

# Alistair Darling's plan to cut borrowing

Chancellor Alistair Darling has pledged to cut his pre-budget forecast of £178 billion in government borrowing by £82bn within the next four years. However, increased income from VAT and corporation tax since the start of the year suggests he can undercut his forecast by up to £13 billion

**£178 billion**

UK government  
borrowing

Equivalent to

**£6,075**

for each British  
taxpayer

Spending  
cuts

**£38bn**

Tax  
rises  
already  
announced

**£19bn**

Growth

**£25bn**

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**

