

# Estimated costs of principal tax reliefs

	£m					
<b>Tax Expenditures</b>	2012-13	2013-14	2014-15	2015-16	2016-17	Table Note
<b>Income tax</b>					Forecast	
Relief for:						
Registered pension schemes*	22250	21200	22000	22900	23850	1
Individual Savings Accounts	1900	2600	2400	2600	2800	2
Share Incentive Plan*	140	300	220	220	220	3
Save As You Earn*	240	180	180	180	180	4
Enterprise Management Incentives*	50	70	70	70	70	
Approved Company Share Option Plans*	60	70	70	70	70	
Venture Capital Trusts*	120	130	120	110	115	5
Enterprise Investment Scheme*	315	445	475	395	325	5
Seed Enterprise Investment Scheme*	40	80	85	80	85	5
Professional subscriptions*	105	120	130	130	130	6
Employer Supported Childcare including workplace nurseries*	420	440	460	480	500	7
Seafarers' Earnings Deduction*	250	280	280	280	290	
Rent a room*	90	110	110	110	120	
Wear and tear allowance*	195	210	225	230	235	
Exemption of:						
First £30,000 of payments on termination of employment*	900	900	700	700	700	
Interest on National Savings Certificates including index-linked certificates*	250	250	250	250	250	
Premium Bond prizes*	130	130	130	130	130	
Income of charities*	1590	1570	1770	1890	1960	8
Foreign service allowance paid to Crown servants abroad*	60	60	50	45	50	
Personal Tax Credits*	3020	2720	2700	0	0	9
<b>Corporation tax</b>						
R&D tax credits*	1,380	1,755	2,315	2,590	2,655	10
Film Tax Relief*	200	265	295	335	370	11
HETV Tax Relief		60	105	105	105	12
Patent Box*		345	700	750	875	13
<b>National insurance contributions</b>						
Relief for:						
Share Incentive Plan*	110	220	165	165	165	3
Save As You Earn*	190	140	140	140	140	
Employer Supported Childcare including workplace nurseries*	330	350	380	400	410	7
Foreign service allowance paid to Crown servants abroad*	50	50	40	35	40	
Employer contributions to registered pension schemes*	14750	13950	13850	14900	15400	14
Employment Allowance	0	0	1400	1500	2000	15
<b>Capital gains tax</b>						
Exemption of gains arising on disposal of only or main residence*	16,800	20,600	24,000	26,800	28,300	16
Relief for entrepreneurs' qualifying business disposals*	2,000	2,700	3,500	3,500	2,000	17
Relief on investments in Enterprise Investment Schemes*	65	110	120	85	40	18
<b>Inheritance tax</b>						
Relief for estates left on death for:						
Agricultural property*	435	395	430	495	450	
Business reliefs including unlisted shares*	635	580	580	630	585	19
Exemption of transfers to charities on death*	605	600	620	730	710	
Conditional exemption for Heritage Property	140	40	25	30	25	20
<b>Value added tax</b>						
Zero-rating of:						
Food	15800	16600	16800	16850	17550	21
Construction of new dwellings (includes refunds to DIY builders)*	7450	7200	9550	10800	11950	21, 22
Domestic passenger transport	3850	4200	4600	4800	5000	21
International passenger transport (UK portion)*	300	300	350	350	350	21
Books, newspapers and magazines	1650	1550	1650	1550	1650	21
Children's clothing	1700	1750	1850	1850	1900	21
Water and sewerage services	2100	2100	2200	2200	2250	21
Drugs and supplies on prescription	2800	3150	3300	3200	3350	21
Supplies to charities*	250	300	300	400	400	21, 23
Certain ships and aircraft	400	400	450	500	550	21
Vehicles and other supplies to disabled people	650	850	900	950	1000	21, 23
Reduced rate for:						
Domestic fuel and power	4950	4550	4650	4250	4450	21, 24
Certain residential conversions and renovations*	200	300	300	300	350	21, 24
Reduced rate of VAT on energy saving materials*	100	100	130	130	140	21, 24
<b>Excise taxes</b>						
Small Brewers Relief	45	55	55	60	65	
Small Lottery Exemptions (Licensed)	40	45	55	60	65	
<b>Climate change levy</b>						
Reduced rate for participants in Climate Change agreements	195	235	155	155	155	25
Exemption of electricity generated from certain renewable resources	185	265	395	495	70	26
Exemption of supplies (other than self-supplies) to CHP stations	90	85	80	85	90	27
Exemptions for energy used in metallurgical and mineralogical processes	0	0	105	110	105	25
<b>Carbon Price Floor</b>						
Exemption for fossil fuels used in a combined heat and power station to generate good quality electricity consumed on-site	0	0	0	60	70	28
<b>Air Passenger Duty</b>						
Exemption for children aged between two and sixteen	0	0	0	40	80	29
<b>Structural Reliefs</b>						
<b>Income tax</b>						
Personal allowance	72000	83500	88600	93800	97400	30
Personal savings allowance					370	31
Personal dividend allowance					1200	32
<b>Income tax and Capital Gains Tax</b>						

Foreign Tax Credits and reliefs under Double Taxation Agreement	1300	1500	1500	1600	1400	<a href="#">33</a>
<b>Corporation tax</b>						
Tonnage tax	100	100	95	110	125	<a href="#">34</a>
Double Taxation Relief	4340	4490	3620	3375	3575	<a href="#">35</a>
<b>National insurance contributions</b>						
Primary Threshold	21200	22100	23000	23700	24100	
Secondary Threshold	25100	26200	27600	27700	28000	
Lower Profits Limit	1990	2100	2210	2260	2340	
Contracted-out rebate occupational schemes: Rebates deducted at source by employers	5910	6000	5850	5690	-	<a href="#">36</a>
<b>Value added tax</b>						
Refunds to:						
Northern Ireland Government bodies of VAT incurred on non-business purchases under the Section 99 refund scheme	400	400	400	400	400	<a href="#">21</a>
Local Authority-type bodies of VAT incurred on non-business purchases under the Section 33 refund scheme (includes academies, museums and galleries under the Section 33A refund scheme)	9500	9750	9800	10200	10400	<a href="#">21</a>
Central Government, Health Authorities and NHS Trusts of VAT incurred on contracted-out services under the Section 41(3) refund scheme	6200	6100	6150	6300	6450	<a href="#">21</a>
<b>Hydrocarbon oils duty</b>						
Tied oils scheme (Industrial Relief Scheme)	1210	1280	1040	1285	1205	<a href="#">37</a>
<b>Air Passenger Duty</b>						
Exemption for Cabin Crew	150	155	165	160	165	
<b>Climate change levy</b>						
Supply of taxable commodities not for burning or consuming in the UK	265	240	280	325	315	
<b>Carbon price floor</b>						
Exemption for fuels used in combined heat and power stations to produce non-electrical outputs	0	30	55	100	105	<a href="#">38</a>
<b>Reliefs with Tax Expenditure and Structural Components</b>						
<b>Income tax</b>						
Age-related Personal allowances	2420	1030	475	20	-	<a href="#">30</a> <a href="#">39</a>
Married Couple's Allowance	360	345	305	260	220	<a href="#">30</a> <a href="#">40</a>
Marriage Allowance*				385	425	<a href="#">41</a>
Exemption of:						
British Government securities where owner not ordinarily resident in UK*	3000	3000	2750	2350	2550	
Child benefit	1215	1145	1160	1170	1165	
Attendance allowance*	490	465	490	495	500	
Disability living allowance*	850	785	940	995	1005	
War disablement benefits*	50	65	45	45	45	
<b>Corporation tax</b>						<a href="#">42</a>
Small companies' reduced corporation tax rate	2105	1590	645	0	0	<a href="#">43</a>
Offshore (North Sea) CT: reduction in Supplementary Charge arising from field and investment allowances*	25	45	60	50	50	<a href="#">44</a>
<b>Income tax and corporation tax</b>						
Capital allowances*	19000	24000	25285	23545	22250	<a href="#">45</a>
Of which: Annual Investment Allowance	1700	2700	3225	3165	2700	<a href="#">46</a>
<b>Capital gains tax</b>						
Exemption of:						
Annual exempt amount (half of the individual's exemption for trustees) *	2300	3300	4100	4100	3900	<a href="#">47</a>
<b>Petroleum revenue tax</b>						
Oil allowance	95	80	35	35	0	<a href="#">48</a>
<b>Inheritance tax</b>						
Nil rate band for chargeable transfers not exceeding the threshold for estates left on death*	18850	19750	20750	23900	22400	<a href="#">49</a>
Exemption of transfers on death to surviving spouses*	2700	2900	3350	4050	3950	<a href="#">50</a>
<b>Stamp Duty Land Tax</b>						
Transfers to Charities	150	175	190	280	185	<a href="#">51</a>
Group Relief	860	825	1175	2015	1165	<a href="#">51</a>
Transfers to Registered Social Landlords	60	70	80	80	50	<a href="#">51</a>
Transfers Involving Multiple Dwellings	25	25	35	50	75	<a href="#">52</a> <a href="#">53</a>
<b>National insurance contributions</b>						
Reduced contributions for self-employed not attributable to reduced pensions eligibility	2650	3050	3200	3200	5100	<a href="#">54</a>
<b>Value added tax</b>						
Exemption of:						
Rent on domestic dwellings*	4100	4150	4450	3750	3900	<a href="#">21</a> <a href="#">55</a> <a href="#">56</a>
Supplies of commercial property*	500	400	200	300	300	<a href="#">21</a> <a href="#">55</a>
Education*	2500	3600	3850	3850	4000	<a href="#">21</a> <a href="#">55</a> <a href="#">57</a>
Health Services*	2800	2800	3100	3000	3100	<a href="#">21</a> <a href="#">55</a>
Postal services	200	200	150	200	200	<a href="#">21</a> <a href="#">55</a>
Burial and cremation	200	250	250	300	300	<a href="#">21</a> <a href="#">55</a>
Finance and insurance*	2650	4250	5150	7150	7450	<a href="#">21</a> <a href="#">55</a>
Betting and gaming and lottery duties*	1600	1800	1850	1200	1250	<a href="#">21</a> <a href="#">55</a> <a href="#">58</a>
Small traders below the turnover limit for VAT registration*	1350	1500	1550	2050	2150	<a href="#">21</a> <a href="#">55</a>
<b>Vehicle Excise Duty</b>						
Exemption for disabled motorists	210	210	205	190	170	<a href="#">59</a>
Exemption for Historic Cars*	65	70	75	85	90	<a href="#">60</a>

\* These figures are particularly tentative and subject to a wide margin of error.

Table updated December 2016

## Estimated costs of the principal tax expenditure and structural reliefs table notes

- 1 The cost of the tax relief is calculated as if occupational and personal pension schemes were unregistered and the relevant tax privileges lost both in respect of employer and employee contributions. Employer contributions are treated as otherwise forming part of employee remuneration, and taxed as such. The figure provided is the sum of relief on contributions paid plus the relief on investment income of funds net of tax paid on current pension payments.
- 2 The Adult ISA limit was increased to £15,000 in July 2014 (this increase was announced at Budget 2014). The restriction that at most half of that limit can be saved in cash was removed. The increase in the cost of ISAs prior to this is driven by improved returns to stocks and shares, and increased overall accumulated wealth in ISAs. HMRC's published ISA statistics give further information on subscriptions and market values, broken down by age, gender, region and income: <http://www.hmrc.gov.uk/statistics/isas.htm>
- 3 The increase from 2012-13 to 2013-14 is due to isolated changes in the pattern of awards amongst larger SIP schemes. The number and value of SIP free awards in 2012-13 were significantly lower than earlier years and subsequently increased in 2013-14, contributing to the magnitude of the increase between the two years.
- 4 Excludes the cost of the tax-free bonus or interest received under a Save As You Earn contract.
- 5 These figures only includes the income tax cost: Capital Gains Tax is shown separately in the Minor Reliefs table at [www.gov.uk/government/statistics/minor-tax-expenditures-and-structural-reliefs](http://www.gov.uk/government/statistics/minor-tax-expenditures-and-structural-reliefs). The large drop into 15/16 reflects new measures restricting the use of investment within these schemes.
- 6 These estimates relate to subscriptions and fees reported to HMRC and identifiable in HMRC data. Among relief amounts excluded are subscriptions and fees reimbursed by employers and covered by dispensations, as well as amounts included in relief claims on short self-assessment returns.
- 7 These figures include all three forms of employer-supported childcare: workplace nurseries, childcare vouchers and directly contracted childcare.
- 8 These figures comprise the total sum paid to charities and other qualifying bodies in respect of income tax deducted at source from eligible investment income and basic rate tax relief on donations under the Gift Aid scheme. Information is not available about income received by these bodies without deduction of tax, and no allowance is made for this. The figures also include an estimate of income tax relief, which is received by donors. In terms of the columns of the Charities National Statistics publication (Table 10.2), these figures correspond to Tax Repayments plus Payroll Giving plus Gifts of shares and property plus Higher rate relief.
- 9 These figures represent only the negative tax element of the tax credit payments. Negative tax is that part of the tax credit that is less than or equal to the tax liability of the family. The equivalent figures for the public expenditure element of tax credit payments are £26,870 million in 2012-13 and £27,016 million in 2013-14. Following the ESA2010 review, the Office for National Statistics and the Office for Budget have removed the classification of negative tax from 2015/16 onwards.
- 10 The figures include the negative tax and payable element of the R&D tax credits. Negative tax is the part of the tax relief due to the enhanced expenditure (i.e. amounts in excess of 100 per cent of the expenditure) which offsets liability to corporation tax. Directly payable tax credits are treated as public expenditure. The figures include estimates for the Above the Line Credit introduced in April 2013. The growth in cost over time is also due to increased investment expenditure eligible for the relief.
- 11 2015/16 is a projection. The figures include the negative tax and payable element of the relief. Negative tax is the part of the tax relief due to the enhanced expenditure (i.e. amounts in excess of 100 per cent of the expenditure) which offsets liability to corporation tax. Directly payable tax credits are treated as public expenditure.
- 12 The increase in cost in 2013-14 is due to growth in underlying expenditure qualifying for the relief.
- 13 The Patent Box enables companies to apply a lower 10% rate of Corporation Tax to profits earned after 1 April 2013 from their patented inventions. The full benefit of the regime is being phased in over 4 years from 1 April 2013, which explains why the cost increases over time. Companies have up to two years after the end of the accounting period to which they wish the regime to apply to make an election into the Patent Box. This means that costs for 2014-15 onwards are projections.
- 14 This is a combination of National Insurance relief for employers on the pension contributions they make as well as the saving for individuals from the employers contributions not being treated as part of their gross income and subject to employee National Insurance contributions (in accordance with how individuals' own pension contributions are treated).
- 15 The employment allowance was £2,000 in 2014-15 and increased to £3,000 in 2016-17 increasing the overall cost of the allowance in 2016-17.
- 16 The estimated cost of this exemption from capital gains tax does not represent the yield if this exemption were to be abolished, as consequential behavioural effects would substantially reduce yield. Figure for 2015-16 is a projection. Extensive improvements to the methodology for estimating the cost have been made since the previous publication and are reflected in these revised estimates. The increase over time is due to growth in house prices and transaction volumes.
- 17 2015-16 is a projection. The estimated cost of this exemption does not represent the yield if this exemption were to be abolished, as consequential behavioural effects would substantially reduce yield. Entrepreneurs' Relief is available to individuals and partners and certain trustees. Where qualifying conditions are met it applies to, broadly: sales of the whole or part of an unincorporated trading business, including trading partnerships; disposals of former trade assets after the unincorporated business has ceased; disposals by directors/employees of shareholdings of 5% or more in trading companies (and holding companies of trading groups); disposals of trade assets associated with qualifying disposals of partnership interests or shares; disposals by trustees where a beneficiary has a qualifying interest in the company/business in question. The cost of the relief is calculated by applying the difference between the standard rates of Capital Gains Tax and the reduced Entrepreneurs' Relief rate (10%) to the relevant gains. The increase in the cost in the relevant years directly reflects increases in the value of gains realised, or projected to be realised, on which tax is liable at the Entrepreneurs' Relief rate. This in turn is largely the result of equity price movements. The fall in 2016-17 reflects falls in CGT rates for disposals not qualifying for Entrepreneurs' Relief, applying to disposals other than on residential property.
- 18 Deferral of Capital Gains Tax is available on reinvestment of gains into Enterprise Investment Scheme, until realisation of such gains. Exemption of Capital Gains Tax is available on gains arising in Enterprise Investment Scheme. Revised figures reflect new outturn data feeding into forecasts and revisions to scheme rules affect future potential investment in the schemes.
- 19 These figures were calculated using the average tax-effective level of Inheritance Tax business reliefs (including reliefs for unlisted shares) claimed for deaths which occurred during the five years from 2009/10 to 2013/14 as there are significant variations from year to year.
- 20 This relief was previously included in the Minor Reliefs table [www.gov.uk/government/statistics/minor-tax-expenditures-and-structural-reliefs](http://www.gov.uk/government/statistics/minor-tax-expenditures-and-structural-reliefs). The high figures in 2012-13 was the result of a relatively small number of estates passing on death in 2011-12 claiming higher levels of this relief. Other years for which we have data show a much smaller impact on IHT liabilities, and costs have been projected forwards using the median tax-effective level of this relief claimed during the five years from 2009-10 to 2013-14.
- 21 Some of these tax expenditures and reliefs are mandatory or permitted under the EC 6th VAT Directive and some are derogations from the Directive. All the cost estimates relating to VAT are based on the actual standard rate of VAT that applied in the relevant periods. The calculations for these estimates do not include any behavioural effects.
- 22 The increase in the cost of the zero rate between 2013-14 and 2014-15 is due to the fact that DCLG data on the number of completed constructions of new dwellings suggests that there was an acceleration in completions in 2014-15.
- 23 Costs exclude the zero-rating of items appearing elsewhere in the list.
- 24 The figures for all reduced-rate items are estimates of the cost of the difference between the standard rate of VAT and the reduced rate of 5 per cent. The reduction in the cost of the reduced rate for domestic fuel and power from 2015-16 is the result of reductions in suppliers' prices.
- 25 From April 2014, a new exemption from CCL for mineral and metallurgical processes came into effect. These processes were previously covered by the reduced rate for Climate Change Agreements (CCAs). The large decrease in CCA relief from 2014-15 relates to the introduction of this new exemption.
- 26 Supplies of electricity derived from renewable sources excluding those from hydro-electric stations with more than 10 Megawatts generating capacity. Increases compared to previous publications are due to improvements to underlying data on the use of this relief. This exemption was withdrawn at Summer Budget 2015. Use of the relief is expected to accelerate before tailing off completely in later years while companies wind down their unused stock of levy exemption certificates.
- 27 The estimates are lower than previously published due to an update to the tax base.
- 28 New exemption that came into effect in April 2015.
- 29 The exemption came into effect for children aged between 2 and 12 on the date of travel from 1 May 2015, and was extended to children aged between 2 and 16 on the date of travel from 1 March 2016.
- 30 The costs of the personal income tax allowances do not cover individuals who are not on HMRC records because their income is below the tax threshold.
- 31 The Personal Savings allowance was introduced in 2016-17, giving a tax-free allowance on total savings income below the threshold of £1,000. The tax-free allowance is dependent on the top marginal tax rate on an individual's total income, with the threshold being halved for higher rate taxpayers and set to £0 for additional rate taxpayers.
- 32 The Dividend tax allowance was introduced in April 2016, which gives a tax-free allowance on total dividend income below £5,000.
- 33 Includes foreign tax credit reliefs on income tax, capital gains tax and dividends. The dividend tax credit on UK and some foreign dividends was abolished from April 2016, which reduces the cost in 2016-17. Also includes relief claimed under Double Taxation Agreements between the UK and other countries and relief claimed because of other provisions of the relevant Double Taxation Agreements.
- 34 Concessionary tax regime for shipping companies. The estimates are for reductions in tax liabilities accruing for the years shown.
- 35 The estimated Corporation Tax cost of the foreign dividends exemption and double taxation relief (DTR) had previously been combined with Income Tax DTR and was highly uncertain. Following a review of the methodology, it has been decided to separate out the CT cost of DTR which can be robustly estimated from tax returns, from the cost of the foreign dividends exemption. The latter can be very difficult to quantify as companies are not required to state the value of exempt foreign dividends received in their tax returns. The cost of DTR beyond 2013-14 is projected to fall; the projections are based on statistics and forecasts of foreign income.
- 36 The contracted-out rebate was abolished in April 2016.
- 37 Exempt oils used for purposes other than heating and in engines.
- 38 The tax base of the relief is forecast to grow in the first few years.
- 39 These figures represent the cost of the excess of the age-related personal allowance (PA) over the corresponding allowances of non-aged taxpayers. The cost is reducing due to an increase in the normal PA. In 2012-13 PA is £8105 and aged PAs are £10,500/£10,660. In 2013-14 PA is £9440 and aged PAs are £10,500/£10,660. In 2016-17, all PAs are £11,000 so there is no cost associated with the aged-related PAs.
- 40 Available to people born before 6 April 1935. Tax relief is given at the rate of 10 per cent of the allowance.
- 41 The Marriage Allowance was available from 2015-16. It allowed the transfer of 10% of the tax free personal allowance between couples who are married or in civil partnerships, were born after 6th April 1935 and one partner had an annual income at or below the tax free personal allowance for the tax year, (plus from 2016-17, up to £5,000 of tax-free savings interest) and the other partner's annual income was between the tax free personal allowance and the higher rate threshold for the tax year. The figures reflect the anticipated full take up of the allowance when all retrospective claims have been made, as the allowance can be claimed retrospectively for up to four years.
- 42 This section of the table previously included an estimate of the exemption for gains on substantial shareholdings. This relief has been moved to the "costs unavailable" table. The cost estimate calculated at the time of the introduction of the exemption has been provided in the past, but given the time that has elapsed since the costing was carried out and the lack of data with which to update the costing now that these gains are exempt, the cost of this relief has become increasingly uncertain; the relief is therefore now shown in the table of reliefs for which the cost is unknown.
- 43 The year on year decreases are due to the decrease in the difference between the Small Profits Rate and the Main Rate. The Small Profits Rate remained at 20% since 2012-13, whilst the Main Rate has steadily reduced from 24% in 2012-13 to 21% in 2014-15. Both the Small Profits Rate and the Main Rate were replaced by a single combined Corporation Tax rate set at 20% in 2015-16 meaning there is no difference from 2015-16 onwards.

44 These figures represent the reduction in Offshore Corporation Tax (the Supplementary Charge element) due to field and investment allowances. This has been calculated from company returns. Figures for 2015-16 and 2016-17 are estimates as returns data are not yet available. The growth in this figure since 2012-13 is due to increasing amounts of production revenues which qualify for the relief.

45 The estimates for capital allowances are calculated as reductions in tax liabilities accruing for the years shown and take account of estimated balancing charges. The large increase in 2013-14 compared to 2012-13 reflects an increase in the outturn data for capital allowances and is consistent with the national statistics already published on capital allowance claims which increased by £13bn overall between 2012-13 and 2013-14. This is in part driven by high capital expenditure made by oil and gas companies in the North Sea. The increase is also consistent with ONS data showing that business investment was stronger in 2013-14 than 2012-13. Against this, reductions in the Corporation tax rate over the years shown have a downward effect on the cost of capital allowances.

46 The Annual Investment Allowance enables 100% deductions to be made for qualifying expenditure in the year in which it is made up to a maximum level. The Annual Investment Allowance threshold was increased to £250,000 in 2013-14 (from £25,000 for most of 2012-13), resulting in a significant increase in cost in that year. The increase in business investment in 2013-14 referred to in the previous note may also account for some of the increase. In 2014-15 the threshold was raised again to £500,000, resulting in a further increase in cost. The AIA was permanently set at £200,000 from 1st January 2016, so costs are expected to fall back in 2016-17.

47 2015-16 is forecast. The increase in cost in 2014-15 and the 2015-16 forecast reflects the impact of 2014-15 self assessment data indicating greater gains than had been forecast for that year. The drop in 2016-17 reflects Budget 2016 falls in CGT rates for certain types of disposals.

48 These figures are net of any consequential effect on corporation tax and represent the effect on calendar year accruals for fields where PRT is paid. The reduction in the outturn and forecasts results from a combination of declining production (which qualifies for oil allowance) and lower amounts of available oil allowance (as it has been used up). The reduction in costs to zero in 2016-17 is the effect of the reduction in the rate of PRT to 0% from the start of 2016.

49 Includes the cost of the transferable nil rate band. The large increase in the cost of this relief in 2015-16 reflects the high level of inheritance tax receipts in this year. This is due to a significant increase in the number of deaths between December 2014 and March 2015 compared with previous years.

50 Includes civil partnerships. These costs are only in respect of transfers for which an account is submitted to HMRC. The large increase in the cost of this relief in 2015-16 reflects the high level of inheritance tax receipts in this year. This is due to a significant increase in the number of deaths between December 2014 and March 2015 compared with previous years.

51 At Autumn Statement 2014 SDLT was reformed from a rate system, where the tax is paid on the entire value, to a marginal rate system where each new SDLT rate is only payable on the portion of the property value which falls within each band. Large changes in SDLT relief estimates occur between years and can result from a number of factors. The main reason being the occurrence of some very large one-off relief claims. It is important to note here that data for 2015/16 can still undergo changes, thus this data is still provisional and subject to revision.

52 At Autumn Statement 2014 SDLT was reformed from a rate system, where the tax is paid on the entire value, to a marginal rate system where each new SDLT rate is only payable on the portion of the property value which falls within each band. It was unclear at the time what impact these reforms would have on relieved transactions, so a provisional estimate was not for 2014-15 until more data were available. These are now included/updated.

53 This relief was introduced in July 2011 and figures now represent a full year's cost.

54 Represents the difference between Class 2 and 4 NICs paid by the self employed on their profits and an estimate of the Class 1 NICs that would be paid at contracted out rates on an equivalent amount of employee earnings. The Class 1 estimate includes employer contributions due but assumes a corresponding reduction in earnings to hold staff costs broadly constant, and also takes account of the resulting reduction in income tax.

55 Traders are unable to charge output tax on exempt goods and services, but are also unable to reclaim input tax. These estimates reflect the net effect of the VAT exemption, compared to applying the standard rate of VAT. There may also be some additional revenue gain as a result of the exemption; some of the costs of irrecoverable input tax may be reflected within the prices of intermediate goods and services. This could then feed through the supply chain to the final prices of other taxable goods and services, and to the amount of VAT collected on them. This additional effect is not included in the estimates explicitly.

56 There was a change in the methodology used to calculate this relief between 2012-13 and 2013-14. Therefore we have updated the estimate for 2012-13 to be consistent with the methodology used every year thereafter.

57 The increase in the estimated cost of exempting supplies of education between 2012-13 and 2013-14 is due to changes in ONS data on household expenditure on education, which suggests a significant increase between these two periods. The exact reason for this change is hard to isolate but it is likely to be due partly to changes to government education policy.

58 This includes the effect of changes to Amusement Machine Licence Duty in February 2013, which has resulted in an extension of the VAT exemption.

59 The downward trend in this exemption is related to changes to who may claim the enhanced rate mobility component of the Personal Independence Payment (PIP), along with a reduction in average VED rate over time due to increasingly efficient vehicle stock.

60 The increase in this exemption over time is due to a new annual cohort of cars becoming eligible for the exemption each year.