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**Research Report**

## The IFS Green Budget: October 2019

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## Appendix A. Headline tax and benefit rates and thresholds

	2019–20	2020–21 <sup>a</sup>
<b>Income tax</b>		
Personal allowance	£12,500 p.a.	£12,500 p.a.
Married couple's allowance, restricted to 10% (at least one spouse/civil partner born before 6/4/35)	£8,915 p.a.	£9,065 p.a.
Basic rate <sup>b</sup>	20%	20%
Higher rate <sup>b</sup>	40%	40%
Additional rate <sup>b</sup>	45%	45%
Basic-rate limit <sup>b</sup>	£37,500 p.a.	£37,500 p.a.
Higher-rate limit <sup>b</sup>	£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%
<b>National Insurance contributions</b>		
Earnings threshold	£166 p.w.	£169 p.w.
Upper earnings limit (UEL)	£962 p.w.	£962 p.w.
Employee rate – below UEL	12%	12%
– above UEL	2%	2%
Employer rate	13.8%	13.8%
<b>Apprenticeship levy</b>		
Rate	0.5%	0.5%
Allowance	£15,000 p.a.	£15,000 p.a.
<b>Corporation tax</b>		
Main rate	19%	17%
Bank surcharge	8%	8%

	2019-20	2020-21 <sup>a</sup>
<b>Bank levy</b>		
Rates: equity and long-term liabilities	0.075% (0.07% from Jan 2020)	0.07% (0.05% from Jan 2021)
short-term liabilities	0.15% (0.14% from Jan 2020)	0.14% (0.10% from Jan 2021)
<b>Capital gains tax</b>		
Annual exempt amount (for individuals)	£12,000 p.a.	£12,200 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%
<b>Inheritance tax</b>		
Nil-rate band	£325,000	£325,000
Residence nil-rate band	£150,000	£175,000
Rate for transfer at or near death	40%	40%
<b>Value added tax</b>		
Registration threshold	£85,000 p.a.	£85,000 p.a.
Standard rate	20%	20%
Reduced rate	5%	5%
<b>Excise duties</b>		
Beer (pint at 3.9% ABV)	42.3p	43.4p <sup>c</sup>
Wine (75cl bottle at 12% ABV)	223p	229p <sup>c</sup>
Spirits (70cl bottle at 40% ABV)	805p	826p <sup>c</sup>
20 cigarettes: <sup>d</sup> specific duty	457p	480p <sup>c</sup>
<i>ad valorem</i> (16.5% of retail price)	178p	183p <sup>c</sup>
Ultra-low-sulphur petrol (litre)	57.95p	59.46p <sup>c</sup>
Ultra-low-sulphur diesel (litre)	57.95p	59.46p <sup>c</sup>
<b>Air passenger duty</b>		
Band A (up to 2,000 miles): economy	£13	£13
club & first class	£26	£26
Band B (over 2,000 miles): economy	£78	£80
club & first class	£172	£176
<b>Betting and gaming duty</b>		
Gaming duty (depends on gross gaming yield)	15-50%	15-50%
Spread betting rate: financial bets	3%	3%
other bets	10%	10%

	2019–20	2020–21 <sup>a</sup>
<b>Insurance premium tax</b>		
Standard rate	12%	12%
Higher rate	20%	20%
<b>Stamp duty land tax (England)<sup>e</sup></b>		
First-time buyers of residential property valued		
up to £500,000:		
up to £300,000	0%	0%
£300,000–£500,000	5%	5%
Other residential property purchases (excl. second homes):		
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%
<b>Stamp duty on shares</b>		
Rate	0.5%	0.5%
<b>Vehicle excise duty</b>		
Petrol/diesel cars registered after 1/4/17:		
First year (emissions-based)	£0–£2,135 p.a.	£0–£2,190 p.a. <sup>c</sup>
Subsequent years	£145 p.a.	£150 p.a. <sup>c</sup>
Petrol/diesel cars registered 1/3/01–31/3/17:		
Graduated (emissions-based) system	£0–£570 p.a.	£0–£585 p.a. <sup>c</sup>
<b>Landfill tax<sup>f</sup></b>		
Standard rate	£91.35 per tonne	£94.15 per tonne
Lower rate (inactive waste only)	£2.90 per tonne	£3.00 per tonne
<b>Climate change levy</b>		
Electricity	0.847p/kWh	0.811p/kWh
Natural gas	0.339p/kWh	0.406p/kWh
Liquefied petroleum gas	2.175p/kg	2.175p/kg
Any other taxable commodity	2.653p/kg	3.174p/kg
<b>Council tax</b>		
Average band D rate in England	£1,750	Councils to set



	2019-20	2020-21 <sup>a</sup>
<b>Pension credit</b>		
Guarantee credit, for those over female SPA:		
single	£167.25 p.w.	£173.95 p.w.
couple	£255.25 p.w.	£265.45 p.w.
Savings credit, for those aged 65 or over who reached SPA before 6/4/16:		
threshold		
- single	£144.38 p.w.	£146.83 p.w.
- couple	£229.67 p.w.	£233.57 p.w.
maximum		
- single	£13.73 p.w.	£13.96 p.w.
- couple	£15.35 p.w.	£15.61 p.w.
withdrawal rate	40%	40%
<b>Child benefit</b>		
First child	£20.70 p.w.	£21.05 p.w.
Other children	£13.70 p.w.	£13.95 p.w.
Threshold	£50,000 p.a.	£50,000 p.a.
Withdrawal rate	1% per £100	1% per £100
<b>Child tax credit</b>		
Family element <sup>i</sup>	£545 p.a.	£545 p.a.
Child element <sup>j</sup>	£2,780 p.a.	£2,825 p.a.
<b>Working tax credit</b>		
Basic element	£1,960 p.a.	£1,995 p.a.
Couple and lone-parent element	£2,010 p.a.	£2,045 p.a.
30-hour element	£810 p.a.	£825 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%
<b>Features common to child and working tax credits</b>		
Threshold	£6,420 p.a.	£6,420 p.a.
Threshold if entitled to child tax credit only	£16,105 p.a.	£16,380 p.a.
Withdrawal rate	41%	41%

	2019–20	2020–21 <sup>a</sup>
<b>Universal credit</b>		
Standard allowance:		
single (aged 25 or over)	£317.82 p.m.	£323.22 p.m.
couple (at least one aged 25 or over)	£498.89 p.m.	£507.37 p.m.
Child element <sup>j</sup>	£231.67 p.m.	£235.61 p.m.
Premium for first child <sup>i</sup>	£45.41 p.m.	£46.18 p.m.
Limited capability for work element <sup>h</sup>	£126.11 p.m.	£128.25 p.m.
Limited capability for work-related activity element	£336.20 p.m.	£341.92 p.m.
Carer element	£160.20 p.m.	£162.92 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	£287.00 p.m.	£292.00 p.m.
claim includes no housing support	£503.00 p.m.	£512.00 p.m.
Withdrawal rate	63%	63%
<b>Maternity benefits</b>		
Sure Start maternity grant	£500	£500
Statutory maternity pay:		
weeks 1–6	90% of earnings	90% of earnings
weeks 7–39	£148.68 p.w., or 90% of earnings if lower	£151.21 p.w., or 90% of earnings if lower
Maternity allowance	£148.68 p.w.	£151.21 p.w.

Abbreviations: ABV = alcohol by volume; ESA = employment and support allowance; JSA = jobseeker's allowance; SPA = state pension age.

<sup>a</sup> 2020–21 figures take pre-announced values where available and estimated results of standard indexation – where available – otherwise.

<sup>b</sup> Income tax rates and thresholds are different in Scotland (except for savings and dividend income). In 2019–20, a rate of 19% applies to the first £2,050 of taxable income, 20% to the next £10,395 and 21% to the next £18,485; the higher rate is 41% and applies to taxable income above £30,930; and the additional rate is 46% and applies to incomes above £150,000. Rates for 2020–21 are yet to be announced.

<sup>c</sup> Assumes RPI inflation of 2.6% in the year to the second quarter of 2020 as forecast in Office for Budget Responsibility, *Economic and Fiscal Outlook: March 2019*, <http://obr.uk/efo/economic-fiscal-outlook-march-2019/>. Note that tobacco and alcohol duties change on Budget day and in February respectively, not in April.

<sup>d</sup> Assumes the August 2019 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>).

<sup>e</sup> Scotland and Wales operate different systems of property transaction taxes – called land and buildings

transaction tax and land transaction tax, respectively – with different rates and thresholds.

<sup>f</sup> Scotland and Wales operate their own systems – Scottish landfill tax and landfill disposals tax, respectively – but currently set rates the same as those in the rest of the UK.

<sup>g</sup> 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 0.6% is payable on properties in the City of London. Northern Ireland operates a different system with locally varying rates.

<sup>h</sup> Only available for claims that began before April 2017.

<sup>i</sup> Only available to families with a child born before April 2017.

<sup>j</sup> 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.

Sources:

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<https://www.gov.uk/guidance/pay-apprenticeship-levy>

<https://www.gov.uk/government/publications/corporation-tax-to-17-in-2020/corporation-tax-to-17-in-2020>

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<https://www.gov.uk/maternity-pay-leave/pay>

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<http://business.wales.gov.uk/running-business/tax-corporation-tax-allowances-business-rates-vat/business-rates-relief-in-wales>

<https://www.mygov.scot/business-rates-guidance/>

<https://www.cityoflondon.gov.uk/business/business-rates/Pages/small-business-rate-relief.aspx>

<https://www.gov.uk/guidance/rates-and-allowances-for-air-passenger-duty>

<https://www.gov.uk/government/publications/bank-levy-rate-reduction/bank-levy-rate-reduction>

<https://www.gov.uk/capital-gains-tax/overview>

<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 between 1979 and Spring 2017, see [http://www.ifs.org.uk/uploads/publications/ff/budget\\_measures.xls](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, 'Tax ready reckoner statistics', <https://www.gov.uk/government/collections/tax-expenditures-and-ready-reckoners>.

## Appendix B. Abbreviations

ABV	alcohol by volume
AE	advanced economies
AME	annually managed expenditure
APF	Asset Purchase Facility
BEIS	Department for Business, Energy and Industrial Strategy
bn	billion
BoE	Bank of England
bp	basis points
CBI	Confederation of British Industry
CCP	central counterparty
CDEL	capital departmental expenditure limits
CO	Cabinet Office
CO <sub>2</sub>	carbon dioxide
CPB	Netherlands Bureau for Economic Policy Analysis
CPI	Consumer Prices Index
CSD	central securities depository
DCMS	Department for Digital, Culture, Media and Sport
Defra	Department for Environment, Food and Rural Affairs
DEL	departmental expenditure limit
DExEU	Department for Exiting the EU
DfE	Department for Education
DfID	Department for International Development
DfT	Department for Transport
DHSC	Department of Health and Social Care
DIT	Department for International Trade
DUP	Democratic Unionist Party
DWP	Department for Work and Pensions
ECB	European Central Bank
EFO	Economic and Fiscal Outlook
EM	emerging markets
EMTR	effective marginal tax rate
ESA	employment and support allowance
ESRC	Economic and Social Research Council

EU	European Union
FARVAR	functional autoregressive value-at-risk
FCO	Foreign and Commonwealth Office
FCR	fiscal credibility rule
FDI	foreign direct investment
FE	further education
FRS	Family Resources Survey
FTPA	Fixed-Term Parliaments Act
g	grams
G7	Group of Seven countries: Canada, France, Germany, Italy, Japan, UK, US
GATS	General Agreement on Trade in Services
GDP	gross domestic product
GFCF	gross fixed capital formation
GfK	Growth from Knowledge
GVA	gross value added
HM	Her Majesty's
HMG	Her Majesty's Government
HMPPS	Her Majesty's Prison and Probation Service
HMRC	Her Majesty's Revenue and Customs
HMSO	Her Majesty's Stationery Office
HMT	Her Majesty's Treasury
HO	Home Office
HRT	higher-rate threshold
IfG	Institute for Government
IFS	Institute for Fiscal Studies
IMF	International Monetary Fund
ISM	Institute for Supply Management
IT	information technology
JSA	jobseeker's allowance
kg	kilograms
km	kilometres
KORUS	United-States–Korea free trade agreement
kWh	kilowatt-hour
LEL	lower earnings limit
LH	left-hand

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LHS	left-hand side
m	million
max	maximum
MFN	most-favoured nation
MHCLG	Ministry of Housing, Communities and Local Government
min	minimum
MoD	Ministry of Defence
Moj	Ministry of Justice
MP	Member of Parliament
MPC	Monetary Policy Committee
mth	month
NAFTA	North American Free Trade Agreement
NHS	National Health Service
NICs	National Insurance contributions
OBR	Office for Budget Responsibility
ODA	official development assistance
OECD	Organisation for Economic Cooperation and Development
ONS	Office for National Statistics
OTC	over the counter
p	pence
p.a.	per annum
PESA	Public Expenditure Statistical Analyses
PIP	personal independence payment
p.m.	per month
PMI	purchasing managers' index
PNFC	private non-financial corporation
ppt	percentage point(s)
PSCE	public sector current expenditure
PSGI	public sector gross investment
PSNB	public sector net borrowing
PSNI	public sector net investment
PSNW	public sector net worth
PTR	participation tax rate
p.w.	per week
Q	quarter

QQ	quarter on quarter
RDEL	resource departmental expenditure limits
RFID	Radio Frequency Identification
RH	right-hand
RHS	right-hand side
RICS	Royal Institution of Chartered Surveyors
RPI	Retail Prices Index
SIC	Standard Industrial Classification
SMMT	Society of Motor Manufacturers and Traders
SNP	Scottish National Party
SOC	Standard Occupational Classification
SPA	state pension age
TAXBEN	the IFS tax and benefit microsimulation model
TEU	Treaty on European Union
TME	total managed expenditure
UC	universal credit
UEL	upper earnings limit
UK	United Kingdom
UKERC	UK Energy Research Centre
ULEZ	ultra low emission zone
UN	United Nations
UPL	upper profits limit
US	United States
USD	US dollar
USTR	Office of the United States Trade Representative
VAR	vector autoregression
VAT	value added tax
VED	vehicle excise duty
WA	work allowance (in universal credit)
WTO	World Trade Organisation
YY	year on year