

## Ed Balls: the tax bits

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The following are key extracts on tax from today's speech by Ed Balls:

*And for the 400,000 disabled adults forced to pay the Government's perverse and deeply unfair bedroom tax, this Tory plan has failed them absolutely. And that is why in our first Budget the next Labour government will repeal the bedroom tax.*

More a benefit reform, but we all agree it's a tax in effect.

*But a fairer approach to deficit reduction means we will also crack down on tax avoidance , scrap the shares for rights scheme and reverse the tax cut for hedge funds.*

Only the middle one is specific.

*We will fund this by a repeat of the tax on bank bonuses and by restricting pension tax relief for the very highest earners to the same rate as the average taxpayer.*

The first is obvious: it has to happen. The second is, presumably, a move to basic rate relief only. Or is it? Is some compromise (30%?) on the way?

*And Conference, to move Labour on from the past and put Labour where it should always be — on the side of working people - we will introduce a lower 10p starting rate of tax.*

*Conference, a tax cut for 25 million hard-working people on middle and lower incomes.*

*And we will pay for it by introducing a mansion tax on properties worth over £2m, introduced in a fair way, so that foreign investors who buy up property in London to make a profit will finally pay a proper tax contribution to our country.*

A 10p starting rate is fine - but is only a crowd pleaser and has some real complications implicit in it e.g. for savers and pensioners. A bit like the mansion tax: a tax on the capital gains of non-resident owners would be as easy, as would extending the council tax bands. Why make it hard?

*So I can announce today, the next Labour government will increase the bank levy rate to raise an extra £800m a year.*

Fine. And logical. as is this:

*Following Sir George Cox's review on short-termism, we will change takeover rules, and corporate incentives and reform our tax system to stop short-term asset-stripping and support long-term investment.*

That's an attack on corporate shareholding tax exemptions which just saved Vodafone up to £12 billion in tax. It was a Labour idea though....

*The deficit down fairly. Tax cuts for millions — not millionaires. Reforming our banks. The minimum wage raised. Our NHS saved.*

*Tackling tax avoidance. Rail fares capped. The bedroom tax scrapped. Building the homes we need.*

*This what a Labour government could do. Let us together make it happen.*

That was the rallying cry. The problem with it was this line:

*We won't be able to reverse all the spending cuts and tax rises the Tories have pushed through.*

*And we will have to govern with less money around. The next Labour government will have to make cuts too. Because while jobs and growth are vital to getting the deficit down — something this government has never understood — they cannot magic the whole deficit away at a stroke.*

Which is where the lack of conviction showed.