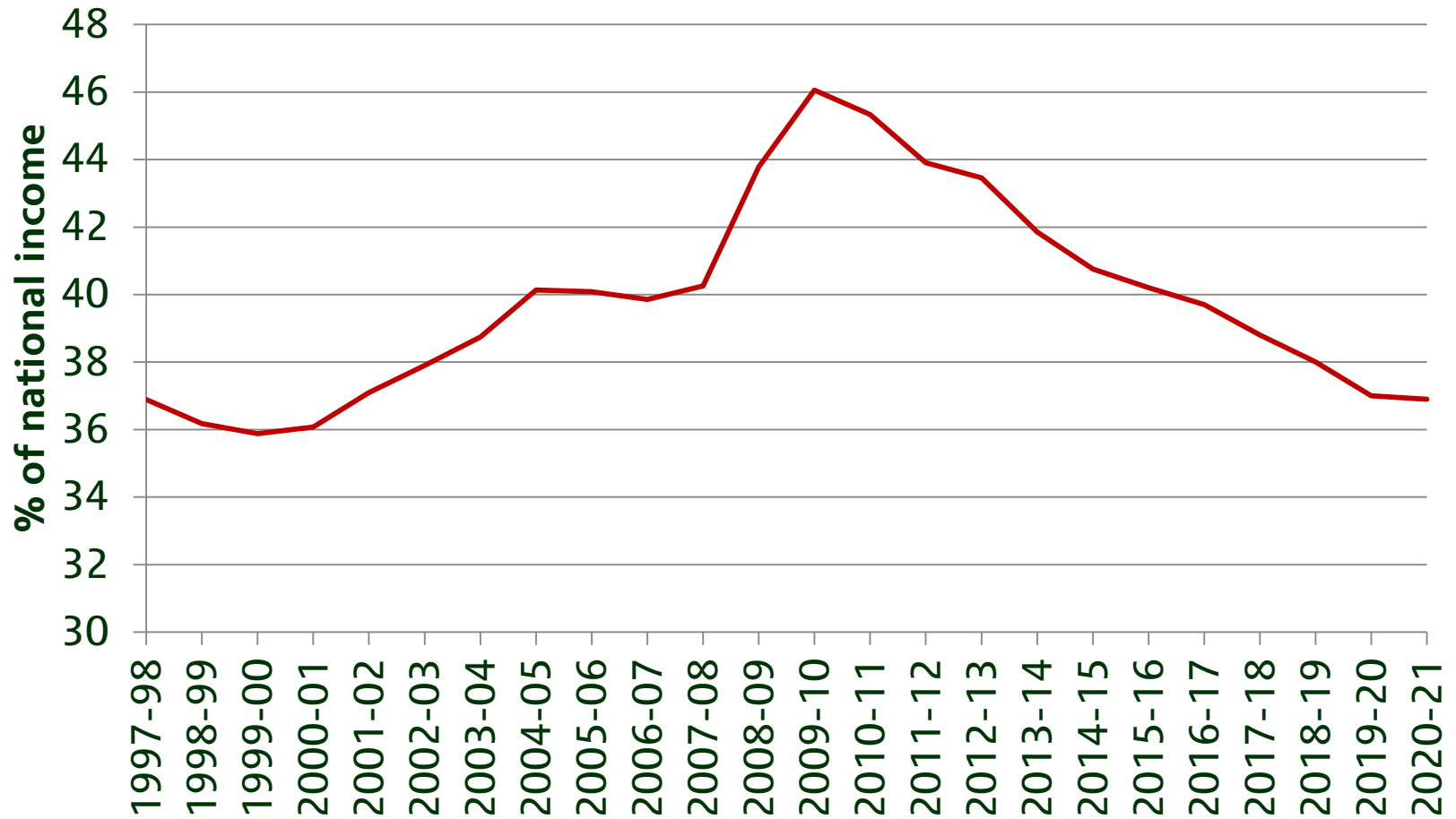


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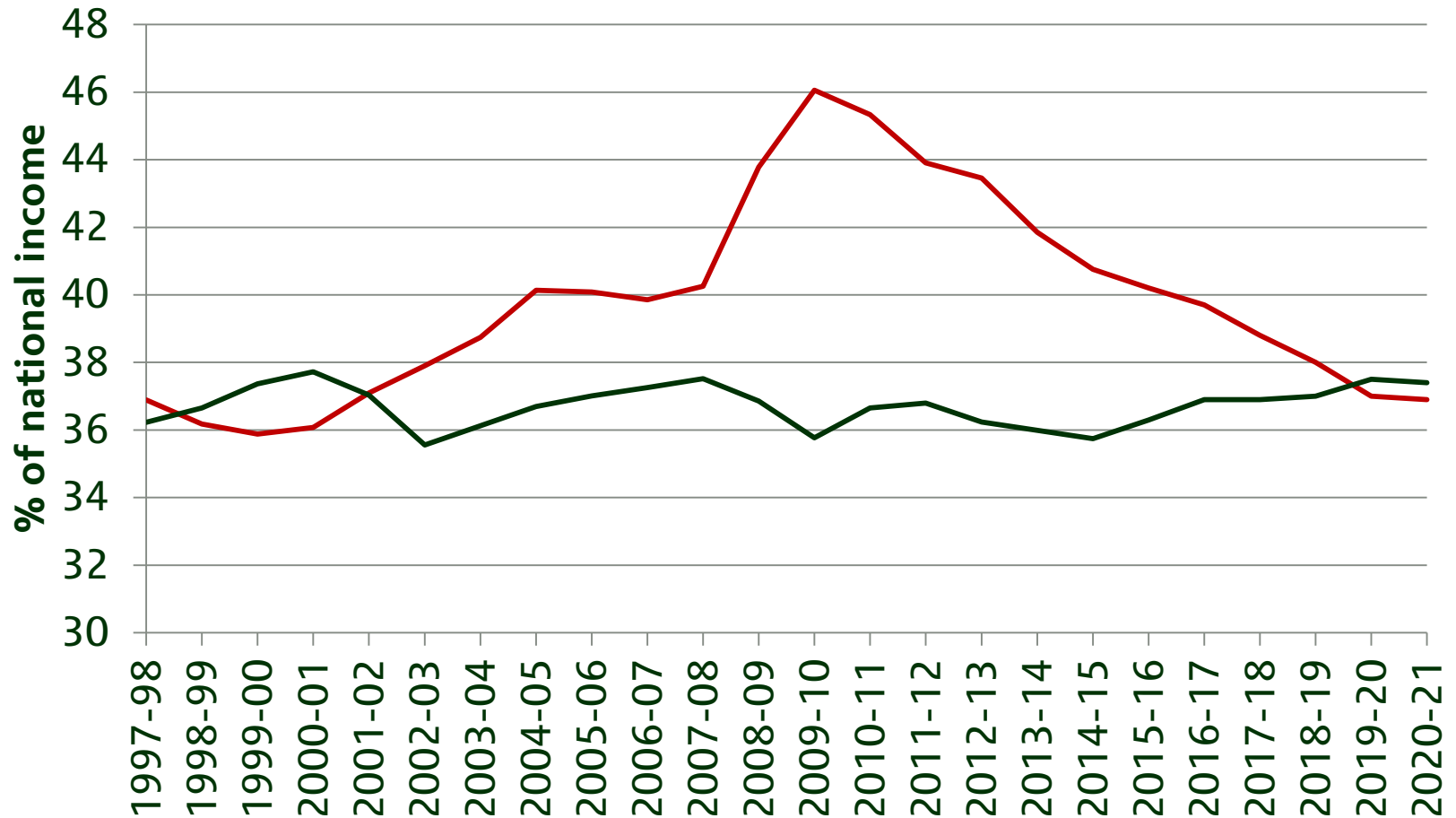
Mind the gap

Paul Johnson

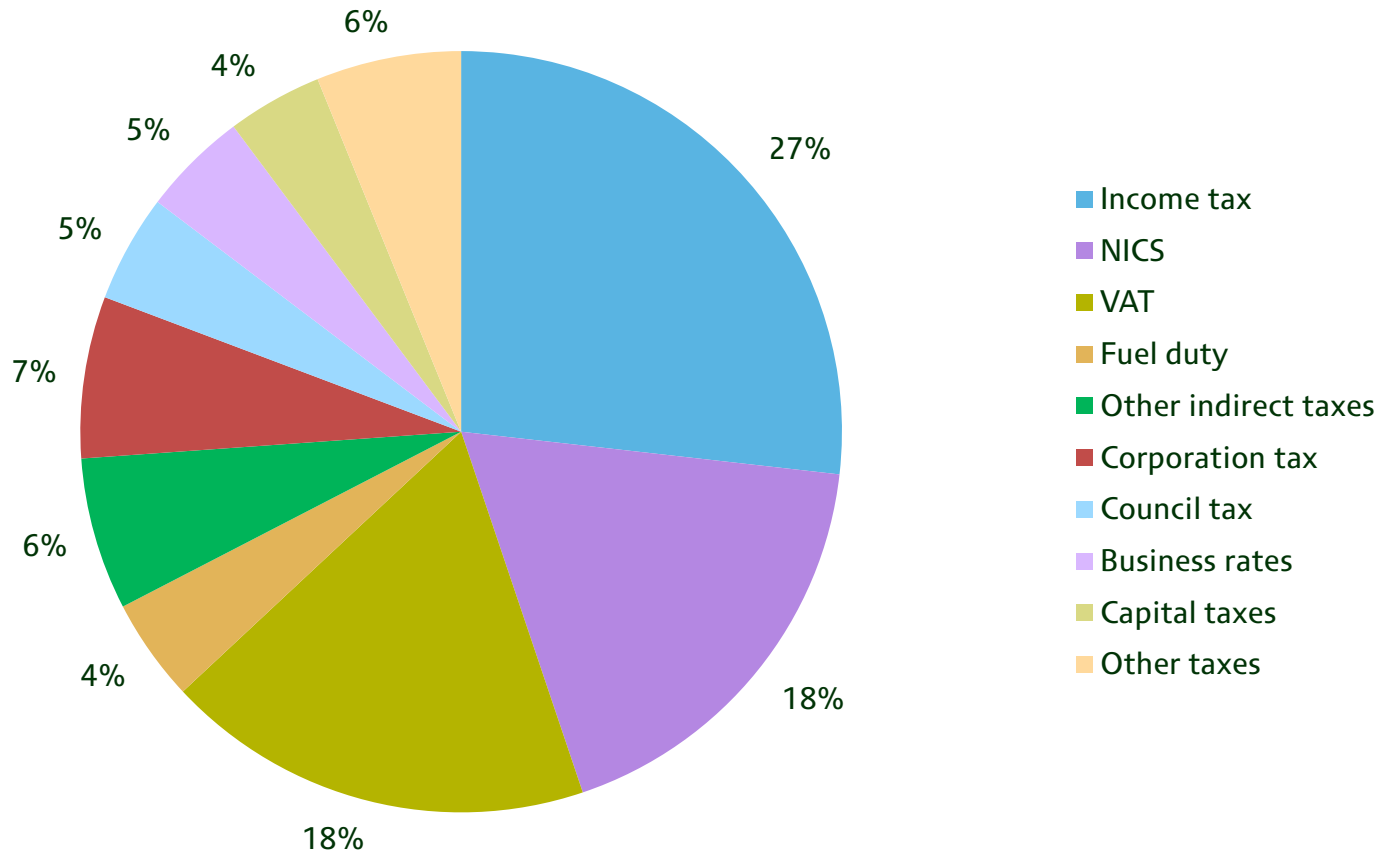
Tax and spending 1997-2020



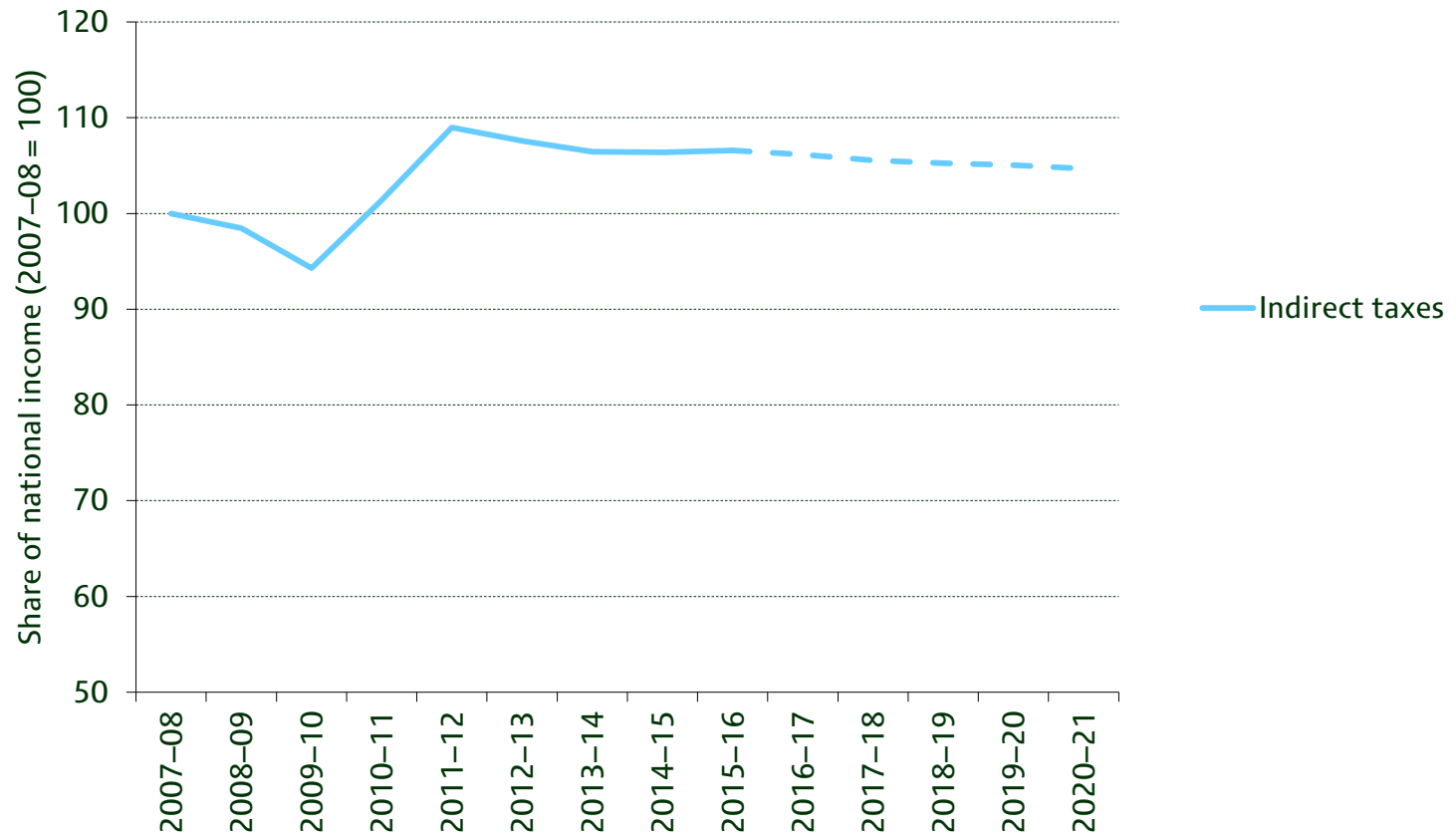
Tax and spending 1997-2020



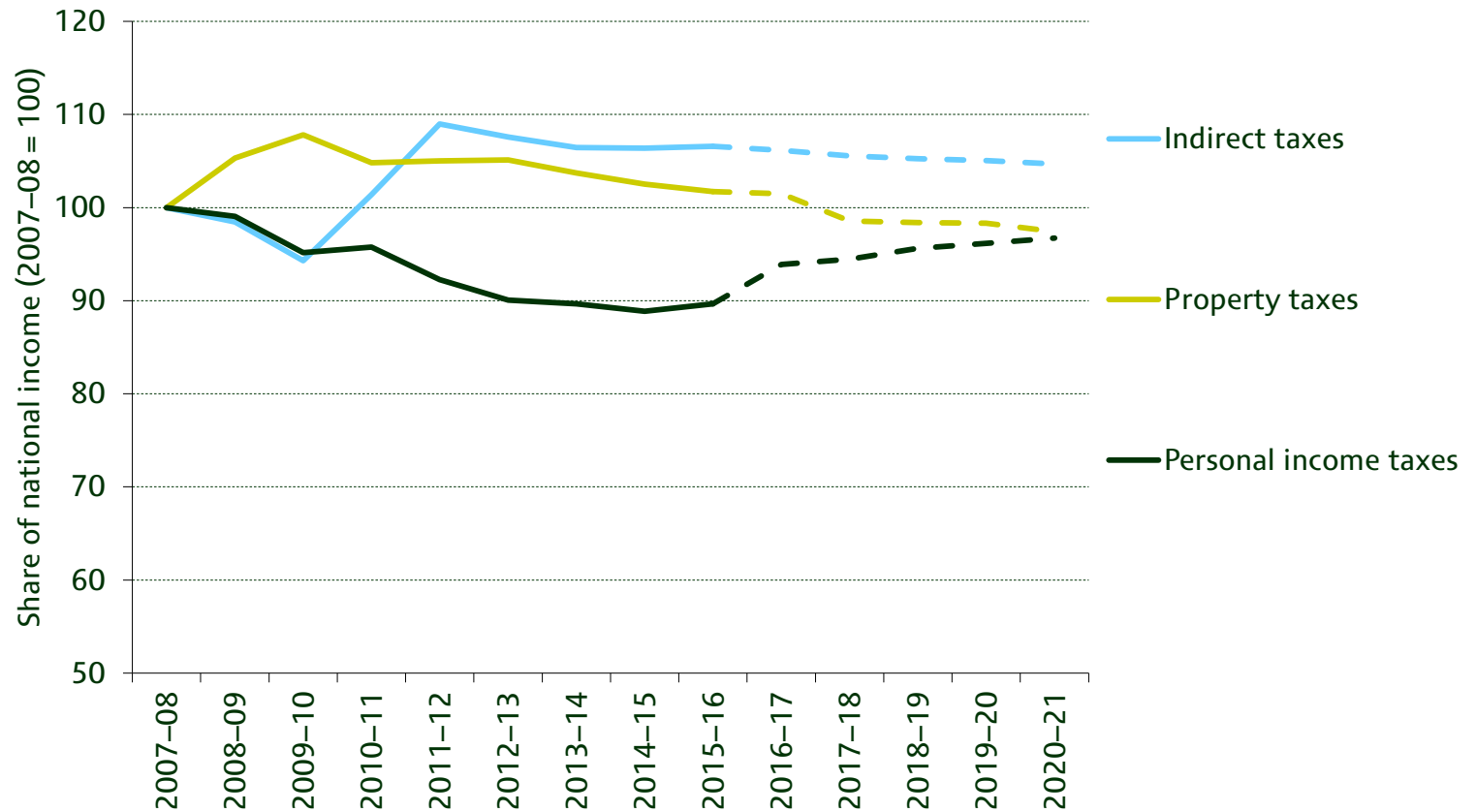
Tax receipts in 2015-16



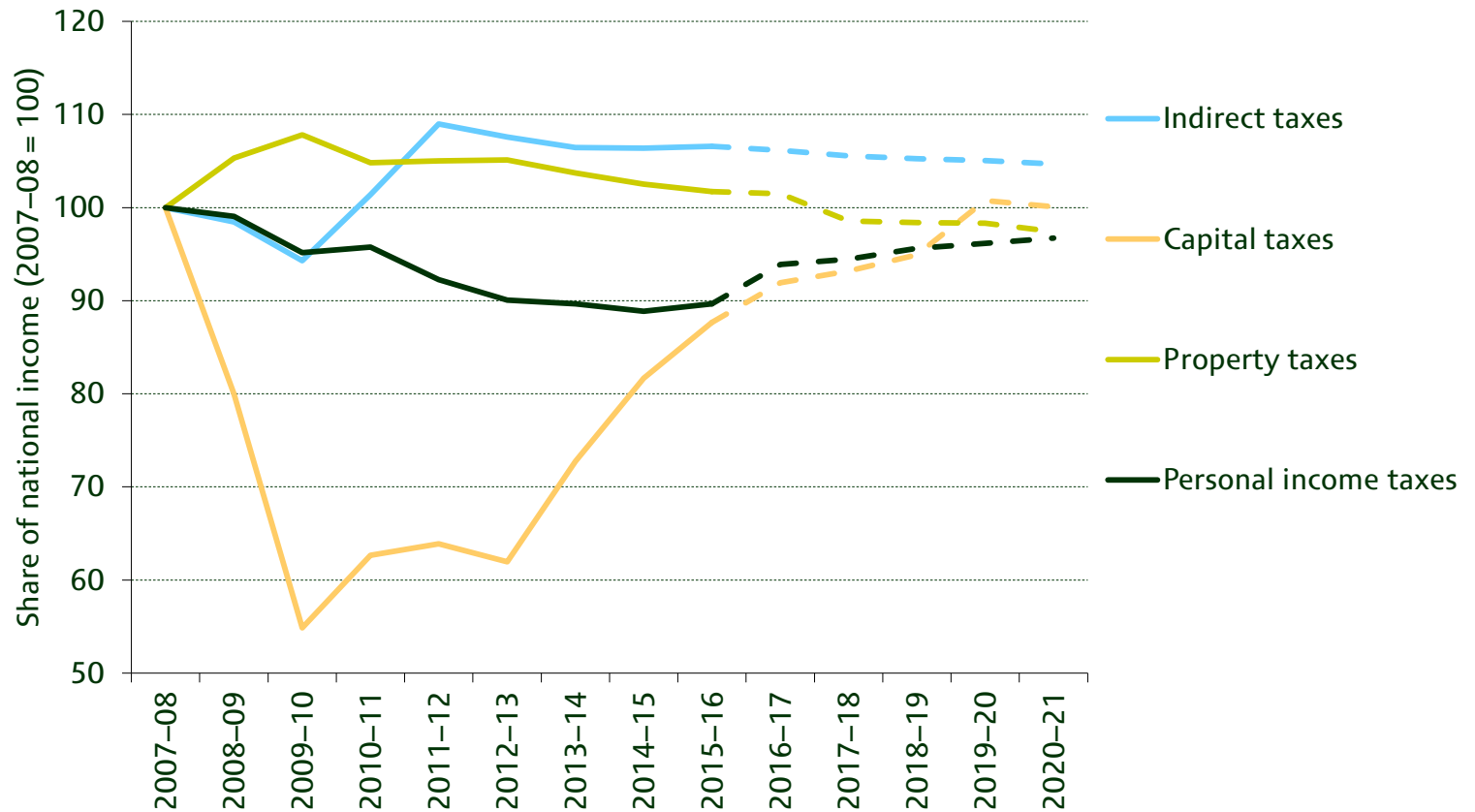
Changing shares since 2007-08



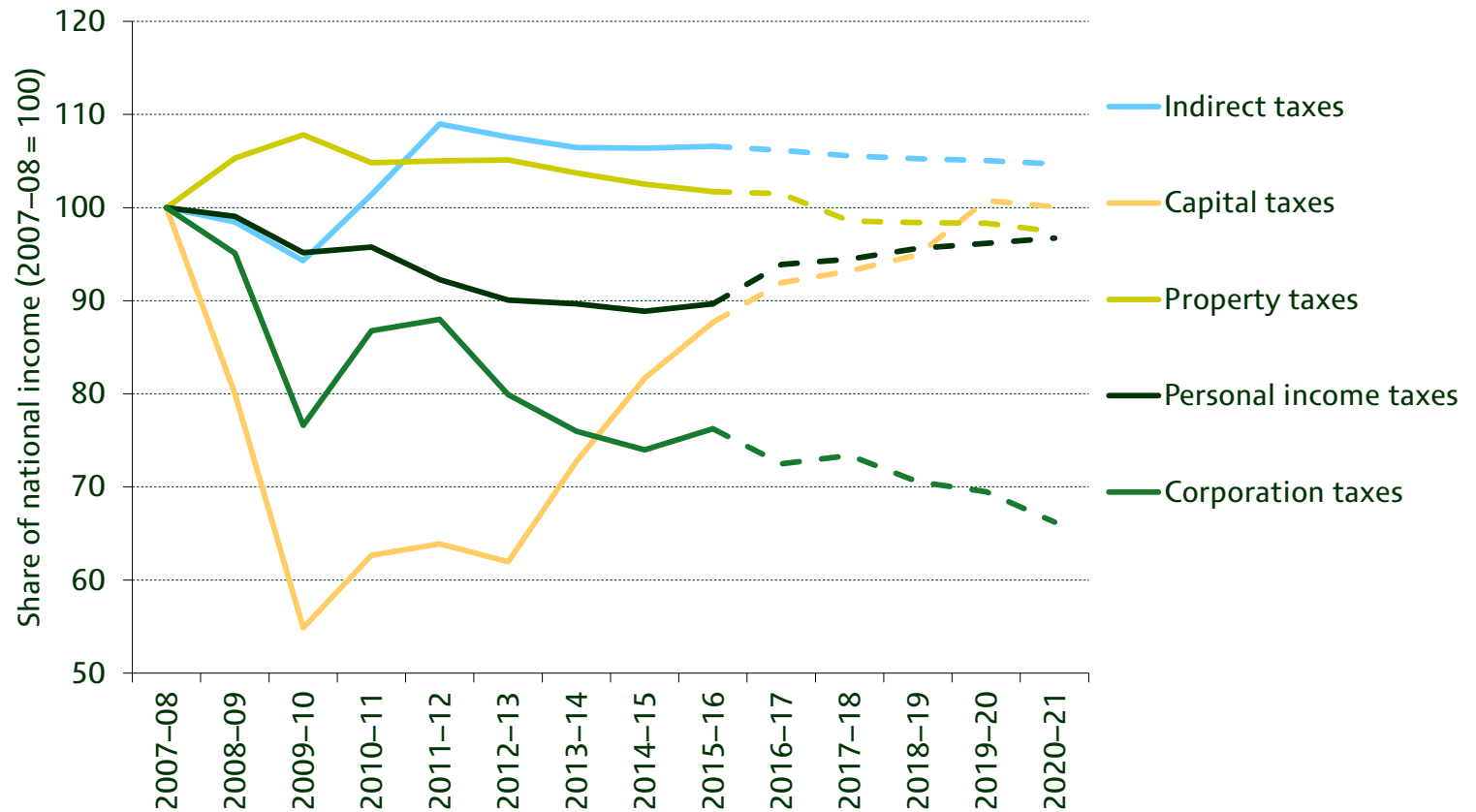
Changing shares since 2007-08



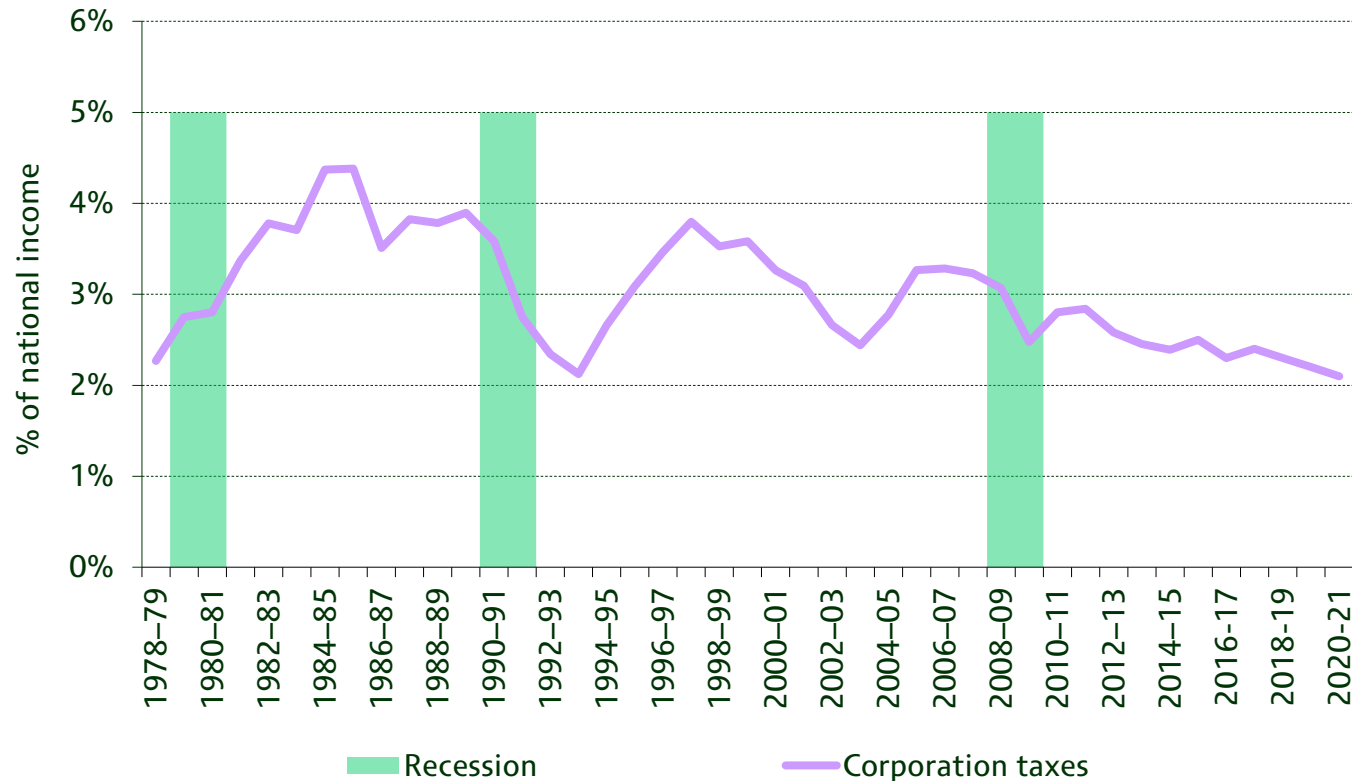
Changing shares since 2007-08



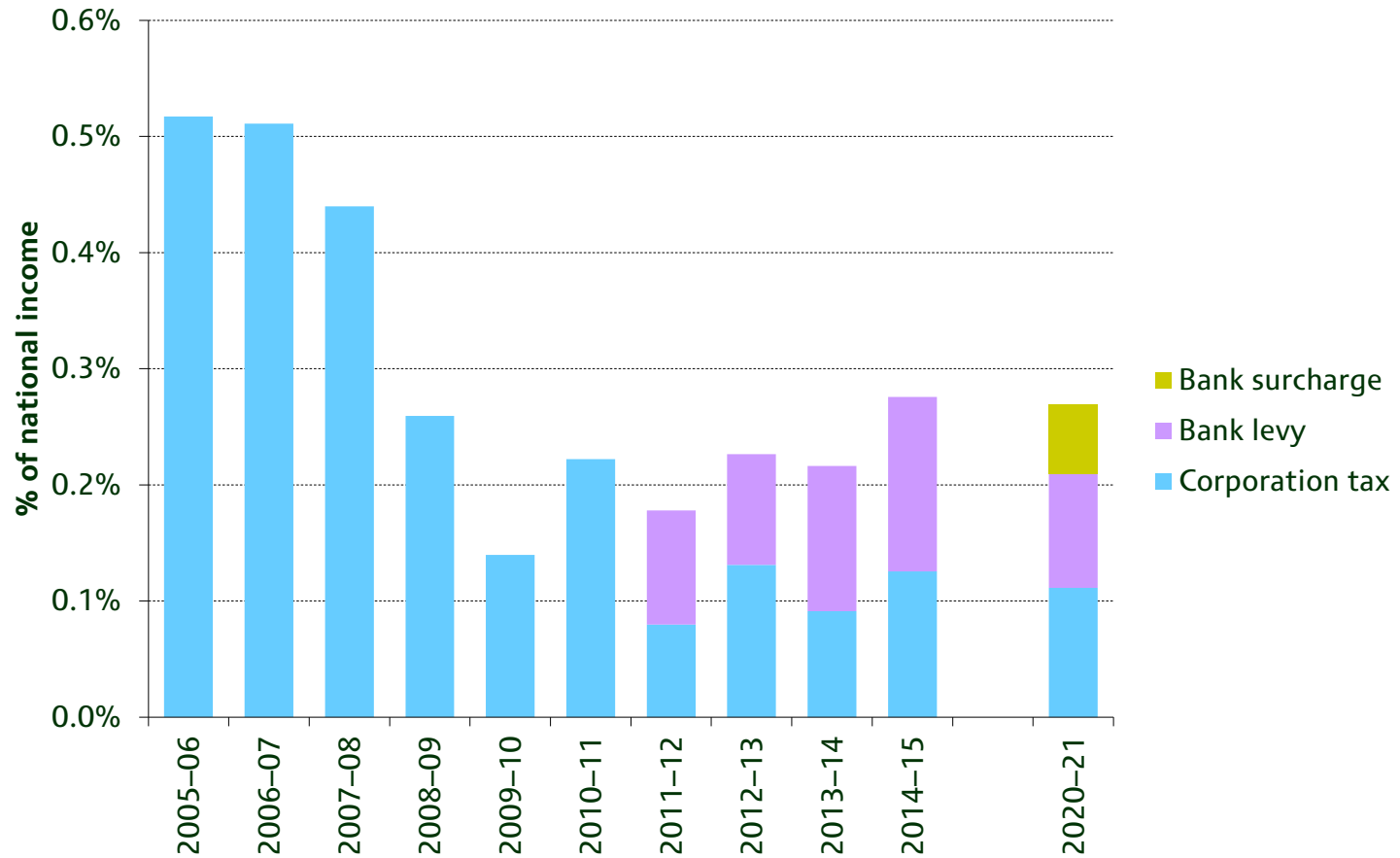
Changing shares since 2007-08



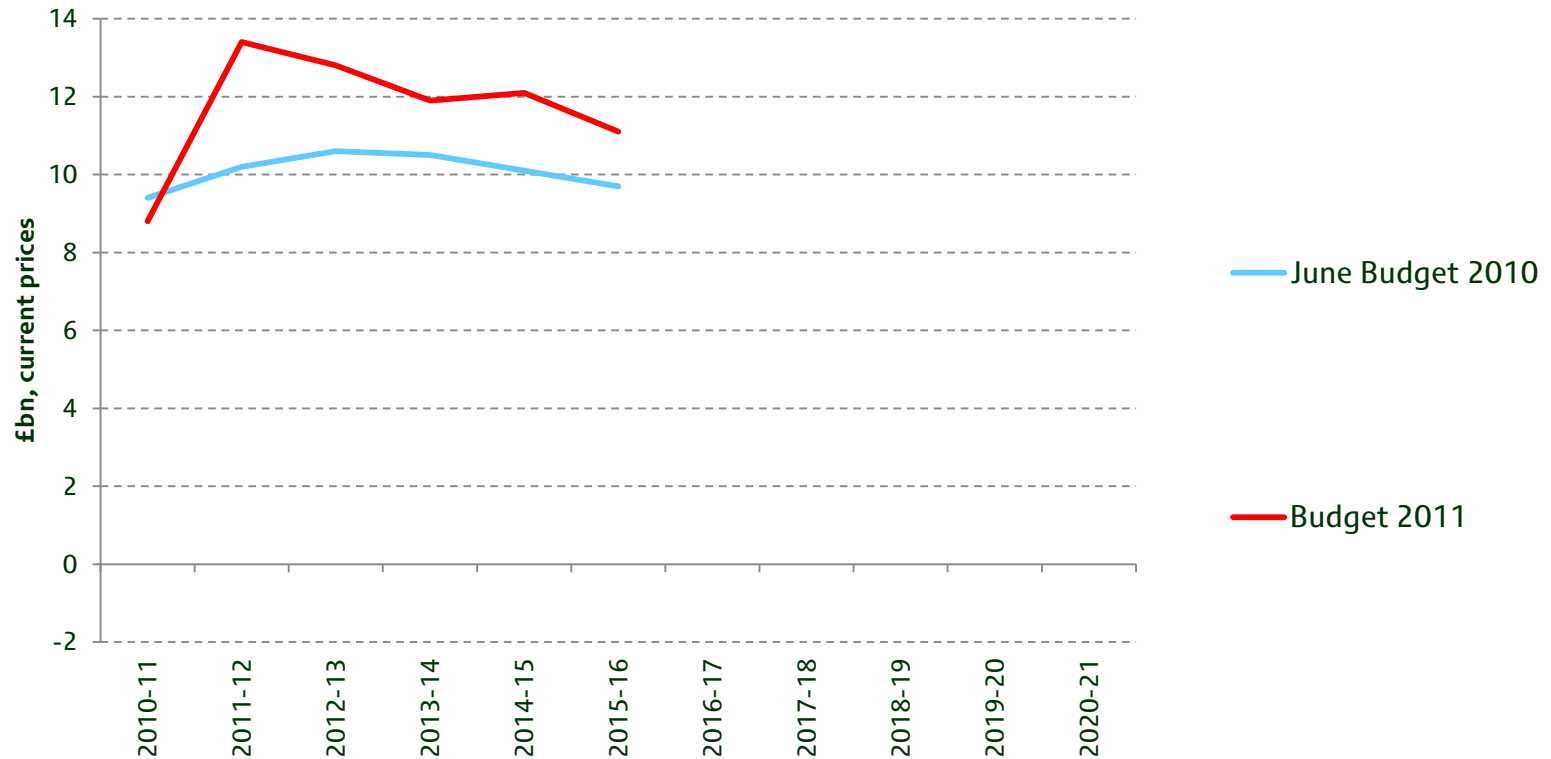
Corporation tax revenues – finally on a declining trend?



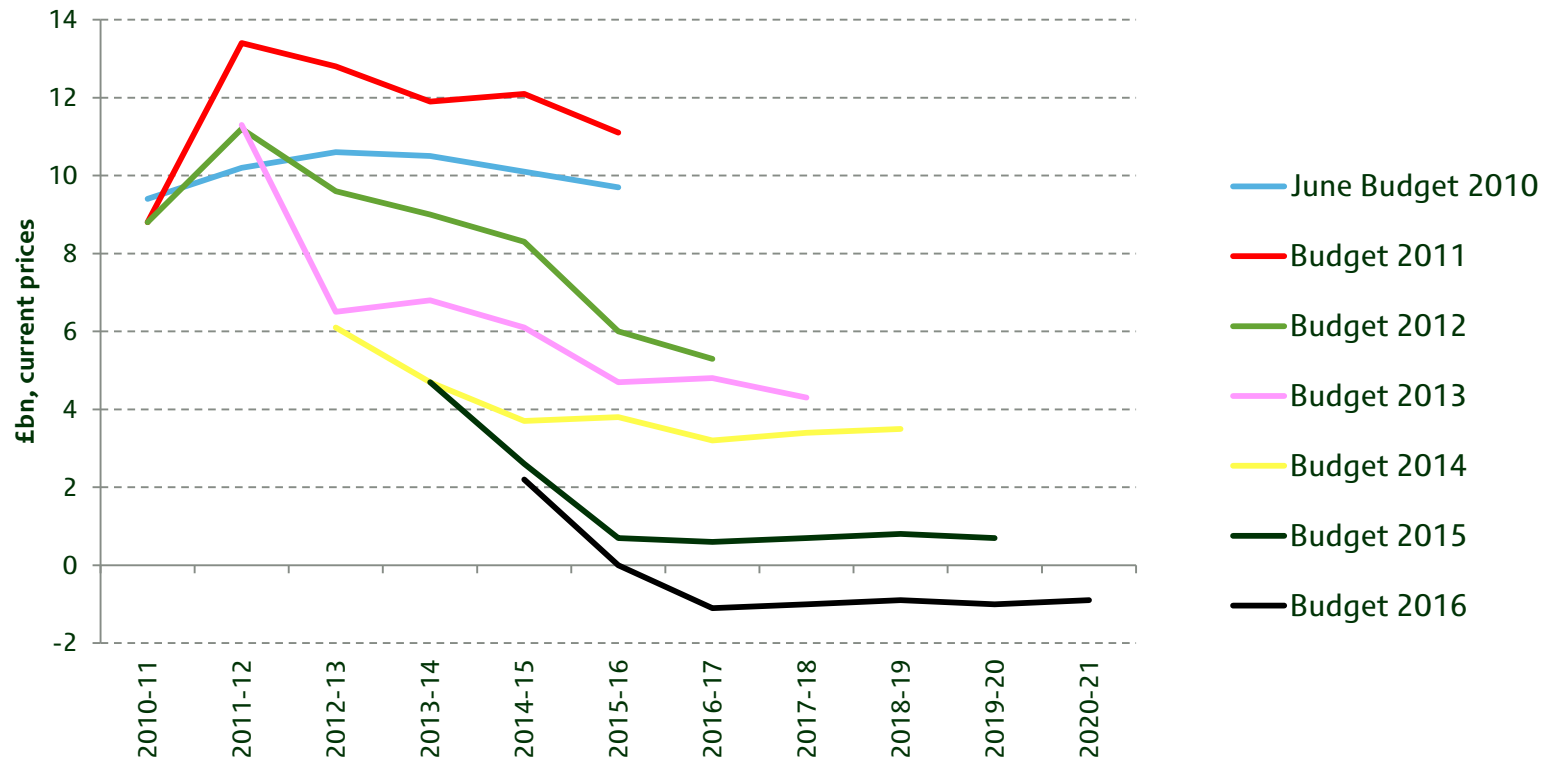
The role of banks



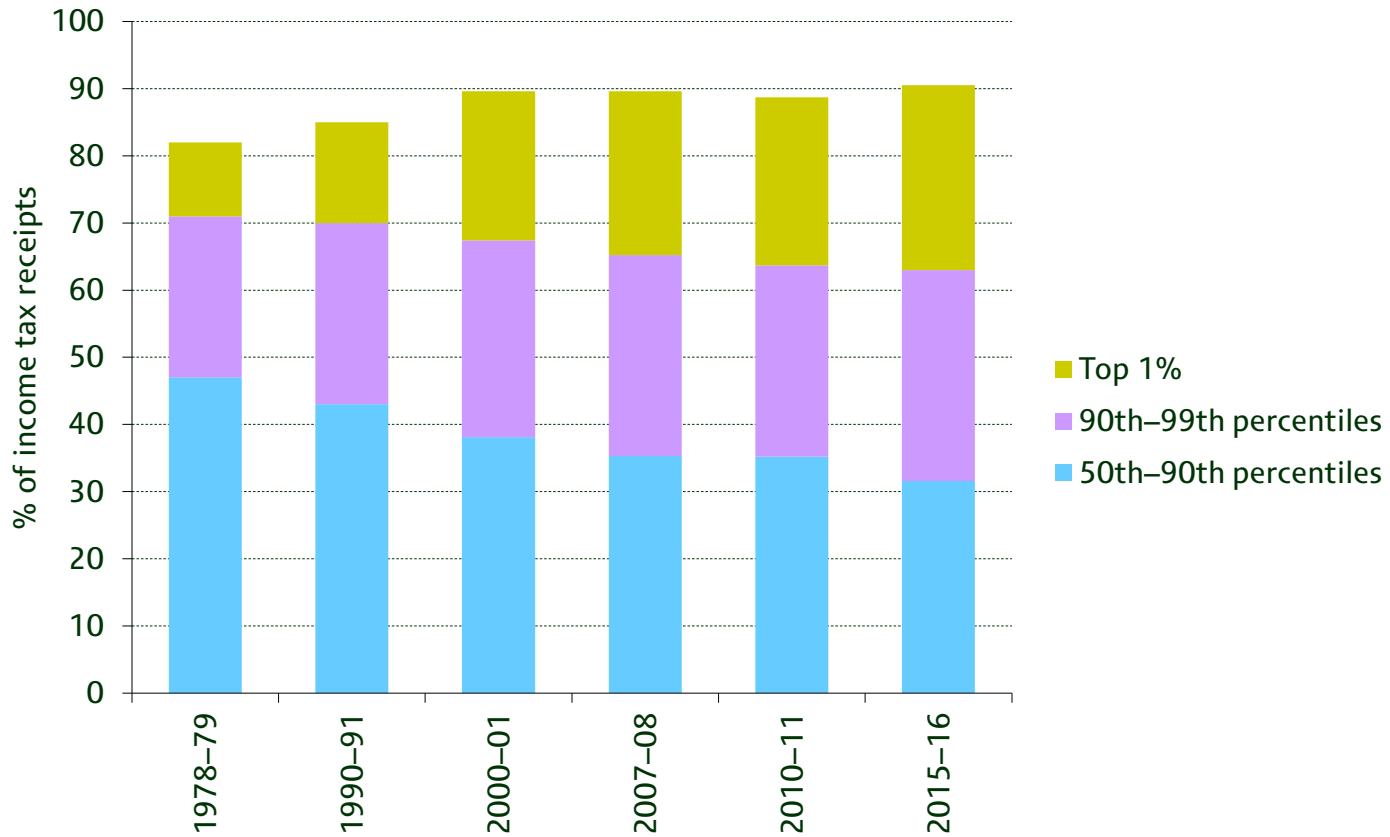
North Sea oil revenue projections



North Sea oil revenue projections



Growing dependence on the very rich



Policy risk

- £8 billion cost of increasing personal allowance and higher rate threshold as promised in manifesto
- OBR assumes fuel duties rise with inflation
 - Failure to do that this year makes that look unlikely
- Other thresholds frozen in cash terms
 - 40% more additional rate taxpayers since April 2010
 - 50% increase over next five years in numbers losing child benefit
- Increasing reliance on small and new taxes increases complexity
 - Over £7bn in entirely new taxes by 2020
 - DPT, bank tax, apprenticeship levy, sugar tax

Economic risk

- £260 billion of income tax and NI receipts, highly sensitive to earnings growth
 - Recent combination of high employment and low earnings growth has hit revenues hard
- Specific risks to
 - Stamp duties – depending on the housing market
 - Capital taxes – depending on the stock market

Big choices

- What is the strategy for fuel taxes?
- Are we in new equilibrium with lower CT revenues?
- What risks does reliance on the very rich bring?
- Will reluctance to increase major taxes continue to lead to more and more smaller taxes
 - And associated complexity
- Is tax and spending at 37% of national income sustainable into the long term?