



Tax credit expenditure following 2010 reforms

Table 1 sets out the forecast of tax credit expenditure made prior to the policy changes announced in the June Budget 2010. Prior to reforms to tax credits announced since June 2010, spending on tax credits was forecast to be £40.0 billion a year in 2016-17, rising from a forecast of £29.1 billion a year in 2010-11.

Table 1: Total forecast expenditure on tax credits prior to policy changes announced in June 2010

£ billion	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
June Budget 2010 forecast	29.1	31.0	32.7	33.8	35.7	37.8	40.0
Expenditure outturn ¹	28.9	29.8	29.9	29.7	29.7		

As set out in Table 2, the Office of Budget Responsibility now forecasts tax credit expenditure to be £25.3 billion a year from 2016-17, around £15 billion lower than previously forecast.

Table 2: Total forecast expenditure on tax credits in the Summer Budget 2015

£ billion	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Office of Budget Responsibility Summer Budget 2015 forecast ²	29.5	25.3	26.3	27.3	27.5	28.2

¹ Source: DWP, *Outturn and forecast: Summer Budget 2015* <https://www.gov.uk/government/statistics/benefit-expenditure-and-caseload-tables-2015>

² Source: DWP, *Outturn and forecast: Summer Budget 2015* <https://www.gov.uk/government/statistics/benefit-expenditure-and-caseload-tables-2015>

Chart 1: Tax credit expenditure: 2010 forecast expenditure compared to outturn expenditure and 2015 OBR forecast expenditure

