The budget - an overview of the elephant traps

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I have only just managed to get anywhere near blogging on the budget due to demands of broadcasters so for a moment I'll stick to my political reactions to what was said and ignore the detail.

This was a deeply political budget - and a failed one at that. The 45p tax rate is a gift to Labour. If the 50p tax rate raised no money then it deserved to go. But as I'll show later - even the OBR said it should have raised money and in that case they had to keep something or lose too much case - so they compromised on 45p. That's an admission that higher rates work but they wanted a give away to the rich anyway. My estimate of the giveaway - well that remains at around £3 billion. I'll come back to this later.

Re the supposed extra tax on the rich - this is simply an increase in stamp duty on houses over £2 million. Sure that taxes the rich but it is so arbitrary that it undermines the principles of any good tax system - not least Adam Smith's which Osborne quoted. Suggesting it's fair to pay more tax because you're mobile has no logic to it at all.

As for the supposed crack down on tax avoidance - that's Graham Aaranson's general anti-avoidance rule [which specifically says it is no such thing](#) and is intended to allow all tax avoidance bar the very most offensive to continue unimpeded, plus the [UK- Swiss tax deal which far from being na anti-avoidance measures specifically permits continued tax evasion](#) by those UK residents who have used that country's tax system for criminal purposes.

In other words this was a tax give away to the rich.

Middle Britain will gain too. The increase in the personal allowance is worth far more to them - up to Almost £900 for some households as opposed to the £200 or so for the average household Osborne highlighted. And for marginal households this can have serious impact in the loss of tax based credits that will mean there is little or not gain for those on very low pay and the margins of employment. Which makes it another own goal.

The child benefit reforms are a massive complication to the tax system for a so-called

simplifying Chancellor, needed to dig him out of a hole. Thousands more households will need to do tax returns to get that one right, and will resent it when they owe many back as a result. Another own goal for Osborne!

That wasn't the only own goal he had to dig his team out of - the oil tax changes were a slap in the face for Danny Alexander's ill thought out reforms a year ago.

But most amazing was Osborne's desire to shoot himself in the other foot politically, Having alienated parents on child benefit last year this year he's chosen to alienate an even bigger lobby. He effectively announced another increase in state retirement age and at the same time said pensioners will have to pay more tax in the future. So that's the grey lobby he's lost, in its entirety. It's an astonishing faux pas and almost certainly the biggest political gaff of this budget.

Although he has tried others. Budget statement paragraph 2.207 announces an attack on personal services companies. There may be a million of them in the UK - all natural Tory voters. That's the small business lobby who will be spitting fire at him.

And did he do anything good? Yes, rail investment. That does it for me. After that? No. Nothing at all. It was a give away to big business by cutting rates and the tax base - the subsidy about £1.5 billion a year with no equivalent for small business, job creation, demand generation or a single measure of hope for most of the unemployed.

As for the £10 billion to be cut from welfare - well, heaven help you if you're sick in future if you can't reach your retirement age in your early 70s - because George is saying if you can't work until you drop - well, you can starve instead.

This was a callous, dishonest, really rather nasty budget that was, however, full of elephant traps that should be a gift to a competent opposition.

I hope they're stepping up to take on the challenge.