

Alistair Darling's plan to cut borrowing

The Chancellor has pledged to halve his government borrowing forecast of £178 billion within the next four years. Increased VAT and corporation tax returns since the start of the year may have raised up to £13bn, leaving £82bn to be found through tax rises, spending cuts and predicted growth

£178 billion

UK government
borrowing

Equivalent to

£6,075

for each British
taxpayer

Cuts in
spending

£38bn

Economic
growth

£25bn

Tax
rises
already
announced

£19bn

Key areas where
chancellor can
raise taxation
(Pre-Budget Report)

■ **VAT:** 1% rise on current 17.5% rate will raise **£4.1bn**
Increase would disproportionately affect poorer families

■ **Income tax:** Government's biggest single source
of revenue. Britain has 29.3m taxpayers
1% rise on basic 20% rate **£3.4bn**
1% rise on 40% rate **£950m**
New 50% rate **£3.0bn**

■ **National Insurance:**
Employees' 11% and
employers' 12.8%
rates to increase by
1% in 2011/12.
Tax raised **£8.75bn**

■ **Corporation and
capital gains taxes:**
1% rise **£520m**

■ **Fuel, alcohol,
tobacco duties:**
1% rise **£185m**

