

Fiscal squeeze continues in UK

Tax revenues were up by a massive 9.7% in January, creating a record surplus in a month where the government usually collects more money than it spends. Public borrowing is running 46% lower than last year and is on target to hit the Chancellor's wish to cut it sharply.

Stamp Duty revenues are down for the year so far and down in January, reflecting the continuing impact of higher rates. The government should cut the rates to help the market and would then collect more cash from this source.

Income tax revenue was particularly strong.

The government is squeezing the economy too much and could do with some cuts in tax rates to promote growth. The right tax cuts would also boost revenue. Property taxes including business rates are particularly damaging at a time when we need to see more redevelopment and change of use as the digital revolution sweeps through our High Streets and industrial parks.

State debt as a percentage of GDP is falling, and now stands at 62% after deducting the debt the Bank of England has bought up