic rate by 1p	30	45	50
Change basic rate by 1p <sup>3</sup>	4000	4600	4700
Change basic rate in Scotland by 1p <sup>3</sup>	345	390	400
Change higher rate by 1p	830	1250	1250
Change additional rate by 1p			
Increase (yield)	85	160	150
Decrease (Cost)	100	190	180
<b>Income Tax allowances and reliefs</b>			
Change personal allowance by £100	590	740	800
Change aged income limit by £500	Neg	Neg	Neg
Change all personal allowances by 1 per cent	660	770	780
Change all personal allowances by 10 per cent	6440	7540	7605
<b>Income Tax limits</b>			
Change starting rate limit for savings income by £100	Neg	5	5
Change basic rate limit by 1 per cent	260	355	345
Change basic rate limit by 10 per cent:			
Increase (cost)	2375	3425	3500
Decrease (yield)	2850	4000	4100
<b>Income Tax allowances, starting and basic rate limits</b>			
Change all main allowances, starting and basic rate limits by 1 per cent	915	1130	1125
Change all main allowances, starting and basic rate limits by 10 per cent:			
Increase (cost)	8640	10790	10930
Decrease (yield)	9800	12250	12400
<b>Working Tax Credit</b>			
Increase basic element by £100 (cost)	320	320	340
Decrease basic element by £100 (yield)	330	330	320
Increase 30-hour element by £100 (cost)	220	230	250
Decrease 30-hour element by £100 (yield)	230	230	230
Increase additional elements for couples and lone parents by £100 (cost)	280	290	300
Decrease additional elements for couples and lone parents by £100 (yield)	290	280	280
<b>Child Tax Credit</b>			
Increase family element by £100 (cost) <sup>4</sup>	400	410	410
Decrease family element by £100 (yield) <sup>4</sup>	420	420	420
Increase child element by £100 (cost)	760	770	770
Decrease child element by £100 (yield)	790	770	800
<b>Common Features</b>			
Increase first and second income thresholds by £100 (cost)	110	110	110
Decrease first and second income thresholds by £100 (yield)	100	100	100
<b>Corporation tax</b>			
Increase Corporation tax by 1 percentage point <sup>5</sup>	785	1815	1955
<b>Capital gains tax</b>			
Increase entrepreneurs' relief rate by 1 percentage point	0	120	140
Increase lower capital gains tax rate by 1 percentage point	0	10	10
Increase higher capital gains tax rate by 1 percentage point	10	100	90
Increase annual exempt amount by £500 for individuals and £250 for trusts	0	20	25
<b>Inheritance tax</b>			
Increase standard rate for estates left on death by 1 percentage point	50	105	115
Increase nil rate band by £5,000 (cost)	45	85	75
<b>National insurance contributions rates</b>			
Change Class 1 employee main rate by 1 percent point	3850	4000	4200
Change Class 1 employee additional rate by 1 percent point	950	1050	1100
Change Class 1 employer rate by 1 percentage point <sup>6</sup>	4950	5200	5450
Change Class 2 rate by £1 per week	150	150	150
Change Class 4 main rate by 1 percentage point	270	280	290
Change Class 4 additional rate by 1 percentage point	170	170	180
<b>National insurance contributions limits</b>			
Change employee entry threshold by £2 per week	260	290	290
Change employer threshold by £2 per week	330	300	300
Change lower profits limit by £104 per year	20	20	25
Change upper profits limit by £520 per year	10	10	10
Change upper earnings limit by £10 per week	260	270	270
<b>One per cent change on:</b>			
Beer and cider duties <sup>8</sup>			
Wine duties <sup>9</sup>			
Spirits duties <sup>10</sup>			
Tobacco duties <sup>11</sup>			
Petrol			
Diesel			
Rebated oil			
Vehicle Excise Duty <sup>12</sup>			
Air passenger duty <sup>13</sup>			
Landfill tax			
Climate change levy			
Aggregates levy			
<b>Indicative level of current duty on a typical item<sup>7</sup></b>			
Pint of beer: 43p	25	25	25
75cl bottle of table wine: £2.05	40	40	45
70cl bottle of spirits: £7.51	20	25	25
Packet of 20 cigarettes: £5.13	10	10	10
Litre of petrol: 57.95p	90	80	80
Litre of diesel: 57.95p	160	170	170
Litre of gas oil: 11.14p	5	5	5
e.g. Petrol/diesel cars band G: £180	185	185	190
e.g. Band A economy flight: £13	105	110	115
Tonne of waste: £2.60/£82.60	5	5	5
100kWh of business electricity: 54.1p	neg	neg	neg
Tonne of aggregate: £2.00	5	5	5
<b>VAT</b>			
Change reduced rate by 1 percentage point	350	400	400
Change standard rate by 1 percentage point	5450	5600	5800

<b>Insurance premium tax</b>			
Change standard rate by 1 percentage point	460	480	490
Change higher rate by 1 percentage point	10	10	10
<b>Stamp duty land tax</b>			
Cut 2 per cent marginal rate by 1 percentage point (Cost) <sup>14</sup>	730	800	890
Raise 2 per cent marginal rate by 1 percentage point (Yield) <sup>14</sup>	710	780	860
Cut 5 per cent marginal rate by 1 percentage point (Cost) <sup>14</sup>	690	790	930
Raise 5 per cent marginal rate by 1 percentage point (Yield) <sup>14</sup>	660	760	890
Cut 10 per cent marginal rate by 1 percentage point (Cost) <sup>14</sup>	60	70	90
Raise 10 per cent marginal rate by 1 percentage point (Yield) <sup>14</sup>	60	70	80
Cut 12 per cent marginal rate by 1 percentage point (Cost) <sup>14</sup>	70	80	100
Raise 12 per cent marginal rate by 1 percentage point (Yield) <sup>14,15</sup>	60	70	90
Increase £125,000 threshold by £10,000 (Cost) <sup>14</sup>	160	170	180
Decrease £125,000 threshold by £10,000 (Yield) <sup>14</sup>	160	170	190

Table update July 2015

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, including rounding rules). The changes are applied from April 2016.

2 Assumes minimum savings allowance of 20%.

3 Excluding savings and dividends income.

4 Excluding family element, baby addition.

5 Implementing a change leads to a small receipt effect in the first year and larger changes in subsequent years as there is a delay between tax liabilities accruing and becoming due for payment to HMRC. Therefore changes to previous years are not directly comparable. For periods starting on/after 1 April 2017 companies with profits of over £20m will move to new payment due dates.

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

7 These figures are illustrative as at July 2015.

8 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.

9 Wine: revenue figures are based on duty increases for wine and made wine from 1.2% but not exceeding 22% abv. Also including sparkling cider from 5.5% to 8.5% abv. A typical item of wine is assumed to be still wine of 5.5% to 15% abv.

10 Spirits: revenue figures are based on duty increases on products of 22% abv and over. A typical item of spirits is assumed to be 38.8% abv. Also included are spirits based RTDs.

11 Duty on cigarettes has specific and ad valorem elements. The figures shown are for a one per cent change in specific duties for all tobacco products. For cigarettes, it represents the duty at the weighted average price. Implementing a change directly after a fiscal event leads to a larger change in receipts in the first year and smaller changes in subsequent years as a

12 Since Budget 2015, the ready reckoner for VED is based on increasing all rates by £5, except motorcycles which are increased by £1. This is a change of methodology from previous published estimates up to and including Autumn Statement 2014, which were provided as a 1 per cent change, so are not directly comparable. This methodology reflects that actual

13 Since Budget 2015, the ready reckoner for APD is based on increasing all rates by £1. This is a change of methodology from previous published estimates up to and including Autumn Statement 2014, which were provided as a 1 per cent change, so are not directly comparable. This methodology reflects that actual APD rates are rounded to the nearest £1, so this

14 Estimates for just residential transactions.

15 We have used our standard behavioural assumptions. However, marginal rates in excess of 12% are outside of HM Revenue & Customs or the Office for Budget Responsibility's standard behavioural assumptions so these estimates should be treated with additional caution.