

North Devon Conservatives

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Date: 14 December 2009

North Devon's residents left with £23,000 of debt thanks to Gordon Brown *Philip Milton responds to Pre-Budget Report and Labour plans for tax hikes*

PHILIP MILTON, Prospective Member of Parliament for North Devon, this week responded to the Government's new tax and spending proposals – the so-called Pre-Budget Report – by warning of Labour plans for higher taxes and record levels of national debt included in the small print.

The Government's proposals include:

- National Insurance hikes on workers meaning a smaller pay packet for anyone earning £20,000 or more.
- National Insurance hikes on local firms, making it more expensive to pay staff.
- Higher income tax, pushing more middle income earners into the 40 per cent higher rate.
- Inheritance tax rises by stealth, taxing people more as house prices start to rise.
- Higher stamp duty, meaning the average first time buyer will now pay £1,475 in stamp duty.
- A new telephone tax on anyone with a phone or fax line.
- Forcing councils to make more cuts to rubbish collections and pushing up council tax.

This comes as the country's debt is forecast to reach £1,500,000,000,000 – equivalent to £23,000 for every man, woman and child in North Devon. The Government will spend £64 billion a year on debt interest. This is equivalent to the amount of money raised each year from fuel duty, inheritance tax, stamp duty and council tax combined. The debt will also push up interest rates over time, meaning more expensive mortgages and credit card bills.

Philip said:

“Every family in North Devon is going to be forced to pay out for years thanks to Gordon Brown's mistakes. Our country faces the biggest overdraft in our peacetime history, and Labour have already started to hike taxes on North Devon's residents to pay for it.”

Published and promoted by Sir Richard Peek on behalf of the NDCA, The Strand, Barnstaple, N. Devon
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“The message to aspiring families from these tax changes is clear. If you want to get on in life, own your own home or leave something to your children, then the Labour Party is not for you anymore. It’s time for change – and Conservatives will work hard to sort out the mess that Labour have left.”

Notes to Editors

TAX ASSAULT ON MIDDLE BRITAIN

National Insurance hikes

National Insurance will be increased both on employers (destroying jobs) and on employees (meaning a smaller pay packet). National Insurance for workers is rising on anyone earning over £20,000. It total £6.5 billion will be raised in extra NI – more than £310 per family (HM Treasury, *Pre-Budget Report 2009*, December 2009, p.10).

http://www.hm-treasury.gov.uk/prebud_pbr09_repindex.htm

Higher income tax

The threshold for higher rate income tax will be frozen in 2012-13, meaning more middle income earners will be dragged into the higher rate. This will raise £400 million (*Pre-Budget Report*, p.10).

Inheritance tax stealth rises

The inheritance threshold will be frozen, being more homes will pay more inheritance tax as house prices and asset prices rise due to fiscal drag. The Government forecasts ‘house prices grow at around 5 per cent per year’ (*Pre-Budget Report*, p.183). This will raise £440 million between 2010-13 (*Pre-Budget Report*, p.10).

Stamp duty rises

At the end of this year, the stamp duty threshold will be lowered from £175,000 to £125,000. The average house price for a first time buyer was £147,517 in September 2009 (DCLG, *Live Tables 592*, November 2009). Hence, from January, the average first time buyer will end up paying £1,475 in stamp duty. Total stamp duty revenues are forecast to rise from £7.4 billion in 2009-10 to £9.3 billion in 2010-11 (*Pre-Budget Report*, p.181).

Telephone tax

Every home and business with a fixed landline or other data lines will pay a £6 a year tax per line. This is estimated to raise £440 million between 2010-13 (*Pre-Budget Report*, p.10). 1.7 million homes will have to pay twice as they have different telephone line providers and internet providers. VAT will also be levied on top, raising up to £77 million in additional revenue.

Canteen tax

Employees who benefit from a free or subsidised canteen as part of their salary package will have to pay income tax on the benefit. This canteen tax will raise £220 million between 2011-13 (*Pre-Budget Report*, p.10).

More cuts to bin collections

Families face a further wave of cuts to their bin collections, as councils will be forced to make so-called ‘efficiency’ savings in waste collections: ‘The additional £3 billion of savings a year by 2012-13 includes... £550 million from local government, including more efficient waste collection and disposal’ (*Pre-Budget Report*, p.109). The Government already classes moving from a weekly to a fortnightly rubbish collection as an ‘efficiency saving’ (*Hansard*, 29 October 2008, col. 1153W.)

Council tax

Council tax receipts are forecast to rise by an inflation-busting 4 per cent (+£1.0 billion) from £24.8 billion in 2009-10 to £25.8 billion in 2010-11 (*Pre-Budget Report*, p.181). A 4 per cent rise in council tax would take the average Band D bill from £1,414 a year now to £1,471 a year – or a monthly council tax bill of £123 a month for a typical home. In due course, the hikes in employers’ National Insurance contributions will push up the wage costs of councils, police forces and fire brigades – which will all feed through into pressures on council tax.

LABOUR'S DEBT CRISIS

Net government debt is projected to grow to £1,473,000,000,000 – almost £1.5 trillion – by 2014-15 (*Pre-Budget Report 2009*, p.189). This is equivalent to everyone being £23,000 in debt.

Just to pay the interest on that £23,000 debt will cost everyone over £1,000 per year. The cost of servicing government debt is predicted to rise to £63.7 billion by 2013, or £1,037 per person. To place this in context, council tax raises £24.8 billion in 2009-10, fuel duty raises £26.4 billion, stamp duty raises £7.4 billion, and inheritance tax raise £2.2 billion in 2009-10 (*Pre-Budget Report*, p.181).

The national debt will feed through to higher interest rates to pay for the higher borrowing.

ENDS