

Direct effects of illustrative changes¹

£m

	2018-19	2019-20	2020-21	
Income Tax rates				
Change starting rate for savings income by 1p	Neg	5	5	
Change savings basic rate by 1p	Neg	25	25	
Change basic rate by 1p	4050	4550	4600	
Change higher rate by 1p	840	1200	1150	
Change additional rate by 1p				
Increase (yield)	90	165	150	
Decrease (Cost)	100	185	180	
Income Tax allowances and reliefs				
Change personal allowance by £100	585	665	655	
Change aged income limit by £500	Neg	Neg	Neg	
Change all personal allowances by 1 per cent	715	815	860	
Change all personal allowances by 10 per cent	6950	8100	8150	
Change Savings allowance by £100 for BR and £50 for HR taxpayers	Neg	20	20	
Change dividend allowance by £1,000	15	315	290	
Income Tax limits				
Change starting rate limit for savings income by £100	Neg	Neg	Neg	
Change basic rate limit by 1 per cent	245	370	455	
Change basic rate limit by 10 per cent:				
Increase (cost)	2250	3100	3150	
Decrease (yield)	2750	3700	3700	
Income Tax allowances, starting and basic rate limits				
Change all main allowances, starting and basic rate limits by 1 per cent	955	1200	1300	
Change all main allowances, starting and basic rate limits by 10 per cent:				
Increase (cost)	9050	11050	11150	
Decrease (yield)	10300	11950	11950	
Working Tax Credit				
Increase basic element by £100 (cost)	295	280	300	
Decrease basic element by £100 (yield)	285	280	280	
Increase 30-hour element by £100 (cost)	200	190	190	
Decrease 30-hour element by £100 (yield)	190	195	200	
Increase additional elements for couples and lone parents by £100 (cost)	260	250	270	
Decrease additional elements for couples and lone parents by £100 (yield)	250	260	250	
Child Tax Credit				
Increase family element by £100 (cost)	350	350	320	
Decrease family element by £100 (yield)	365	335	335	
Increase child element by £100 (cost)	715	685	730	
Decrease child element by £100 (yield)	690	680	675	
Common Features				
Increase income threshold by £100 (cost)	100	95	95	
Decrease income threshold by £100 (yield)	95	100	100	
Corporation tax				
Increase Corporation tax by 1 percentage point	2480	2400	2605	
Capital gains tax				
Increase entrepreneurs' relief rate by 1 percentage point	10	215	200	
Increase lower capital gains tax rate by 1 percentage point	Neg	15	15	
Increase higher capital gains tax rate by 1 percentage point	15	65	45	
Increase annual exempt amount by £500 for individuals and £250 for trusts	0	25	25	
Inheritance tax				
Increase standard rate for estates left on death by 1 percentage point	55	125	145	
Increase nil rate band by £5,000 (cost)	35	75	85	
National insurance contributions rates				
Change Class 1 employee main rate by 1 percent point	4050	4150	4300	
Change Class 1 employee additional rate by 1 percent point	820	820	850	
Change Class 1 employer rate by 1 percentage point	4950	5050	5250	
Change Class 4 main rate by 1 percentage point	320	340	310	
Change Class 4 additional rate by 1 percentage point	240	250	250	
National insurance contributions limits				
Change employee entry threshold by £2 per week	260	290	290	
Change employer threshold by £2 per week	310	340	340	
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	170	170	180	
One per cent change on:				
	Indicative level of current duty on a typical item			
Beer and cider duties	Pint of beer: 46p	25	25	25
Wine duties	75cl bottle of table wine: £2.16	40	45	45
Spirits duties	70cl bottle of spirits: £7.81	25	25	25
Tobacco duties	Packet of 20 cigarettes: £5.57	20	10	10
Petrol	Litre of petrol: 57.95p	85	80	75
Diesel	Litre of diesel: 57.95p	180	185	190
Rebated oil	Litre of gas oil: 11.14p	5	5	5

Landfill tax	Tonne of waste: £2.70/£86.10	5	5	5
Climate change levy	100kWh of business electricity: 56.8p	10	10	10
Aggregates levy	Tonne of aggregate: £2.00	5	5	5
Vehicle excise duty				
Increase rates by £1 for motorbikes and £5 for all other vehicles	e.g. Petrol/diesel cars band G: £190	185	190	200
Air passenger duty				
Increase reduced rate by £1	e.g. Band A economy flight: £13	110	110	115
VAT				
Change reduced rate by 1 percentage point		350	370	380
Change standard rate by 1 percentage point		6000	6250	6500
Insurance premium tax				
Change standard rate by 1 percentage point		395	405	405
Change higher rate by 1 percentage point		15	15	15
Stamp duty land tax				
Cut 2 per cent marginal rate by 1 percentage point (Cost)		765	790	820
Raise 2 per cent marginal rate by 1 percentage point (Yield)		740	770	795
Cut 5 per cent marginal rate by 1 percentage point (Cost)		825	895	970
Raise 5 per cent marginal rate by 1 percentage point (Yield)		790	850	925
Cut 10 per cent marginal rate by 1 percentage point (Cost)		85	95	105
Raise 10 per cent marginal rate by 1 percentage point (Yield)		85	95	105
Cut 12 per cent marginal rate by 1 percentage point (Cost)		95	105	115
Raise 12 per cent marginal rate by 1 percentage point (Yield)		85	95	100
Increase £125,000 threshold by £10,000 (Cost)		155	160	165
Decrease £125,000 threshold by £10,000 (Yield)		160	165	165

Table updated in April 2017

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 base revalorisation plus any announced pre-commitments, including rounding rules). The changes are applied from April 2018.

2. Stamp Duty Land Tax and Landfill Tax are already devolved to the Scottish Government. Devolution will be extended to Income Tax rates and threshold relating to non-savings and non income from April 2017 and Air Passenger Duty in April 18. The illustrative changes produced for these taxes reflect the illustrative impact on UK government tax revenues (i.e. the impact on revenues from England, Wales, and Northern Ireland) only along with the associated adjustment to the Scottish Government's block grant for the particular measure (as set out in the Scottish Government's fiscal framework).

3. Assumes minimum savings allowance of 20%.

4. Excluding savings and dividends income.

5. Excluding family element, baby addition.

6. The new ONS approach to recording CT receipts in the public sector finances data on a time-shifted basis rather than a cash basis. This approach time-adjusts cash receipts so that they are closer to the time when the economic activity that created the liabilities took place. One feature of the National Accounts methodology is that time-shifting of estimated effects on cash receipts in a policy change having an impact prior to the year in which it comes into effect. The estimated effect for 2017-18 is £480m as under the National Accounts methodology for Corporate Tax (CT) timing adjustments are made to bring forward some of the estimated effects on tax receipts.