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Research Report

The IFS Green Budget: October 2018

IFS Report, No. R152

Provided in Cooperation with:

Institute for Fiscal Studies (IFS), London

Suggested Citation: Zaranko, Ben (Ed.); Farquharson, Christine (Ed.); Johnson, Paul (Ed.) (2018) : The IFS Green Budget: October 2018, IFS Report, No. R152, ISBN 978-1-912805-12-9, Institute for Fiscal Studies (IFS), London, <http://dx.doi.org/10.1920/re.ifs.2018.0152>

This Version is available at:

<http://hdl.handle.net/10419/235050>

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Appendix A. Headline tax and benefit rates and thresholds

	2018-19	2019-20 ^a
Income tax		
Personal allowance	£11,850 p.a.	£12,140 p.a.
Married couple's allowance, restricted to 10% (at least one spouse/civil partner born before 6/4/35)	£8,695 p.a.	£8,905 p.a.
Basic rate ^b	20%	20%
Higher rate ^b	40%	40%
Additional rate ^b	45%	45%
Basic-rate limit ^b	£34,500 p.a.	£35,400 p.a.
Higher-rate limit ^b	£150,000 p.a.	£150,000 p.a.
Threshold for personal allowance withdrawal	£100,000 p.a.	£100,000 p.a.
Personal savings allowance, basic (higher) rate	£1,000 (£500) p.a.	£1,000 (£500) p.a.
Starting-rate limit (for savings income)	£5,000 p.a.	£5,000 p.a.
Tax rates on savings income	0%, 20%, 40%, 45%	0%, 20%, 40%, 45%
Dividend allowance	£2,000 p.a.	£2,000 p.a.
Tax rates on dividend income	7.5%, 32.5%, 38.1%	7.5%, 32.5%, 38.1%
National Insurance contributions		
Earnings threshold	£162 p.w.	£166 p.w.
Upper earnings limit (UEL)	£892 p.w.	£913 p.w.
Employee rate – below UEL	12%	12%
– above UEL	2%	2%
Employer rate	13.8%	13.8%
Apprenticeship levy		
Rate	0.5%	0.5%
Allowance	£15,000 p.a.	£15,000 p.a.
Corporation tax		
Main rate	19%	19%
Bank surcharge	8%	8%

	2018-19	2019-20 ^a
Bank levy		
Rates: equity and long-term liabilities	0.08% (0.075% from Jan 2019)	0.075% (0.07% from Jan 2020)
short-term liabilities	0.16% (0.15% from Jan 2019)	0.15% (0.14% from Jan 2020)
Capital gains tax		
Annual exempt amount (for individuals)	£11,700 p.a.	£12,000 p.a.
Standard rate – housing and carried interest	18%	18%
– other assets	10%	10%
Higher rate – housing and carried interest	28%	28%
– other assets	20%	20%
Entrepreneurs' relief rate	10%	10%
Inheritance tax		
Nil-rate band	£325,000	£325,000
Residence nil-rate band	£125,000	£150,000
Rate for transfer at or near death	40%	40%
Value added tax		
Registration threshold	£85,000 p.a.	£85,000 p.a.
Standard rate	20%	20%
Reduced rate	5%	5%
Excise duties		
Beer (pint at 3.9% ABV)	42.3p	43.5p ^c
Wine (75cl bottle at 12% ABV)	216p	223p ^c
Spirits (70cl bottle at 40% ABV)	805p	829p ^c
20 cigarettes: ^d specific duty	434p	459p ^c
<i>ad valorem</i> (16.5% of retail price)	169p	175p ^c
Ultra-low-sulphur petrol (litre)	57.95p	57.95p
Ultra-low-sulphur diesel (litre)	57.95p	57.95p
Air passenger duty		
Band A (up to 2,000 miles): economy	£13	£13
club & first class	£26	£26
Band B (over 2,000 miles): economy	£78	£78
club & first class	£156	£172
Betting and gaming duty		
Gaming duty (depends on gross gaming yield)	15-50%	15-50%
Spread betting rate: financial bets	3%	3%
other bets	10%	10%

	2018–19	2019–20 ^a
Insurance premium tax		
Standard rate	12%	12%
Higher rate	20%	20%
Stamp duty land tax (England)^e		
First time buyers of residential property valued under £500,000:		
up to £300,000	0%	0%
£300,000–£500,000	5%	5%
All other residential property purchases:		
up to £125,000	0%	0%
£125,000–£250,000	2%	2%
£250,000–£925,000	5%	5%
£925,000–£1,500,000	10%	10%
above £1,500,000	12%	12%
Non-residential property purchases:		
up to £150,000	0%	0%
£150,000–£250,000	2%	2%
above £250,000	5%	5%
Stamp duty on shares		
Rate	0.5%	0.5%
Vehicle excise duty		
Petrol/diesel cars registered after 1/4/17:		
First year (emissions-based)	£0–£2,070	£0–£2,130 ^c
Subsequent years	£140 p.a.	£145 p.a. ^c
Petrol/diesel cars registered 1/3/01–31/3/17:		
Graduated (emissions-based) system	£0–£555 p.a.	£570 p.a. ^c
Heavy goods vehicles (varies according to vehicle type and weight)	£165–£1,850 p.a.	£170–£1,905 p.a. ^c
Landfill tax^f		
Standard rate	£88.95 per tonne	£91.60 per tonne ^c
Lower rate (inactive waste only)	£2.80 per tonne	£2.90 per tonne ^c
Climate change levy		
Electricity	0.583p/kWh	0.847p/kWh
Natural gas	0.203p/kWh	0.339p/kWh
Liquefied petroleum gas	1.304p/kg	2.175p/kg
Any other taxable commodity	1.591p/kg	2.653p/kg
Council tax		
Average band D rate in England	£1,671	Councils to set

	2018-19	2019-20 ^a
Business rates		
Rate applicable for mid-value properties ^g in:		
England	48.0%	49.2%
Scotland	48.0%	49.2%
Wales	51.4%	52.6%
Income support / income-based JSA / income-based ESA		
Single (aged 25 or over)	£73.10 p.w.	£73.10 p.w.
Couple (both aged 18 or over)	£114.85 p.w.	£114.85 p.w.
ESA additional components and premiums		
Work-related activity component ^h	£29.05 p.w.	£29.75 p.w.
Support group component	£37.65 p.w.	£38.55 p.w.
Carer premium	£36.00 p.w.	£36.85 p.w.
Severe disability premium	£64.30 p.w.	£65.85 p.w.
Enhanced disability premium: – single	£16.40 p.w.	£16.80 p.w.
– couple	£23.55 p.w.	£24.10 p.w.
Personal independence payment		
Daily living component: – standard rate	£57.30 p.w.	£58.70 p.w.
– enhanced rate	£85.60 p.w.	£87.65 p.w.
Mobility component: – standard rate	£22.65 p.w.	£23.20 p.w.
– enhanced rate	£59.75 p.w.	£61.20 p.w.
State pension		
Basic state pension, for those who reached SPA before 6/4/16:		
– single	£125.95 p.w.	£129.20 p.w.
– couple	£201.45 p.w.	£206.70 p.w.
Single-tier pension, for those who reach SPA on or after 6/4/16:	£164.35 p.w.	£168.60 p.w.
Winter fuel payment		
For those born before 6/11/53:		
and aged under 80	£200 p.a.	£200 p.a.
aged 80 or over	£300 p.a.	£300 p.a.

	2018-19	2019-20 ^a
Pension credit		
Guarantee credit, for those over female SPA:		
single	£163.00 p.w.	£167.25 p.w.
couple	£248.80 p.w.	£255.30 p.w.
Savings credit, for those aged 65 or over who reached SPA before 6/4/16:		
threshold		
- single	£140.67 p.w.	£144.05 p.w.
- couple	£223.82 p.w.	£229.19 p.w.
maximum		
- single	£13.40 p.w.	£13.72 p.w.
- couple	£14.99 p.w.	£15.35 p.w.
withdrawal rate	40%	40%
Child benefit		
First child	£20.70 p.w.	£20.70 p.w.
Other children	£13.70 p.w.	£13.70 p.w.
Threshold	£50,000 p.a.	£50,000 p.a.
Withdrawal rate	1% per £100	1% per £100
Child tax credit		
Family element ⁱ	£545 p.a.	£545 p.a.
Child element ^j	£2,780 p.a.	£2,780 p.a.
Working tax credit		
Basic element	£1,960 p.a.	£1,960 p.a.
Couple and lone-parent element	£2,010 p.a.	£2,010 p.a.
30-hour element	£810 p.a.	£810 p.a.
Childcare element:		
maximum eligible cost for one child	£175 p.w.	£175 p.w.
maximum eligible cost for two or more children	£300 p.w.	£300 p.w.
proportion of eligible costs covered	70%	70%
Features common to child and working tax credits		
Threshold	£6,420 p.a.	£6,420 p.a.
Threshold if entitled to child tax credit only	£16,105 p.a.	£16,105 p.a.
Withdrawal rate	41%	41%

	2018-19	2019-20 ^a
Universal credit		
Standard allowance:		
single (aged 25 or over)	£317.82 p.m.	£317.82 p.m.
couple (at least one aged 25 or over)	£498.89 p.m.	£498.89 p.m.
Child element ^j	£231.67 p.m.	£231.67 p.m.
Premium for first child ⁱ	£45.41 p.m.	£45.41 p.m.
Limited capability for work element ^h	£126.11 p.m.	£129.14 p.m.
Limited capability for work-related activity element	£328.32 p.m.	£336.20 p.m.
Carer element	£156.45 p.m.	£160.20 p.m.
Childcare element:		
maximum eligible cost for one child	£646.35 p.m.	£646.35 p.m.
maximum eligible cost for two or more children	£1,108.04 p.m.	£1,108.04 p.m.
proportion of eligible costs covered	85%	85%
Work allowance (awarded to claimants with children or a limited capability for work):		
claim includes housing support	£198.00 p.m.	£203.00 p.m.
claim includes no housing support	£409.00 p.m.	£419.00 p.m.
Withdrawal rate	63%	63%
Maternity benefits		
Sure Start maternity grant	£500	£500
Statutory maternity pay:		
weeks 1-6	90% of earnings	90% of earnings
weeks 7-33	£145.18 p.w., or 90% of earnings if lower	£148.66 p.w., or 90% of earnings if lower
Maternity allowance	£145.18 p.w.	£148.66 p.w.

JSA = Jobseeker's allowance; ESA = Employment and support allowance; SPA = State pension age; ABV = Alcohol by volume.

^a 2019-20 figures take pre-announced values where available and estimated results of standard indexation – where available – otherwise.

^b Income tax rates and thresholds are different in Scotland (except for savings and dividend income). A rate of 19% applies to the first £2,000 of taxable income, 20% to the next £10,150, and 21% to the next £19,430; the higher rate is 41% and applies to taxable income above £31,580, and the additional rate is 46% and applies to incomes above £150,000.

^c Assumes RPI inflation of 3.0% in the year to the second quarter of 2019 as forecast in Office for Budget Responsibility, *Economic and Fiscal Outlook: March 2018*, <http://obr.uk/efo/economic-fiscal-outlook-march-2018/>. Note that tobacco and alcohol duties change on Budget day and in February respectively, not in April.

^d Assumes the August 2018 average pre-tax price of 20 king-size filter cigarettes (based on series CZMP from Table 55 of ONS's consumer price inflation tables, <https://www.ons.gov.uk/economy/inflationandpriceindices/datasets/consumerpriceinflation>).

^e Scotland and Wales operate different systems of property transaction taxes – called land and building transactions tax and land transaction tax, respectively – with different rates and thresholds.

^f Scotland and Wales operate their own systems – Scottish landfill tax and landfill disposal tax, respectively – but current set rates the same as those in the rest of the UK.

^g Applies to businesses with a rateable value between £15,000 and £51,000 in England, between £18,000 and £51,000 in Scotland, and above £12,000 in Wales (assuming in all cases that the business occupies a single property). Lower rates apply to properties below these ranges, and higher rates to properties above these ranges (in England and Scotland). An additional 0.5% is payable on properties in the City of London. Northern Ireland operates a different system with locally varying rates.

^h Only available for claims that began before April 2017.

ⁱ Only available to families with a child born before April 2017.

^j From April 2017, some families with more than two children are not awarded the child element for third and subsequent children, depending on the children's dates of birth and whether the claim was to child tax credit or universal credit.

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<https://www.gov.uk/guidance/inheritance-tax-residence-nil-rate-band>

For descriptions of the tax and benefit systems, see T. Pope and T. Waters, 'A survey of the UK tax system', IFS Briefing Note BN9, 2016, <http://www.ifs.org.uk/publications/1711> and A. Hood and A. Norris Keiller, 'A survey of the UK benefit system', IFS Briefing Note BN13, 2016, <http://www.ifs.org.uk/publications/1718>.

For a summary of the main tax measures introduced in each Budget, Pre-Budget Report and Autumn Statement since 1979, see http://www.ifs.org.uk/uploads/publications/ff/budget_measures.xls.

For estimates of the effects of various illustrative tax changes on government revenues, see HMRC Collection, 'Tax ready reckoner statistics', <https://www.gov.uk/government/collections/tax-expenditures-and-ready-reckoners>.

Appendix B. Abbreviations

AAT	Aid Attitudes Tracker
ACP	African, Caribbean and Pacific
AIA	annual investment allowance
AME	annually managed expenditure
APF	Asset Purchase Facility
BBC	British Broadcasting Corporation
BEIS	Department for Business, Energy and Industrial Strategy
BEPS	base erosion and profit shifting
bn	billion
BoE	Bank of England
CDC	the UK's development finance institution
CDEL	capital departmental expenditure limit
CEP	Centre for Economic Performance
CES	constant elasticity of substitution
CETA	Comprehensive Economic and Trade Agreement
CGT	capital gains tax
CIPFA	Chartered Institute of Public Finance and Accountancy
CPI	Consumer Prices Index
CRS	Creditor Reporting System
CSSF	Conflict, Stability and Security Fund
CSTO	Collective Security Treaty Organisation
DAC	Development Assistance Committee
DEFRA	Department for Environment, Food and Rural Affairs
DEL	departmental expenditure limit
DFI	development finance institution
DfID	Department for International Development
DHSC	Department of Health and Social Care
DUP	Democratic Unionist Party
DWP	Department for Work and Pensions
EDF	European Development Fund
EEA	European Economic Area

EFO	Economic and Fiscal Outlook
EFTA	European Free Trade Association
ERI	Exchange Rate Index
EU	European Union
FCA	Financial Conduct Authority
FCO	Foreign and Commonwealth Office
FDI	foreign direct investment
FRS	Family Resources Survey
FTA	free trade agreement
G7	Group of Seven countries: Canada, France, Germany, Italy, Japan, UK, US
G8	Group of eight countries: Canada, France, Germany, Italy, Japan, Russia, UK, US
GAD	Government Actuary's Department
GATT	General Agreement on Tariffs and Trade
GAVI	Global Alliance for Vaccines and Immunisations
GCHQ	Government Communications Headquarters
GCRF	Global Challenges Research Fund
GCSE	General Certificate of Secondary Education
GDP	gross domestic product
GNI	gross national income
GPA	Government Property Agency
GPS	Citi Global Perspectives and Solutions report
GVA	gross value added
HE	higher education
HM	Her Majesty's
HMP	Her Majesty's Prison
HMRC	Her Majesty's Revenue and Customs
HMT	Her Majesty's Treasury
HRT	higher-rate threshold
ICAEW	Institute of Chartered Accountants in England and Wales
ICAI	Independent Commission for Aid Impact
IDA	International Development Association
IDC	International Development Committee

IfG	Institute for Government
IFS	Institute for Fiscal Studies
IMF	International Monetary Fund
ISA	individual savings account
IT	information technology
JIO	Joint Intelligence Organisation
kg	kilogram
KORUS	United-States–Korea free trade agreement
LA	local authority
LDC	Least Developed Country
LH	left-hand
LHS	left-hand side
LSE	London School of Economics
LTI	loan-to-income
m	million
MDP	Modernising Defence Programme
MDR	Multilateral Development Review
MFF	Multiannual Financial Framework
MFN	most-favoured nation
MHCLG	Ministry of Housing, Communities and Local Government
MI5	Security Service
MI6	Secret Intelligence Service
MoD	Ministry of Defence
NAO	National Audit Office
NATO	North Atlantic Treaty Organisation
n.e.c.	not elsewhere classified
NFF	national funding formula
NHS	National Health Service
NI	Northern Ireland
NICs	National Insurance contributions
NIESR	National Institute of Economic and Social Research
NPIF	National Productivity Investment Fund
NSC	National Security Council

NTB	non-tariff barrier
OBR	Office for Budget Responsibility
OCTs	overseas countries and territories
ODA	official development assistance
OECD	Organisation for Economic Cooperation and Development
ONS	Office for National Statistics
p.a.	per annum
PA	personal allowance
PAYE	Pay As You Earn
PESA	Public Expenditure Statistical Analyses
PFI	Private Finance Initiative
PM	Prime Minister
ppt	percentage point
PRGT	Poverty Reduction Growth Trust
PSCE	public sector current expenditure
PSGI	public sector gross investment
PSNB	public sector net borrowing
PSNI	public sector net investment
p.w.	per week
Q	quarter
QQ	quarter-on-quarter
R&D	research and development
RAF	Royal Air Force
RBS	Royal Bank of Scotland
RDEL	resource departmental expenditure limit
RH	right-hand
RHS	right-hand side
RPI	Retail Prices Index
RTA	regional trade agreement
SDSR	National Security Strategy and Strategic Defence and Security Review
SE	self-employed
SIA	Single Intelligence Account
SID	statistics on international development

SIS	Secret Intelligence Service
SNP	Scottish National Party
SPA	state pension age
SR	Spending Review
SSCs	social security contributions
SUME	single-use military equipment
TAXBEN	the IFS tax and benefit microsimulation model
TDEL	total departmental expenditure limit
TiVA	trade in value added
TME	total managed expenditure
TREVI	<i>Terrorisme, Radicalisme, Extrémisme et Violence internationale</i>
UAV	unmanned aerial vehicle
UC	universal credit
UEL	upper earnings limit
UK	United Kingdom
UN	United Nations
UPL	upper profits limit
US	United States
VAT	value added tax
WASH	water, sanitation and hygiene
WGA	Whole of Government Accounts
WIOD	World Input–Output Database
WTO	World Trade Organisation
YY	year-on-year