

The Autumn Statement – again

The Times runs detailed stories on what will be in the so called Autumn Statement. Time was when the Autumn Statement was an annual review and future budget for spending, provoking proper debate about priorities, costs, public sector productivity and the rest. This was followed by a Spring budget which set out how the spending would be paid for. Tax changes were proposed and revenue voted by Parliament.

This Autumn Statement appears also to be a budget. There is active discussion of tax changes. The story has changed several times recently. I have no idea what PM and Chancellor will decide. I do not think the Times makes it all up, so their stories presumably come from people who do know something. This implies that the ideas for the budget have been fluid. Today's stories say the decisions are still not made. This is running it late as the government will need to print all the documents with their confidential press in time to release them the moment the Chancellor completes his presentation to Parliament.

After someone briefly widely a cut in Inheritance tax I now read that this will not happen next week. A tax cut for a small group of well off families to receive more on death duties seem an odd priority for now. I am sticking with my advice to prioritise getting inflation down with energy tax cuts for the next year, and to boost growth and output with cuts to tax on small business and self employment. There is a suggestion in the press that the latest figures give the Chancellor more scope to cut taxes as the outlook is better again than OBR forecasts.

My package was modest, and included asset sales and spending changes to give more leeway. I read they are considering a possible 5% cut in the standard rate of income tax from 20% to 19% or a lifting of the 40% threshold or a cut in National Insurance. Of those as an extra to my proposals I favour threshold changes to take more out of 40% tax and to correct the anomaly of withdrawing tax free allowances from £100,000 rather than a higher figure. The National Insurance proposal is the least attractive.

I stress again the main objectives must be to give inflation another push down and get growth going. This argues for a more generous package for the self employed, small business and on energy costs than I set out rather than tackling Income tax next week. Sort growth and inflation now and start a stated planned reduction of Income Tax next spring as growth returns and yields more revenue.