

Funding the Future

The only thing the budget really forecasts is that Labo...

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I've taken one last look at some of the [absurd budget assumptions](#) implicit in the claims made by Osborne.

The data I'm using is here:

I have already done some [work on this here](#), but then noticed the problems in the self assessment line, and so did a little reworking because it almost inconceivable that the income raised by self assessment of income (largely, but not entirely from self employment) will sky-rocket in 2014-15 as this suggests.

My new analysis is this:

Tax year	2011-12	2012-13	2013-14	2014-15	2015 - 16	2016 -17	2017 - 18
Income tax £bn	152.7	150.5	154.7	165.5	174.4	186.7	198.9
Self assessed income tax	20.3	20.6	20.3	27.4	26.4	28.3	29.9
% of income tax self assessed	13.3%	13.7%	13.1%	16.6%	15.1%	15.2%	15.0%
Corporation tax £bn	33.8	35.5	34.6	33.7	33.5	34.9	36.5
Corporation tax if grows at same rate as self assessed income		34.3	33.8	45.6	44.0	47.1	49.8
Lost corporation tax		-1.2	-0.8	11.9	10.5	12.2	13.3
Cumulative lost corporation tax		-1.2	-2.0	9.9	20.4	32.6	45.9

You will note that self assessed income tax as a proportion of the whole jumps 3.7% in one year. Now I think that unreasonable, but what it does imply is that HMT think profits will rise, dramatically. Supposing they are right I then reworked the corporation tax numbers using solely onshore - because that is the fair comparison. If corporate profits rise the same way self assessed profits do then corporation tax receipts, if Osborne had not been so intent in giving them away, would be on this basis £45 billion cumulatively greater than he forecasts over the period.

Now, let's be honest: neither number is right. Profits are not going to rise as per this forecast: there is absolutely no way they can from the current position. They may rise;

that I do not dispute, since we always do eventually come out of recession (although I note Japan); but there is no way they will rise as shown.

But it's still true that there's massive and unaffordable corporation tax give away however the matter is viewed.

And it's still true that these forecasts for tax revenue are utterly unsustainable, which is the key point.

And in that case, given an election is now two years away, the need for Labour to plan for what happens in that case is now pressing.