HM Treasury

Budget 2018:
policy costings

October 2018

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Introduction

This document sets out the assumptions and methodologies underlying costings for tax and annually managed expenditure (AME) policy decisions announced since Autumn Budget 2017, where those policies have a fiscally significant impact on the public finances. These costings are all submitted to the independent Office for Budget Responsibility (OBR) for their certification, though as the OBR have set out in the Economic and Fiscal Outlook (EFO) a small number of measures were not able to be certified. This publication is part of the government's wider commitment to increased transparency.

Chapter 2 presents detailed information on the main data and assumptions underpinning the costing of policies in the Budget. Each note sets out a description of the measure, the base, the methodology for the costing (including relevant adjustments for behavioural responses) and highlights main areas of additional uncertainty, beyond those inherent in the OBR's forecast. All costings are presented on a National Accounts basis.

Annex A sets out the indexation assumptions included in the public finances forecast baseline, including all pre-announcements. The OBR sets out the approach they have taken to scrutiny and certification of the costings, and highlights areas of particular uncertainty, in Annex A of the EFO.

Chapter 2

Policy costings

The following are included in this chapter:

- Personal Allowance and Higher Rate Threshold: increase to £12,500 and £50,000 for 2019-20 and 2020-21
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Personal Allowance and Higher Rate Threshold: increase to £12,500 and £50,000 in 2019-20 and 2020-21

Measure description

This measure increases the Personal Allowance (PA) to £12,500 in 2019-20 and the Higher Rate Threshold (HRT) to £50,000, then maintains both at these levels in 2020-21 for one year, after which they both increase by Consumer Price Inflation (CPI).

The tax base

The tax base is estimated via the HMRC Personal Tax Model (PTM) using Survey of Personal Incomes (SPI) data for 2015-16, projected using Autumn Budget 2018 economic determinants.

Costing

The costing is estimated by applying the pre- and post-measure tax regimes to the tax base described above. An adjustment was made to take account of the behavioural response.

Exchequer Impact (£m)

	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Exchequer impact	0	-2,790	-1,935	-1,445	-1,605	-1,780

Areas of uncertainty

The main areas of uncertainty in this costing relate to the size of the tax base and the behavioural response.

Fuel Duty: freeze for 2019-20

Measure description

This measure freezes the main rate of fuel duty at 57.95 pence per litre for 2019-20.

The tax base

The tax base is every litre of taxable fuel that is made available for use in the UK. The projected volumes for petrol and diesel are taken directly from the HMRC fuel duty forecasting model.

Costing

The costing is calculated by taking the forecast baseline and applying the difference in the forecast and policy duty rates.

Behavioural responses were included to take into account the increase in consumption in response to lower fuel price increases. For a 1% reduction in pump prices, the model assumes a short-term 0.07% increase in the quantity of fuel consumed, which increases to 0.13% as consumers react to the price change.

Exchequer Impact (£m)

	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Exchequer impact	0	-840	-855	-880	-910	-935

Areas of uncertainty

The main areas of uncertainty in this costing relates to the size of the tax base and the behavioural response.

Alcohol Duties: freeze spirits, beer and cider in 2019 and set rate for high strength cider

Measure description

This measure freezes duties on spirits, beer, still ciders and sparkling ciders below 5.5% Alcohol by Volume (ABV). This measure will be effective from 1 February 2019 for a one-year period.

In addition, there will be a new band for mid-strength still cider from 6.9% up to 7.5% ABV announced by the Government at Autumn Budget 2017. The new band will be £50.71 per hectolitre.

The tax base

The tax base for these measures are alcohol clearances. For the new rate for mid-strength cider measure more specifically, the tax base is cider clearances from 6.9% up to 7.5% ABV. Alcohol duty is payable on an alcohol product at the point at which it is released for consumption onto the UK market, also referred to as alcohol clearance. Forecast annual clearances are estimated using the OBR Budget 2018 alcohol duty receipts forecast.

Costing

The costings are estimated by applying the pre- and post-measure tax rates to the tax bases described above.

For both measures a behavioural adjustment is made to take into account changes in the consumption of alcohol in response to a price change. The impact depends on the proportion of the alcohol price which is tax, determined by the type of alcohol, price and where it is consumed. The elasticities used are published in HMRC Working Paper 16 'Estimation of price elasticities of demand for alcohol in the UK'.

For the new band for mid-strength still cider an adjustment is also made for manufacturers reformulating their drinks.

Exchequer Impact (£m)

	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Exchequer impact	-35	-165	-175	-175	-180	-185

Areas of uncertainty

The main uncertainty in these costing relates to the size of the behavioural response. In addition for the cider measure there is also uncertainty relating to the size of the tax base.

Universal Credit: £1,000 increase to work allowance

Measure description

This measure provides a fixed cash increase of £1000 to Universal Credit (UC) work allowances. The work allowances are the amount that can be earned before the UC taper rate applies. This measure will be effective from April 2019.

The cost base

The cost base is estimated using the Department for Work and Pensions' Integrated Forecasting Model and Policy Simulation Model.

Costing

The costing is estimated by calculating the difference between the pre- and post-measure Universal Credit marginal expenditure.

Exchequer Impact (£m)

	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Exchequer impact	0	-545	-865	-1,130	-1,400	-1,695

Areas of uncertainty

The main area of uncertainty in this costing relates to the size of the behavioural response.

Universal Credit: additional support for transition

Measure description

People who receive the Severe Disability Premium (SDP) and who would have naturally migrated to Universal Credit (UC) will now only move to UC when they can receive transitional protection. This measure will be effective from January 2019.

Tax Credits claimants with capital in excess of UC's £16,000 capital limit (who are not otherwise eligible for UC) will now have their transitional protection and UC eligibility time-limited to 12 months from the point at which they manage-migrate to UC. This measure will be effective from July 2019.

Income Support, Jobseeker's Allowance (Income-Based), and Employment Support Allowance (Income-Related) claimants will continue to receive support for a fortnight during their transition to UC. This measure will be effective from July 2020.

The Minimum Income Floor (MIF) will now apply to all gainfully self-employed UC claimants after a 12-month grace period, whereas previously only certain claimants received a start-up/grace period. This measure will be effective from September 2020 for claimants joining UC as a result of a change of circumstance and from July 2019 for those who are moved to UC by DWP.

From 6 April 2017, families in Child Tax Credit or UC are no longer paid a child element for a third or subsequent child born on or after that date unless they are eligible for an exception. There are a number of exceptions to this policy, including third or subsequent children being looked after in non-parental care (NPC) arrangements, and adopted children. This measure extends these two exceptions to families with third or subsequent children in cases where the children adopted or in NPC arrangements are the first or second children in the family. This measure will apply from November 2018.

This package also reinstates the automatic entitlement for housing support for 18-21-year olds. This measure will be effective from December 2018.

The cost base

The cost base is estimated using DWP's Integrated Forecasting, Policy Simulation, and Transitional Protection Models; Employment Support Allowance payment data; DWP Management Information; DWP's Single Housing Benefit Extract, and HM Revenue and Customs' Tax Credits earnings data and Tax Credits Expenditure Forecast Model.

Costing

The costings are estimated by calculating the difference between the relevant pre- and post-measure forecasts.

Exchequer Impact (£m)

	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24

Exchequer impact	-35	-90	-170	-255	-240	-205

Areas of uncertainty

The main area of uncertainty in these costings relates to the uptake of different benefits, and these measures remain subject to the sampling uncertainty that underpins DWP's wider UC modelling architecture.

Universal Credit: revised implementation schedule

Measure description

Policy changes to Universal Credit (UC) have necessitated an update to the schedule for Managed Migration, which is the process by which the Department for Work and Pensions (DWP) will move people to UC from the existing benefit system. The process will start in January 2020 and will end in June 2024 rather than September 2022, including a 6-month contingency assumed by the Office for Budget Responsibility.

This measure delays the point at which rent support and income support for pensioners are merged into a single benefit to October 2023. This aligns the transfer with the full implementation of UC.

The cost base

The cost base is estimated using DWP's Integrated Forecasting and Policy Simulation Models, estimates of take up of income-related benefits, the Pension Credit forecast, and the Work and Pensions Longitudinal Study.

Costing

The costing is estimated by calculating the difference between the pre- and post-measure Universal Credit marginal expenditure forecast.

Exchequer Impact (£m)

	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Exchequer impact	0	-95	+320	+845	+745	+250

Areas of uncertainty

The main areas of uncertainty in this costing relate to the uptake of UC.

Industrial Injuries Disablement Benefit: include Dupuytren’s contracture

Measure description

This measure adds Dupuytren’s contracture to the list of prescribed diseases for which Industrial Injuries Disablement Benefit is payable. This measure will be effective from April 2019.

The cost base

The cost base consists of the pre-measures forecast for total expenditure on Industrial Injuries Disablement Benefit, at Budget 2018.

Costing

The costing is estimated by applying to the cost base an assumed prevalence rate and average award amount (determined by the severity of Dupuytren’s contracture) for claims that will become eligible following implementation of this measure.

The costing accounts for some behavioural response whereby eligible individuals already in receipt of income-related benefits will not make an Industrial Injuries Disablement Benefit claim for Dupuytren’s contracture - otherwise, these individuals would experience no increase in welfare payments despite undergoing an additional claim process and assessment.

Exchequer Impact (£m)

	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Exchequer impact	0	0	-5	-5	-5	-5

Areas of uncertainty

The main area of uncertainty in this costing relates to the take-up of Industrial Injuries Disablement Benefit.

Annual Investment Allowance: temporary increase to £1m for two years from January 2019

Measure description

This measure temporarily increases the Annual Investment Allowance to £1,000,000 from 1 January 2019 for a two-year period. From 1 January 2021 the threshold will revert to the permanent £200,000 level.

The Annual Investment Allowance (AIA) provides businesses with a 100% tax deduction on investment up to a limit.

The tax base

The tax base is qualifying expenditure in excess of the baseline AIA threshold (£200,000).

Costing

The costing is projected to the scorecard horizon using OBR's private non-financial companies GFCF forecast determinant (ICC), adjusted to exclude North Sea investment.

The OBR have made an adjustment to their investment forecast as a result of this measure.

Exchequer Impact (£m)

	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Exchequer impact	-215	-600	-425	+140	+185	+155

Areas of uncertainty

The main areas of uncertainty in this costing relate to the size of the tax base and the behavioural response.

Structures and Buildings Allowance: permanent capital allowance for new structures and buildings

Measure description

This measure introduces a 2% capital allowance for qualifying expenditure made on structures and buildings.

The measure will be effective from 29 October 2018.

The tax base

The tax base is all new expenditure on structures and buildings, on or after 29 October 2018. The tax base is estimated using ONS construction data on new expenditure in the private sector to derive new expenditure on structures and buildings made in 2016. This is grown in line with RPI (as forecast by the OBR at Budget 2018) to project across the scorecard period.

Costing

Capital allowances are calculated by applying a 2% straight line basis to all qualifying expenditure. A small behavioural adjustment is also made. The OBR have made an adjustment to their investment forecast as a result of this measure.

Exchequer Impact (£m)

	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Exchequer impact	-55	-165	-260	-365	-475	-585

Areas of uncertainty

The main area of uncertainty in this costing relates to the size of the tax base.

Special Writing Down Allowance: align with depreciation in accounts at 6% rate

Measure description

The writing down allowance rate for the special pool of capital allowances will be reduced from 8% to 6% from April 2019.

The tax base

The tax base is derived using Corporation Tax returns data and self-assessment data for the amount of qualifying special rate expenditure claimed by companies and unincorporated businesses. The data is 2016-17 data, which is the latest outturn data currently available. This is grown in line with the OBR business investment determinants which have been adjusted by the OBR for this measure.

Costing

The costing is the difference between the pre- and post- measure tax rates. No behavioural impact is assumed.

Exchequer Impact (£m)

	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Exchequer impact	+75	+250	+360	+325	+315	+305

Areas of uncertainty

The main area of uncertainty in this costing relates to the size of the tax base.

Local Authority Housebuilding: remove borrowing cap

Measure description

This measure will remove Housing Revenue Account (HRA) borrowing caps for local authorities. This will affect local authorities in England and Wales.

This measure will be effective from 29 October 2018 in England. The Welsh Government is taking immediate steps to lift the cap in Wales.

The cost base

The cost base consists of the OBR forecast for Housing Revenue Account income and expenditure. This costing assumes that the base includes the impact of the £1 billion uplift in borrowing caps announced at Autumn Budget 2017 (this borrowing was to begin in 2019-20 but the bidding process for it has been superseded by this policy).

Costing

The costing estimates the additional local authority (LA) capital expenditure financed by new borrowing. Small impacts are estimated on local authority rental income and local authority expenditure as a result of the additional borrowing.

There is no static impact estimated from lifting the HRA borrowing cap. The impacts are estimated purely as a result of the behavioural response of LAs to the lifting of the borrowing caps.

Exchequer Impact (£m)

	2018-19	2019-20	2020-21	2021-22	2022-23	2023-23
Exchequer impact	-95	-385	-850	-855	-1,235	-1,235

Areas of uncertainty

The main areas of uncertainty in this costing relate to the size of the tax base and the behavioural response.

Stamp Duty Land Tax: extend First Time Buyers relief for shared ownership properties

Measure description

This measure will extend Stamp Duty Land Tax (SDLT) first-time buyers relief so that it applies to all first-time buyers purchasing residential property worth up to £500,000 through a qualifying shared ownership scheme.

This measure will be effective from 29 October 2018.

The relief will also apply to shared ownership property buyers who have already paid SDLT on the initial equity stake and rental amount since the introduction of the relief on 22 November 2017. They will have a year to make a backdated claim for the relief.

The tax base

The tax base is the Continuous Recording of Social Housing Letting and Sales (Core) dataset which contains information on shared ownership sales to first time buyers in England. The Core dataset is owned by the Ministry of Housing, Communities and Local Government (MHCLG).

Costing

The costing is estimated by applying the pre- and post-measure tax regimes to the tax base described above. The costing is grown in line with OBR's forecast for residential SDLT receipts and also reflects expected repayment of SDLT for backdated relief claims.

Exchequer Impact (£m)

	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Exchequer impact	neg	-5	neg	neg	neg	-5

Areas of uncertainty

The main area of uncertainty in this costing relates to the size of the tax base.

Capital Allowances: discontinue enhanced allowances for energy and water-efficient equipment

Measure description

This measure will end the first-year allowance (FYA) for energy-efficient and environmentally-beneficial products, including the associated first-year tax credit (FYTC). These changes will be effective from April 2020.

The tax base

The tax base is the total estimated qualifying expenditure for all the technologies and products.

Costing

The costing is projected using OBR's private non-financial companies forecast determinant, adjusted to exclude the North Sea investment. No behavioural impact is assumed.

Exchequer Impact (£m)

	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Exchequer impact	0	+10	+50	+100	+80	+75

Areas of uncertainty

The main area of uncertainty in this costing relates to the size of the tax base.

Business rates: one third off for retail premises up to a rateable value of £51,000 in 2019-20 and 2020-21

Measure description

This measure grants a discount of one-third off business rates for retailers including shops, cafes and restaurants in England with a rateable value of less than £51,000.

This measure will be effective from April 2019 for a two-year period.

The tax base

The tax base consists of the total rateable value of retail properties with a rateable value below £51,000 in England, multiplied by the business rates multipliers. The forecast 2020-21 multiplier is the 2019-20 multiplier uprated by the OBR Budget 2018 CPI inflation forecast

Costing

The tax base divided by three is taken as a high estimate for the static costing of the discount.

It is adjusted down using experience from a similar relief scheme for retailers in 2015-16, which showed that actual cost was lower than estimated cost.

Two further adjustments are made to the static cost:

- business tax adjustments: business rates are deductible for Corporation Tax for companies and Income Tax for the self-employed
- Barnett consequential: business rates are devolved to Scotland, Wales, and Northern Ireland

Exchequer Impact (£m)

	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Exchequer impact	+10	-490	-450	+45	-15	0

Areas of uncertainty

The main area of uncertainty in this costing relates to the size of the tax base.

Business rates: public lavatories relief from 2020-21

Measure description

This measure grants 100% business rates relief to public lavatories in England. This measure will be effective from April 2020.

The tax base

The tax base is the total rateable value of all public lavatories in England, multiplied by the forecast 2020-21 business rates multiplier. It is grown over the forecast using the OBR Budget 2018 CPI inflation forecast, which is used to uprate the business rates multipliers annually.

Costing

The static costing is the tax base described above.

Two further adjustments are made to the static cost:

- business tax adjustments: business rates are deductible for Corporation Tax for companies and Income Tax for the self-employed
- Barnett consequential: business rates are devolved to Scotland, Wales, and Northern Ireland

Exchequer Impact (£m)

	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Exchequer impact	0	0	-5	-5	-5	-5

Areas of uncertainty

The main area of uncertainty in this costing relates to the size of the tax base.

Digital Services Tax

Measure description

This measure will impose a tax of 2% on revenues attributable to specific digital business activities, where those revenues are linked to the participation of UK users.

The tax will apply to all businesses regardless of whether they have an existing UK taxable presence. A business will only be subject to the tax when it exceeds two thresholds:

(a) £500 million global revenues from a business activity in scope of the tax

(b) £25 million revenues from a business activity in scope of the tax, where those revenues are linked to the participation of UK users

The first £25 million of revenues in scope of the DST will not be taxable.

The measure will also include a safe harbour provision that will allow businesses with very low profit margins to make an alternative calculation of their tax liability.

This measure will take effect from 1 April 2020.

The tax base

The tax base consists of all revenues attributable to specific digital business activities, where those revenues are linked to the participation of UK users.

The tax base has been established by collecting data on the revenues generated by the specific digital business activities in scope of the measure. The tax base is projected over the scorecard period using a combination of the historical UK revenue growth of groups in scope and the OBR's non-North Sea gross trading profits determinant.

Costing

The costing is estimated by applying the policy regime to the tax base described above. The costing takes account of the potential behavioural responses of groups to this measure.

Exchequer Impact (£m)

	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Exchequer impact	0	+5	+275	+370	+400	+440

Areas of uncertainty

The main area of uncertainty in this costing relates to the size of the tax base.

Off-payroll Working: extend reforms to private sector in 2020-21, excluding small businesses

Measure description

The off-payroll working rules were introduced in 2000. They ensure that individuals who work through a company (usually a personal service company (PSC)), who would be regarded as employees if directly engaged, pay broadly the same employment taxes as if they were employed.

Reform was introduced in April 2017 to address non-compliance in the public sector, shifting responsibility for determining whether the rules apply, from the individual's PSC to the public authority engaging them. This measure extends similar reform to engagements with medium-sized and large-sized businesses in the private sector. The existing rules will continue to apply for engagements with small businesses.

This measure will be effective from April 2020.

The tax base

The tax base consists of the taxable income of PSCs in scope of the off-payroll working rules, which contract with medium and large-sized businesses in the private sector. This is estimated using HMRC administrative data for 2016-17. The tax base is grown over the forecast period using the OBR's incorporation forecast.

Costing

The costing is the increase in net tax paid as income shifts from largely dividend/ corporation tax treatment to Pay-As-You-Earn income tax and national insurance contributions.

The costing accounts for behavioural effects such as taxpayers shifting their structure to mitigate tax changes.

Exchequer Impact (£m)

	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Exchequer impact	-5	-150	+1,165	+595	+635	+725

Areas of uncertainty

The main areas of uncertainty in this costing relate to the size of the tax base and the behavioural response.

Corporation Tax: restrict use of carried forward capital losses from 2020-21

Measure description

This measure will restrict the use of company capital losses brought forward from previous accounting periods, such that only 50% of annual capital gains can be sheltered by carried-forward capital losses. It is an extension of Corporate Income Loss Restriction (CILR), which was introduced at Budget 2016. The CILR's £5 million annual allowance will be extended to this measure so that it applies across income losses and capital losses.

The measure will be effective from 1 April 2020.

The tax base

The tax base for this measure is derived from corporation tax (CT) returns data for 2016-17 which is the latest data available.

Costing

The costing is the tax base (i.e. the chargeable gains that it is estimated will be exposed to tax due to this measure) multiplied by each year's projected CT rate.

The costing applies an unwind factor to take account of the fact that restricted losses can be used in later periods.

The costing takes account of potential behavioural responses to the measure, including companies using their losses before implementation or changing their behaviour post implementation.

Exchequer Impact (£m)

	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Exchequer impact	0	+25	+110	+140	+140	+125

Areas of uncertainty

The main areas of uncertainty in this costing relate to the size of the tax base and the behavioural response. This measure includes an anti-avoidance and anti-forestalling rule to address adverse behavioural responses.

Capital Gains Tax: extend Entrepreneurs' Relief minimum qualifying period

Measure description

For Entrepreneurs' Relief to be available on the disposal of a business asset, certain conditions must be met for a minimum period by the claimant. The measure increases this minimum period from one year to two years.

This measure will be effective from 6 April 2019.

Where the claimant's business has ceased before Budget day 2018 the existing one-year qualifying period will continue to apply.

The tax base

The tax base is all gains charged to Capital Gains Tax on assets that qualify for Entrepreneurs' Relief and which have met the qualifying conditions for between one and two years.

Costing

The costing is estimated by applying pre- and post-measure tax regimes to the tax base described above. An adjustment is made for taxpayers holding onto their assets for longer in order to meet the new criteria.

Exchequer Impact (£m)

	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Exchequer impact	0	+5	+10	+75	+80	+90

Areas of uncertainty

The main area of uncertainty in this costing relates to the size of the tax base and the behavioural response.

Private Residence Relief: reform lettings relief and final period exemption from 2020-21

Measure description

This measure will restrict two ancillary reliefs within private residence relief (which exempt main residences from capital gains tax (CGT)). Final period exemption will be reduced from 18 months to 9 months. Lettings relief will be reformed so that it only applies in circumstances where the owner of the property is in shared occupancy with a tenant.

This measure will be effective from April 2020.

The tax base

The tax base consists of gains made on residential property that are currently relieved by final period exemption and lettings relief, where CGT is now liable upon disposal.

Costing

The costing is estimated by multiplying the affected tax base by CGT rates for residential property. The behavioural response of those affected by the measure is also included in the costing.

Exchequer Impact (£m)

	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Exchequer impact	0	+15	+50	+120	+135	+150

Areas of uncertainty

The main areas of uncertainty in this costing relate to the size of the tax base and behavioural response.

VAT Registration Threshold: maintain at £85,000 for a further two years

Measure description

This measure maintains the VAT registration threshold at £85,000 in 2020-21 and 2021-22. This measure will be effective from 1 April 2020.

The tax base

The tax base is made up of the taxable outputs less inputs, of firms with turnover above the VAT registration threshold.

Costing

The costing estimates the difference between the number of businesses who will be registered for VAT in the pre-measures forecast baseline, and the number who will be registered post-measure. The costing then estimates the impact on VAT revenue that would result from this change in number of firms above the VAT registration threshold.

Exchequer Impact (£m)

	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Exchequer impact	0	0	+60	+130	+145	+150

Areas of uncertainty

The main area of uncertainty in this costing relates to the size of the tax base.

Employment Allowance: restrict to businesses below a £100,000 employer NICs threshold from 2020-21

Measure description

The Employment Allowance (EA) entitles eligible businesses and charities to a reduction of up to £3,000 from their annual employer National Insurance contributions (NICs) bill.

This measure prevents employers with a secondary Class 1 NICs bill equal to or above £100,000 in the previous tax year, before the EA is applied, from claiming the EA.

This measure will be effective from April 2020.

The tax base

The tax base consists of the Employment Allowance claims of businesses with an employer NICs bill equal to or above £100,000 in the previous tax year.

Costing

The costing is estimated using HMRC administrative data. HMRC's Real Time Pay As You Earn (PAYE RTI) records are used along with the OBR's Budget 2018 economic determinants for wages and employment, to forecast employer NIC liabilities for businesses.

Exchequer Impact (£m)

	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Exchequer impact	0	0	+225	+260	+290	+320

Areas of uncertainty

The main area of uncertainty in this costing relates to the size of the tax base.

Climate Change Levy: move towards equalised gas and electricity rates

Measure description

This measure announces main rates of the Climate Change Levy (CCL) for 2020-21 and 2021-22. The electricity rate will be lowered, and the gas rate will increase, in both years so the gas rate reaches 60% of the electricity rate in 2021-22.

This measure will be effective from April 2020.

The tax base

The tax base consists of energy (electricity, natural gas, solid fuels and liquid petroleum gas) supplied to non-domestic users in the UK and is estimated using BEIS data on historical and forecast energy use.

Costing

The costing is calculated by multiplying the tax base by the difference between the pre- and post-measure tax rates.

The tax rates are adjusted by increasing CCL rates for gas and reducing CCL rates for electricity, with solid fuel rates proportionately adjusted in line with gas rates. No changes are made to LPG rates, as these were frozen at Autumn Budget 2017 for 2020-21 and 2021-22. This costing assumes that after 2021-22 all fuel rates are uprated by RPI, but rates from 2022-23 will be announced at future fiscal events.

Behaviour adjustments are then made to account for the change in demand as a result of the change in prices due to the policy.

Exchequer Impact (£m)

	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Exchequer impact	0	0	neg	neg	neg	+5

Areas of uncertainty

The main areas of uncertainty in this costing relate to the size of the tax base and the behavioural response.

Aggregates Levy: freeze in 2019-20

Measure description

This measure freezes the aggregates levy at £2 per tonne for 2019-20.

This measure takes effect from 1 April 2019.

The tax base

The tax base is the tonnage of rock, sand and gravel commercially exploited in the UK. The tax base is estimated using the OBR Budget 2018 forecast for aggregates output. This forecast is dependent on the lagged duty rate, seasonal variation and a time trend.

Costing

The costing is estimated by applying the pre- and post-measure tax rates to the tax base described above. The behavioural impact is negligible as taxable aggregates are relatively inelastic.

Exchequer Impact (£m)

	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Exchequer impact	0	-10	-15	-15	-15	-15

Areas of uncertainty

The main area of uncertainty in this costing relates to the size of the tax base.

Heavy Goods Vehicle VED: freeze in 2019-20

Measure description

This measure freezes Heavy Goods Vehicle (HGV) Vehicle Excise Duty (VED) rates for 2019-20 at 2018-19 levels.

This measure will be effective from 1 April 2019.

The tax base

The tax base is the stock of vehicles liable for HGV VED and is estimated using the latest stock position from the OBR certified VED forecasting and costing model.

Costing

The cost is calculated by multiplying the baseline stock forecast by the policy rates and then subtracting the baseline revenue.

Exchequer Impact (£m)

	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Exchequer impact	0	-5	-5	-10	-10	-10

Areas of uncertainty

The main area of uncertainty in this costing relates to the size of the tax base.

Tobacco Duty: RPI plus 2ppt on all duties and additional 1ppt for hand rolling tobacco

Measure description

This measure increases the specific duty on Hand Rolling Tobacco (HRT) by 1 percentage point above the pre-announced duty rate increase (i.e. RPI+2%+1%). It was previously announced at Autumn Budget 2017 that tobacco duties would rise by RPI+2% for the duration of the parliament.

This measure will be effective from 6pm on 29 October 2018.

The tax base

The tax base is composed of tobacco cleared into the UK market. The tax base is forecast in line with the OBR Autumn Budget 2018 forecast for tobacco duty revenues. It includes announced policy (RPI+2% increases through to the end of Parliament, as announced at Autumn Budget 2017).

Costing

The costing is determined by applying the new duty rates to the tax base. The costing includes a behavioural effect to account for the reduction in consumption resulting from higher prices.

Exchequer Impact (£m)

	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Exchequer impact	0	+5	+5	+5	+5	+5

Areas of uncertainty

The main area of uncertainty in this costing relates to the size of the behavioural response.

Carbon Price Support: freeze rate at £18 in 2019-20 and 2020-21

Measure description

Carbon Price Support (CPS) rates of the Climate Change Levy (CCL) provide a 'top up' to the EU Emissions Trading Scheme (EUETS) carbon price for energy generators.

This measure will maintain CPS rates at £18 in 2020-21.

This measure will be effective from April 2020.

The tax base

The tax base is made up of supplies of fossil fuel for most electricity generators in Great Britain.

It is estimated by BEIS's Dynamic Dispatch Model (DDM).

Costing

The static costing is calculated by multiplying the tax base by the difference between the pre- and post-measure tax rates.

The behavioural response is estimated to be negligible and no adjustment has been made.

Exchequer Impact (£m)

	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Exchequer impact	0	0	-15	-15	-20	-20

Areas of uncertainty

The main area of uncertainty in this costing relates to the size of the tax base.

Alcohol Duty: ban post duty point dilution

Measure description

Post Duty Point Dilution (PDPD) is a practice that enables some alcohol producers to reduce the excise duty they pay by diluting the product after duty has been paid. As wine and made-wine is taxed in bands this leads to a tax saving compared to that payable if calculated on the volume of the final retail product.

This measure will lead to abolition of the practice and will therefore raise tax revenues.

This measure will be effective from April 2020.

The tax base

The tax base is all wine and made-wine producers that engage in PDPD.

Costing

The costing applies the pre- and post- measures' duty rates to the tax base. Behavioural adjustments are made to account for: the increase in the price of diluted product, forestalling, and changes to producer behaviour.

Exchequer Impact (£m)

	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Exchequer impact	0	+65	-15	+85	+85	+90

Areas of uncertainty

The main areas of uncertainty in this costing relate to the size of the tax base and the behavioural response.

Savings: maintain thresholds for Adult ISA allowance and starting rate for savings

Measure description

This measure maintains the adult ISA limit at £20,000, and maintains the Starting Rate for Savings (SRS) band at £5,000 in 2019-20. Both the adult ISA limit and the SRS are then forecast to increase in line with Consumer Price Index (CPI) thereafter.

The SRS band is a £5,000 band which sits above the Personal Allowance (PA). Savings income in the SRS band is not subject to tax. All savings income from subscriptions to ISAs are also not subject to tax.

The tax base

The tax base is established by using the latest 2015-16 Survey of Personal Incomes (SPI). This is then matched with information on ISA subscriptions, and projected in line with OBR forecasts.

Costing

The costing is estimated by applying the pre- and post-measure tax regimes to the tax base described above.

A small adjustment for behaviour has been applied.

Exchequer Impact (£m)

	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Exchequer impact	0	neg	+5	+5	+5	+10

Areas of uncertainty

The main area of uncertainty in this costing is sensitivity to future forecasts of the return to savings.

Gift Aid: increase small donation limit from £20 to £30

Measure description

The measure increases the Gift Aid Small Donations Scheme (GASDS) per-donation limit from £20 to £30. The GASDS allows charities and community amateur sports clubs, that are registered for Gift Aid, to claim 25% on other donations which meet certain criteria.

The measure will be effective from April 2019.

The tax base

The tax base is GASDS paid in 2017-18, the most recent complete year for which administrative data is readily available.

Costing

The costing is the increase in donations falling under GASDS, subject to the annual donations limit of £8,000 per organisation (or, for organisations with more than one community building, £8,000 per community building).

Adjustments are made to allow for behavioural responses to this change.

Exchequer Impact (£m)

	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Exchequer impact	0	-5	-5	-5	-5	-5

Areas of uncertainty

The main areas of uncertainty in this costing relate to the size of the tax base and the behavioural response.

Withheld Taxes: protecting your taxes in insolvency and tackling abuse

Measure description

This measure seeks to reduce tax losses when a business goes into insolvency by giving HMRC greater priority in recovering taxes that are temporarily held in trust by the business on behalf of its employees and customers - PAYE, employee NICs, CIS (Construction Industry Scheme) and VAT – ahead of some other creditors.

In addition, this measure seeks to tackle and prevent taxpayers from artificially and unfairly avoiding tax by misusing insolvency to retain their avoidance or evasion gains, or benefit from repeated non-payment of tax (known as 'phoenixism').

The tax base

The tax base for this measure consists of company insolvencies with gains resulting from tax avoidance, evasion and phoenixism, in addition to the amount HMRC currently writes off every year due to insolvencies.

This is estimated from HMRC operational and administrative data and is grown in line with the Budget 2018 OBR determinant for Gross Domestic Product (GDP) at market prices deflator.

Costing

The costing is the tax recovered from insolvencies that HMRC would not otherwise have collected before the policy was implemented. Adjustments are made for tax and payment timing.

The costing accounts for a behavioural response whereby the measure has a deterrent effect on future insolvency as some taxpayers become compliant.

Exchequer Impact (£m)

	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Exchequer impact	0	+10	+65	+150	+195	+185

Areas of uncertainty

The main area of uncertainty in this costing relates to the size of the tax base and the behavioural response.

R&D Tax Credits: preventing abuse of the SME payable credit

Measure description

The measure will introduce a limit on the amount of payable R&D tax credit that can be claimed by a company under the SME scheme, in order to prevent fraud. The limit will be set at 300% of the company's total Pay-As-You-Earn (PAYE) and National Insurance contribution (NIC) payment for the period.

This measure will be effective from 1 April 2020.

The tax base

The tax base is the R&D expenditure used to claim payable tax credits under the SME scheme. This was estimated using published national statistics for accounting periods ending in 2016-17, projected forward using the OBR's business investment determinants.

Costing

The costing uses a sample of SME payable R&D tax credit claims for 2015-16 and 2016-17 to estimate the proportion of the amount claimed that would be affected by the limit. A behavioural adjustment is included in the costing assumption.

Exchequer Impact (£m)

	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Exchequer impact	0	0	0	+20	+45	+45

Areas of uncertainty

The main area of uncertainty in this costing relates to the size of the tax base.

VAT: ensuring proper adjustments

Measure description

This measure applies VAT to full and part pre-payments for services where customers fail to use the service, and to part pre-payments for goods where customers fail to collect the goods. This does not affect prepayments where customers are issued a full refund.

In addition, a loophole that currently exists under Regulation 38 of the VAT Regulations (1995) will be closed. This Regulation allows businesses to adjust their VAT return to reclaim VAT from HMRC where there has been a reduction in the price of a good or service. Some businesses have been using this to make VAT adjustments for which Regulation 38 is not intended.

The tax base

The tax base is the amount paid for unfulfilled supplies of goods and services and the value of accounting adjustments made under Regulation 38.

Costing

The costing of the change in the VAT treatment of unfulfilled supplies is estimated on a theoretical basis, using VTTL (VAT Total Theoretical Liability) methodology.

HMRC case officers have produced estimates of the value of Regulation 38 adjustments currently made which will no longer be permitted under the measure. These estimates have been scaled up across the business population, allowing for differential usage of the avoidance device across sectors.

Exchequer Impact (£m)

	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Exchequer impact	+5	+150	+200	+200	+195	+190

Areas of uncertainty

The main area of uncertainty in this costing relates to the size of the tax base, and the extent to which this avoidance loophole is currently being exploited.

Offshore: prevent profit fragmentation, extend VAT grouping rules and prevent looping avoidance schemes

Measure description

This measure tackles offshore tax avoidance by preventing fragmentation of business profits and the use of VAT loop avoidance schemes and by extending VAT grouping rules.

UK businesses will be prevented from avoiding UK tax by arranging for their UK-taxable business profits to accrue to entities resident in territories where significantly lower tax is paid than in the UK. The taxable UK profits will instead be increased to the actual, commercial level.

A device will also be counteracted whereby insurance providers avoid non-recoverability of VAT on inputs by routing services supplied to UK customers through an overseas associate. In addition, HMRC guidance will be changed to ensure that certain services purchased by overseas members of VAT groups are subject to UK VAT.

The tax base

The tax base is the tax from profit fragmentation cases in the absence of a policy change, the overheads recharged from overseas branches to UK companies in groups with partial exemption and the costs (inputs) of insurance companies supplying overseas services to UK customers via offshore associates.

Costing

The costing is based on internal analysis by HMRC on groups impacted by this measure, and the estimates of loss of tax through the use of the off-shore looping scheme. It is then assumed that in the future the majority of losses will be prevented by this measure.

The costing also assumes HMRC will work more profit fragmentation cases, to settle these cases more quickly, and that they will have a higher average yield than at present.

An adjustment is made to allow for businesses changing structure in response to the measure.

Exchequer Impact (£m)

	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Exchequer impact	neg	+65	+65	+75	+95	+100

Areas of uncertainty

The main area of uncertainty in this costing relates to the size of the tax base and the behavioural response.

Capital Gains Tax: tackling misuse in Entrepreneurs' Relief

Measure description

For Entrepreneurs' Relief to be available on the disposal of shares or securities, the claimant must have at least 5% of the shares and voting rights in the company. This measure introduces equivalent 5% requirements for the claimant's entitlement to the profits and assets of the company.

The measure will be effective from 29 October 2018.

The tax base

The tax base is gains charged to Capital Gains Tax that meet all of the following criteria:

- gains on shares currently charged at the ER rate of Capital Gains Tax
- the taxpayer is by virtue of their shareholding entitled to receive either less than 5% of the distributable profits or less than 5% of the net assets of the company available for distribution on winding up

Costing

The costing is estimated by applying pre- and post-measure tax regimes to the tax base described above. This is then adjusted for anticipated behaviour.

Exchequer Impact (£m)

	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Exchequer impact	0	+5	+10	+10	+10	+15

Areas of uncertainty

The main areas of uncertainty in this costing relate to the size of the tax base and the behavioural response.

Tuition Fees: freeze fees in September 2019

Measure description

This measure freezes the maximum fee limits that Approved (Fee Cap) providers can charge for undergraduate courses and the maximum fee loans made available to students in Academic Year 2019-20 at the same levels that apply to HEFCE funded institutions for Academic Year 2018-19 (the maximum limits being £9,250 for a full-time course and £6,935 for a part-time course). Lower fee and fee loan limits, where applicable, have also been frozen at 2018-19 levels in 2019-20.

The cost base

The cost base for this measure are forecasts of Plan 2 (post-2012) higher education loan outlay, repayments, interest charges and fiscal write-offs.

These forecasts have been produced using the Department for Education student loan outlay and repayment models. Detailed information about the model can be found in the technical notes of the Student loan forecasts, England: 2017 to 2018 publication here: https://www.gov.uk/government/statistics/student-loan-forecasts-england-2017-to-2018

Costing

The static costing is estimated by applying the pre- and post-measure maximum fee limits to the cost base described above. No behavioural impact is assumed.

Exchequer Impact (£m)

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Exchequer impact	0	neg	-10	-20	-30	-40

Areas of uncertainty

The main area of uncertainty in this costing relates to the size of the behavioural response.

NICs: delay NICs Bill by one year and maintain Class 2 NICs

Measure description

The government will not proceed with the abolition of Class 2 National Insurance contributions (NICs) during the Parliament.

This measure also postpones the introduction of employer Class 1A National Insurance contributions (NICs) to all termination payments over £30,000 where income tax is currently due by one year (to April 2020).

The tax base

The tax base for Class 2 NICs is estimated using HMRC's Personal Tax Model using data from the 2015-16 Survey of Personal Incomes. The data is projected forward using the latest OBR Budget 2018 determinants.

The tax base for termination payments is those exceeding the £30,000 tax threshold. It is estimated using data from the 2016-17 Family Resources Survey (FRS) projected forward using the latest OBR Budget 2018 determinants.

Costing

The Class 2 NICs costing is estimated using administrative data on UK taxpayer numbers and income. The pre- and post-measure tax regimes are applied to the tax base described above to estimate the impact of the measure in terms of the difference in income tax and NICs liabilities. The costing also includes the reversal of the assumed behavioural response that would have resulted from the abolition of Class 2 NICs.

The termination payments costing assumes those payments exceeding £30,000 in 2019-20 will no longer be subject to employer NICs. A number of behavioural adjustments are then made including a forestalling assumption.

Exchequer Impact (£m)

	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Exchequer impact	-5	+180	+395	+370	+335	+310

Areas of uncertainty

The main area of uncertainty in these costings relates to the size of the tax bases and the behavioural responses.

Childcare Vouchers: extension to the closure for new entrants to October 2018

Measure description

This measure kept childcare vouchers open to new entrants for a further six months until October 2018. This allowed more time for Tax-Free Childcare to bed in and for families to understand their entitlement.

The tax base

The tax base for the costing is the number of people that have now taken up childcare vouchers as a result of the extension.

Costing

The costing results from people who were previously not going to take up vouchers because the scheme was due to close to new entrants now deciding to join a voucher scheme because of the extension.

Exchequer Impact (£m)

	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Exchequer impact	-45	-55	-50	-40	-25	-10

Areas of uncertainty

The main area of uncertainty in this costing relates to the size of the tax base.

Fixed Odds Betting Terminals: £2 stake limit in October 2019

Measure description

This measure will cap the maximum stake playable on B2 gaming machines at £2 from October 2019.

The tax base

The tax base is the gross gambling yield (GGY) of every B2 machine in the UK. GGY is calculated as the total amount staked on these machines, minus the prizes paid out.

Costing

The costing is calculated by removing all stakes above £2 (and their respective GGY) from the total GGY. An adjustment was also made to take account of a behavioural response.

Exchequer Impact (£m)

	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Exchequer impact	0	-120	-245	-255	-260	-270

Areas of uncertainty

The main area of uncertainty in this costing relates to the size of the behavioural response.

Remote Gaming Duty: raise to 21% in October 2019

Measure description

This measure increases the Remote Gaming Duty (RGD) rate from 15% to 21%, from October 2019.

The tax base

The tax base for this measure is the latest Budget 2018 OBR forecast for RGD yield. It also includes an allowance for increased online gaming as a result of the change to Fixed Odds Betting Terminals (FOBT) stakes.

Costing

The static yield is estimated by applying the new tax rate to the tax base and then calculating the difference when compared to the forecast yield under the current regime.

A behavioural adjustment is made to take into account changes in spending on remote gaming in response to this change, and to account for changes in operator behaviour.

Exchequer Impact (£m)

	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Exchequer impact	+0	+130	+255	+265	+280	+295

Areas of uncertainty

The main area of uncertainty in this costing relates to the size of the behavioural response.

Index Linked Savings Certificates: reindex at next maturity date from May 2019

Measure description

This measure ensures that National Saving & Investment (N&SI) customers with maturing Index-linked Savings Certificates who choose to reinvest their funds into a new term will receive interest based on the Consumer Prices Index (CPI) and not Retail Prices Index (RPI).

This measure will be effective from 1 May 2019.

The cost base

The cost base is the forecast value of interest payments on the stock of Index-linked Savings Certificates.

Costing

The static costing is estimated by calculating the reduction in interest payments by re-indexing maturing Index Linked Savings Certificates from the Retail Prices Index (RPI) to the Consumer Prices Index (CPI).

An adjustment is applied to take account of the behavioural response.

Exchequer Impact (£m)

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Exchequer impact	0	+35	+85	+150	+165	+175

Areas of uncertainty

The main area of uncertainty in this costing relates to the size of the behavioural response, though sensitivity analysis suggests that variations on this will not make a large change to the level of savings made.

Mayoral Combined Authorities: extension of borrowing powers

Measure description

At Autumn Statement 2016 the government announced that Mayoral Combined Authorities (MCAs) would be given powers to borrow for their new functions, subject to debt agreement with HM Treasury. Previously MCAs could only borrow for transport purposes.

These new powers came into effect in May 2018.

The cost base

The cost base consists of all proposed borrowing by MCAs, as set out to HM Treasury as part of the debt cap agreement process.

Costing

The static costing is estimated by isolating all new borrowing, which is all borrowing for functions other than transport. The costing accounts for a behavioural response where an underspend assumption is applied to plans, as well as a time delay.

Exchequer Impact (£m)

	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Exchequer impact	-45	-160	-245	-205	-70	0

Areas of uncertainty

The main area of uncertainty in this costing relates to the size of the behavioural response.

Annex A

Indexation in the public finance forecasts baseline

The following table shows the indexation assumptions that have been included in the public finances forecast baseline, including all pre-announcements, for Budget 2018 policy costings. Unless otherwise stated, changes are assumed to take place in April each year and tax raises are fixed.

Forecast area	Element	Default indexation assumed in the baseline	Pre-announced policy changes from 2019-20 onwards
Income Tax	Personal Allowance	Increase the personal allowance by CPI, rounded up to the nearest £10	
	Basic Rate Limit	Increase the basic rate limit by CPI, rounded to the nearest £100	
	Personal savings allowance	Fixed at £1,000 for basic rate taxpayers and £500 for higher rate taxpayers	
	Starting rate limit for savings income	CPI, rounded up to the nearest £10	
	Threshold for additional rate	Fixed at £150,000	
	Income limit for tapered withdrawal of personal allowances	Fixed at £100,000	
	Pensions Tax Relief – annual allowance	Fixed at £40,000	
	Pensions Tax Relief – tapered annual allowance	Annual allowance is tapered for individuals with income over £150,000 (including pension contributions)	

	Pensions Tax relief – Money Purchase Annual Allowance	Fixed at £4,000	
	Pensions Tax Relief – Lifetime Allowance	September's CPI, rounded up to the nearest £100	
	Individual Savings Accounts – annual subscription limit	In line with CPI, rounded to the nearest £120	
	Individual income threshold for high income child benefit – tax charge	Fixed at £50,000	
	Marriage tax allowance	Fixed at 10% of the personal allowance	
NICS	Lower earnings limit	CPI, rounded down to the nearest £1pw	
	Primary threshold / lower profits limit	CPI, rounded to the nearest £1pw. Annual PT/LPL is weekly multiplied by 52	
	Secondary threshold	CPI, rounded to the nearest £1pw	
	Upper earnings limit / upper profit limit	Align with income tax Higher Rate Threshold	
	Small profits threshold	CPI, rounded up to the nearest £10	
	Contribution rates	Fixed percentage, apart from Class 2 and Class 3 weekly rates which rise by CPI, rounded to the nearest 5p	
	Employment allowance	Fixed at £3,000	
Capital gains tax	Main annual exempt amount	CPI, rounded up to the nearest £100	
	Annual exempt amount for trustees	Half of the main annual exempt amount	
	Lifetime allowance for entrepreneur's relief	Fixed at £10 million	
Inheritance tax	Nil rate band	CPI, rounded to the nearest £1,000	Freeze in the nil-rate band until 2020-21 (freeze at £325,000)
Working-age social security benefits and	All main rates	September's CPI	The personal allowances of the

payments: Jobseeker's Allowance; Income Support; Employment and Support Allowance; Housing Benefit			working-age benefits; the ESA WRAG component and its UC equivalent; and Local Housing Allowances are frozen for four years from 2016/17 to 2019/20 inclusive. The disability and carer premiums in JSA, ESA, IS and Housing Benefit are exempt from this four year uprating freeze.
Disability Benefits: Disability Living Allowance; Attendance Allowance; Carer's Allowance; Incapacity Benefit; and ESA support group element and its UC equivalent	All main rates	September's CPI	
Statutory payments: Statutory Maternity Pay; Adoption Pay; Paternity Pay; Shared Parental Pay; Sick Pay; Maternity Allowance; and Guardian's Allowance	All main rates	September's CPI	
Basic State Pensions	All categories	Highest of earnings, September's CPI or 2.5% rounded to the nearest 5p	
Additional State Pension	All categories	September's CPI rounded to the nearest 1p	
New State Pension	All categories	Highest of earnings, September's CPI or 2.5% rounded to the nearest 5p	

Pension Credit	Guarantee Credit	Earnings growth rounded to the nearest 5p	
	Savings Credit	September's CPI rounded to the nearest 1p	
Child Tax Credit	Family element	Fixed at £545 per year	
	Child element	September's CPI, rounded to the nearest £5	Four-year uprating freeze from 2016-17
	Disabled and enhanced disabled child elements	September's CPI, rounded to the nearest £5	
Working Tax Credit	Basic element, 30-hour element, second adult elements, lone parent element	September's CPI, rounded to the nearest £5	Four-year uprating freeze from 2016-17
	Disability elements	September's CPI, rounded to the nearest £5	
	Maximum eligible childcare costs (for 1and 2 +children)	Fixed at 70% of actual childcare costs of up to £175 a week for one child or £300 a week for two or more children	
Child benefit	Eldest (or only) child and subsequent children amounts	September's CPI, rounded to the nearest 5p	Four-year uprating freeze from 2016-17
Stamp duties	Stamp duty land tax thresholds for residential property	Fixed at £125,000, £250,000, £925,000 and £1,500,000	
	Stamp duty land tax thresholds for non-residential freehold and leasehold premium transactions	Fixed at £150,000 and £250,000	
	Stamp duty land tax thresholds for non-residential leasehold rent transactions	Fixed at £150,000 and £5,000,000	

Climate change levy	Levy amount	RPI	
Aggregate levy	Levy amount	RPI	
Landfill tax	Tax rates	RPI, rounded to the nearest 5p	
Vehicle excise duty	Duty rates	RPI, rounded to the nearest £1 or £5	
Air passenger duty	Duty rates	RPI, rounded to the nearest pound	
Tobacco duties	Duty rate on all tobacco products	RPI	
Alcohol duties	Beer, wine, spirits and cider duties	RPI, change takes place on 1 February	
Fuel duties	Duty rates	RPI	
VAT	VAT registration threshold	RPI, rounded to the nearest £1,000	
Gaming duty	Gross gaming yield bands	RPI, rounded to the nearest £500	Freeze from April 2018
Business rates	Business rates multiplier	CPI	

HM Treasury contacts

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www.gov.uk

If you require this information in an alternative format or have general enquiries about HM Treasury and its work, contact:

Correspondence Team
HM Treasury
1 Horse Guards Road
London
SW1A 2HQ

Tel: 020 7270 5000

Email: public.enquiries@hmtreasury.gov.uk