

LABOUR'S £10 BILLION

# UNFOUNDED

TAX LIES

## Labour's £10 billion unfounded tax lies

**The £10 billion charge is just the latest in a long list of wild, inconsistent and unfounded accusations:**

- **3 September 2007 - £21 billion :** Alistair Darling: "The Conservatives have been proposing tax cuts amounting to £21bn" (Labour Press Release, 3 September 2007)
- **1 October 2007 - £3 billion :** "leaving George Osborne at least £2.9 billion short. So George Osborne cannot afford the promises he is making." (Labour Press Release, 1 October 2007).
- **17 October - £6 billion :** "There is a £6bn black hole in the Conservatives' promises" (Gordon Brown, Prime Minister's Questions, 17 October 2007)
- **6 March 2008 - £10 billion**

**The latest accusation doesn't stand up to scrutiny:**

### **1) Corporation tax cut to 27% would cost £1.75 billion – not true**

Labour's document quotes from a Financial Times article on 19 March 2007. The same article said:

*"Mr Osborne said in an interview that the cost of the 3p cut, around Pounds 4.5bn, would be fully funded by phasing out many of the capital reliefs that are available in the corporation tax system.*

*"We're confident we can achieve this as part of a major reform of corporation tax," said Mr Osborne. "This is an entirely self-contained, and self-financing, simplification of the business tax system."*

Two days later Labour copied the policy with a revenue-neutral cut in the corporation tax rate in the Budget, though they only cut the rate to 28%. This reform should go further with a lower rate funded by further reductions in reliefs and allowances.

### **2) Transferable marriage tax allowance would cost £3.2 billion – not true**

Our commitment to recognising marriage in the tax system is well known. We have repeatedly said that any tax reductions for families will be completely funded by increases in other taxes, including green taxes.

*“Any specific tax reductions we propose – for example fulfilling our commitment to recognize marriage – will be paid for by specific tax increases on things like pollution.” George Osborne, speech to the CBI, 1<sup>st</sup> March 2007*

### **3) Increasing the Working Tax Credit for couples would cost £3bn – not true**

We have explicitly said that this will be fully funded by savings from our programme of welfare reform – the working tax credit for couples will only be increased as and when the savings from welfare reform are realised. Our programme of welfare reform will generate savings over and above the Government’s baseline because:

- Labour’s back to work programmes will do nothing for more than 90% of the 2.6 million people on incapacity benefit – they will only deal with new claimants and existing claimants under 25.
- By adopting David Freud’s recommendation that benefit savings should be used to fund a “payment by results” system of private and voluntary providers, we will provide health assessments and support to everyone on incapacity benefit.
- This will be combined with a tough system of sanctions for the unemployed, as well as compulsory work programmes for the long term unemployed.

At the time of the publication David Freud welcomed our announcement, particularly the commitment to extend payment by results to all existing claimants:

*“The Tories fought back and received a boost last night as David Freud, the independent adviser behind a key report for the government on welfare reform, told the Guardian the Conservatives appeared to have made their plans add up. Freud, an investment banker, told the Guardian: “I thought the most important thing . . . was that David Cameron and (shadow work secretary) Chris Grayling committed to modernising the accounting rules underneath the welfare-to-work system, and that means we can have full payment by results. That means we can open the way to put billions of investment in to get people off the stock of IB and back into work” (The Guardian, 9 January 2008, p13)*

### **4) Inheritance Tax cuts and Stamp Duty policies are unfunded – not true**

These commitments are entirely funded by our levy of around £25,000 on non-domiciles. In fact the changes announced in the Pre-Budget Report made it easier to fund these commitments by reducing the cost of raising the inheritance tax threshold.

Inheritance Tax:

- The cost of raising the inheritance tax threshold to £1 million is now £2.0 billion. Thanks to Alistair Darling’s “pre-election” PBR this is much lower than the original £3.1 billion cost when the policy was announced.

Stamp Duty:

- Raising the stamp duty threshold to £250,000 for first time buyers costs £400 million, and would lift 9 out of 10 first time buyers out of stamp duty altogether.

Non-doms:

- When originally announced, our levy of around £25,000 on non-doms would have raised £3.5 billion.
- The Government copied the idea of a flat levy, set at £30,000, but only applied it to non-doms who have been here for 7 years – they admit that this is less than 20% of all non-doms.
- Our policy will apply to all non-doms, so it will raise about 80% of the original £3.5 billion, which is £2.8 billion. This is on top of the revenues from the Government's policy.
- This is more than enough to fund our IHT and Stamp Duty commitments
- A key difference with Labour's policy that makes our plan much more attractive to the City is that in return for our levy we would not change the rules on disclosure of assets, taxation of offshore trusts, remittance of capital, or the residency rules.

### **Gordon Brown's black hole**

There is a £118 billion hole in Gordon Brown's budget.

- Five years ago, he said borrowing over 2002/3 to 2007/8 would be £47 billion. Due to his economic incompetence, he borrowed £165 billion. That's a £118 billion black hole.
- Gordon Brown's Chancellorship has left Britain with the biggest budget deficit in the world, with the exceptions of Hungary, Pakistan and Egypt<sup>1</sup>.
- Since Gordon Brown became Prime Minister, Labour have made over £149bn of spending commitments, listed below – we do not necessarily oppose these commitments, but they highlight the scale of the promises Brown has made:

1. **£15m** for historic places of worship (6 March 2008)
2. **£2m** road safety grant (6 March 2008)
3. **£5.5m** to resurface M6 (5 March 2008)
4. **£27m** for disadvantaged young people (5 March 2008)
5. **£13m** to tackle antisocial behaviour (5 March 2008)
6. **£800m** funding from Transport Innovation fund between 20014/15 and 2018/19

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<sup>1</sup> The Economist, March 1 2008 p 114

7. **£70m** contracts for aircraft carriers (4 March 2008)
8. **£80m** to allow older people to remain in their home (4 March 2008)
9. **£300,000** to improve safety at A38 roundabout (3 March 200\*)
10. **£225m** play facilities (29 February 2008)
11. **£6m** for Young Leaders (29 February 2008)
12. **£1bn** for revitalisation of housing market (28 February 2008)
13. **£27 million** funding for Social Enterprise Investment Fund (27 February 2008)
14. **£7m** for Specialty and Associate Specialist doctors from 2008/9 (27 February 2008)
15. **£10m** funding for SportCity in East Manchester (26 February 2008)
16. **nearly £300m** for Blackpool regeneration (26 February 2008)
17. **£170m** for 'Improving Access to Psychological Therapies' (26 February 2008)
18. **£2.5m** to local authorities for flooding funding
19. **£400m** for Defra 2008/09 budget settlement (21 February 2008)
20. **£300,000** funding for flood-affected local authorities (19 February 2008)
21. **£20m** extra funding to improve local palliative care services
22. **£31m** funding over three years for third sector organisations through Children, Young People and Families Grant Programme (15 February 2008)
23. **£150,000** for new national breastfeeding helpline (15 February 2008)
24. **£135m** for five hours culture a week (13 February 2008)
25. **£1.6m** for flooding relief to local authorities (12 February 2008)
26. **£17m** for makeover of HMS york
27. **£400m** for Birmingham New Street Station (12 February 2008)
28. **£21m** for School Food Trust until 2011 (7 February 2008)
29. **£2m** for school FEAST training centres (7 February 2008)
30. **£26.8m** to improve access to contraception (6 February 2008)
31. **£37m** for early resolution of workplace disputes (6 February 2008)
32. **£34m** to implement Pitt Review recommendation

33. **£7.5m** for ‘scambuster’ fund (4 February 2008)
34. **£60.3m** for Blackpool tram (1 February 2008)
35. **£25.7m** for Manchester tram (1 February 2008)
36. **£30m** over three years for school pitches (31 January 2008)
37. **£1m** for families hit by floods (31 January 2008)
38. **£130m** fund for grass roots third sector organisations (31 January 2008)
39. **£6.5m** for rail station accessibility in 2008/9 (31 January 2008)
40. **£250000** for flood compensation (30 January 2008)
41. **£11m** for driver information on M1 (29 January 2008)
42. **£65m** from Adventure Capital Fund for third sector delivery (28 January 2008)
43. **£122m** annually extra (increasing up to this over three years) for maternity services (25 January 2008)
44. **£5m** to replace Tolvaddon Bridge (24 January 2008)
45. **£2.7bn** increase in funding to local authorities (24 January 2008)
46. **£140m** boost for science and maths teaching in schools (24 January 2008)
47. **£130123** for flood compensation (23 January 2008)
48. **£15m** to help local authorities manage their assets (23 January 2008)
49. **£8m** for information gathering on problems for drivers on rural roads (23 January 2008)
50. **£2.5m** targeted for extra cookery lessons (22 January 2008)
51. **£140m** cycling fund (21 January 2008)
52. **£70391** for funding for flooding relief to local authorities (16 January 2008)
53. (2.45% pay increase from 2008 for teachers)
54. **£350m** for RAF jets technology (14 January 2008)
55. **£2m** from Highways Agency for A52 (14 January 2008)
56. **£11.5m** home adaptations for older and disabled people (£14m)
57. **£1m** roads in Scotland (11 January 2008)
58. **£398m** for drug treatment for 2008/09 (10 January 2008)

59. **£716102** for local authority funding for flooding (9 January 008)
60. **£45m** on additional specialist staff for tackling hospital infections) (9 January 2008)
61. **£75m** for IT management contract with Highways Agency (3 January 2008)
62. **£10m** for research into more efficient lighting (3 January 2008)
63. **£10m** for new technologies to reduce CO2 emissions (2 January 2008)
64. **£1m** funding for Local authorities flooding support (20 December 2007)
65. **£76.8m** to ease congestion in Warwickshire (20 December 2007)
66. **£247487** for flooding funding to local authorities (19 December 2007)
67. **£53m** investment in language teaching in schools over year (19 December 2007)
68. **£1.5m** for Dragon's Den competition for the Homeless (19 December 2007)
69. **£132 million** for new community hospitals and super-surgeries (18 December 2007)
70. **£500,000** to set up new music rehearsal spaces (17 December 2007)
71. **£10 million** over three years to England's rural community councils (14 December 2007)
72. **£15 million** over next three years for Overcrowding Action Plan for increasing the number of larger homes nationally (12 December 2007)
73. **£130 million** from 2008-2011 to strengthen the community sector (12 December 2007)
74. **£360,000** research contract to improve skills data in central government (12 December 2007)
75. **£450,000** for a new research study that will support developing countries to prepare for climate change (11 December 2007)
76. **£1 billion** (over 3 years) for Ed Balls' new Children's Plan (11 December 2007).
77. **£97 million** to 'improve Gypsy and traveller site provision' (11 December 2007).
78. **£15 million** to reduce the impact of deforestation (11 December 2007).
79. **£1.3 billion** for scientific research, 'aimed at meeting the key challenges facing the nation' (11 December 2007).
80. **£520 million** (over 3 years) on a Social Care Reform grant (10 December 2007).
81. **£53 million** (over 3 years) for disabled children and families (8 December 2007).

82. **£9.2 billion** for the Police in 2008-09 (6 December 2007).
83. **£1.5 billion** (over 3 years) for a New Neighbourhoods Fund (6 December 2007).
84. **£2.7 billion** increase in funding for local councils (6 December 2007).
85. **£4.9 billion** (over 3 years) for the Supporting People programme (6 December 2007).
86. **£35 million** upgrade of HMS Sutherland (6 December 2007).
87. **£2.3 billion** (over 3 years) on tackling fuel poverty (6 December 2007).
88. **£9.6 million** (over 3 years) for National Parks (6 December 2007).
89. **£135 million** (over 3 years) to promote financial inclusion (6 December 2007).
90. **£191 million** (over 3 years) for DCMS-sponsored museums and galleries (6 December 2007).
91. **£420 million** (over 3 years) for a fund for more places to go and things to do for young people (5 December 2007).
92. **£732 million** (over 3 years) to local councils in the Government's Growth Areas and Growth Points (5 December 2007).
93. **£50 million** for Tate Modern renovations (5 December 2007).
94. **£105 million** for new stroke strategy (5 December 2007).
95. **£130 million** on a C-17 Transport Aircraft (3 December 2007).
96. **£18 million** (over 3 years) for home safety equipment for children (3 December 2007).
97. **£17.6 million** (over 3 years) to councils for people with HIV/Aids (30 November 2007).
98. **£45 million** (over 3 years) for culture and the arts in seaside towns (30 November 2007).
99. **£12 million** for Stowmarket Relief Road (30 November 2007).
100. **£250,000** on a 'responsible alcohol sales campaign' of advertisements (30 November 2007).
101. **£9 billion** (to 2016) on Thames Gateway Regeneration Project (29 November 2007).
102. **£8 million** (over 3 years) for small businesses' helpline (27 November 2007).
103. **£4 billion** (over 3 years) for integrated local transport (27 November 2007).

104. **£70 million** for a new road scheme in Lincolnshire (23 November 2007).
105. **£12.9 million** (over 3 years) to tackle antisocial behaviour in local areas (22 November 2007).
106. **£642 million** (over 3 years) for play areas and computers in early years nurseries (22 November 2007).
107. **£23 million** for new road between Wakefield and Barnsley (22 November 2007).
108. **£13 million** (over 3 years) in capital funding for the Science Museum in London (20 November 2007).
109. **£11 billion** (over 3 years) for education, employment and training initiatives for young people and adults to boost job prospects (16 November 2007).
110. **£3 million** (over 2 years) for anti-bullying pilot schemes (15 November 2007).
111. **£1.2 billion** for new offshore border controls and passenger screening technology (14 November 2007).
112. **£17.5 million** (over 4 years) for Multi-Systemic Therapy for families with children at risk of being taken into care (14 November 2007).
113. **£4 million** for Snipers in the Army, Royal Marines and RAF Regiment to get a new longer range rifle (14 November 2007).
114. **£4 million** to help gifted and talented pupils in deprived areas go to university (14 November 2007).
115. **£31 million** to increase bed capacity in Children and Adolescent Mental Health Services (14 November 2007).
116. **£70 million** to expand the DCLG homelessness scheme (13 November 2007).
117. **£50,000** boost for a project enabling school heads and deputies to take up short-term placements with partner schools in Africa (9 November 2007).
118. **£8 million** more for British library annual funding by 2010 (8 November 2007).
119. **£100 million** of investment earmarked for a competition, run by the Technology Strategy Board, for proposals for collaborative research and development covering eight technology areas (8 November 2007).
120. **£350 million** to increase free nursery education from 12.5 hours to 15 hours each week for every three and four year old (7 November 2007).
121. **£350,000** additional funds to Maidstone and Tunbridge Wells Hospital Trust for deep cleaning its hospitals (1 November 2007).
122. **£30 million** (over 3 years from April 2008) for Family Nurse Partnership Programme (31 October 2007).

123. **£132 million** (until 2011) to support rail freight across the UK (30 October 2007).
124. **£2 billion** (2007-2013) to match the European Social Fund contribution for work and skills (29 October 2007).
125. **£3.7 million** increase in funding for regional museums by 2010/11 (29 October 2007).
126. **£510 million** to support councils and communities who are working to deliver new homes (26 October 2007).
127. **£3.6 million** improvement works on M4 junctions 14-15 (19 October 2007).
128. **£35 million** to plan and support over three years the delivery of the ‘community empowerment action plan’ (19 October 2007).
129. **£7 million** (over 3 years) increase in funding for English Heritage (18 October 2007).
130. **£2 million** to launch the Inclusion Development Programme for children with special educational needs (17 October 2007).
131. **£25 million** awarded to the UK Film Council to safeguard the future of the UK’s national and regional film archives (17 October 2007).
132. **£10.2 billion** (over 3 years) for affordable housing (16 October 2007).
133. **£330,000** (until March 2008) to fund Drug and Alcohol Action Teams to pilot Alcohol Arrest Referral Projects (16 October 2007).
134. **£351 million** (by 2010) for sure start children’s centre in every community (15 October 2007).
135. **£150,000** to expand the Young Advisor scheme in 16 ‘New Deal for Community’ areas (15 October 2007).
136. **£50 million** (by 2011) to the Arts Council England to fund the arts (12 October 2007).
137. **£4 billion** extra investment in the Early Years (11 October 2007).
138. **£15.5 million** for longitudinal study of households jointly by Department for Innovation, Universities and Skills and the Economic and Social Research Council (11 October 2007).
139. **£21.9 billion** (over 3 years) to continue the Government’s school buildings programme (10 October 2007).
140. **£170 million** to boost mental health therapies (10 October 2007).
141. **£800 million** (2006-11) funds on flood management (9 October 2007).

142. **£170 million** for low-carbon energy technology to the Environmental Transformation Fund (9 October 2007).
143. **£220 million** (over 3 years) additional resources for counter terrorism and security (9 October 2007).
144. **£110 million** (over 3 years) NHS funding (9 October 2007).
145. **£150 million** for new resources to support local government to deliver value for money (9 October 2007).
146. **£12.5 million** for farmers affected by foot and mouth disease (8 October 2007).
147. **Over £100 million** for 140 mastiff vehicles for Iraq and Afghanistan (8 October 2007).
148. **£50 million** to promote cohesion and tackle community tensions (6 October 2007).
149. **£1 billion** (over 3 years) for business innovation and technology development and a new science and innovation strategy (5 October 2007).
150. **£1 million** for public transport in Bedfordshire growth area (4 October 2007).
151. **£48.5 million** for the Bath Public Transport Package (4 October 2007).
152. **£3 million** (over 3 years) to encourage school linking and community cohesion (3 October 2007).
153. **£2 million** a year to enforce road safety law for lorry drivers (1 October 2007).
154. **£1 million** for historic buildings in South Holland (28 September).
155. **£97 million** (over 4 years) boost to tackle violence against NHS staff (25 September 2007).
156. **£80 million** (over 3 years) for new Forces' accommodation (25 September 2007).
157. **£5 million** (over 3 years) to recruit 10,000 voluntary community sports coaches (24 September 2007).
158. **£20 million** to support UK research to develop new low carbon vehicles that could be on the road within 5 to 7 years (21 September 2007).
159. **£550 million** (over 10 years) for the new Energy Technologies Institute (ETI), (20 September 2007).
160. **£500 million** package of proposals to accelerate the building of the homes families and first-time buyers (14 September 2007).
161. **£1.2 million** to train van drivers in greener, safer driving techniques (12 September 2007).

162. **£10 million** of capital funding to finance new NHS Plus demonstration sites to improve the occupational healthcare services offered to small and medium-sized businesses (6 September 2007).
163. **£4 million** for museums in England (30 August)
164. **£7.4 million** to Local Authorities suffering from July flooding (24 August)
165. **£73 million** for 'Social enterprise investment fund' for health and social care (17 August)
166. **£155 million** Government advanced supply contracts for pandemic flu vaccine (16 August)
167. **£1 million** for rural tourism (14 August)
168. **£4 million** in flood recovery grants for schools hit by floods (10 August)
169. **£175 million** to build new homes in the community for people with learning disabilities (9 August)
170. **£52 million** pay package for NHS staff (2 August)
171. **£4 billion** for Sure Start, Early Years and Childcare (2 August)
172. **£1.2 billion** for border security (1 August)
173. **£80 million** IT programme to boost medical care in the Armed Forces (1 August)
174. **£2.2 million** for talking therapy projects (31 July)
175. **£10 million** for Ministry of Defence Science and Technology competition (30 July)
176. **£10 million** for flood recovery grants (27 July)
177. **£150 million** for a defueling facility for British submarines (26 July)
178. **£679 million** for youth community facilities by 2010-11 (26 July)
179. **£3.9 billion** for two new aircraft carriers (25 July)
180. **£18.6 billion** extra for Ministry of Defence over three years to 2010-11 (25 July)
181. **£1 billion** for extended schools programme (25 July)
182. **£1 billion** Ministry of Defence contract with Rolls Royce over 10 years for submarine support (25 July)
183. **£20 million** to support freight transport in the UK (25 July)
184. **£5.65 million** for drugs education (25 July)

185. **£15 billion** for new rail strategy (24 July)
186. **£515 million** for partnerships with third sector (24 July)
187. **£200 million** more for flood defences (23 July)
188. **£3 million** for drink-drive campaign (20 July)
189. **£6 million** per year extra for Gurkha pensions (19 July)
190. **£456 million** for Every Child Matters projects (18 July)
191. **£7.5 million** for school travel (17 July)
192. **£100 million** for school sport campaign (13 July)
193. **£40 million** government investment for greener engines for aerospace industry (12 July)
194. **£22.5 million** for West Bromwich road improvement (11 July)
195. **£90 million** to help cut Merseyside landfill waste (10 July)
196. **£14 million** aid package for floods (7 July)
197. **£13.7 million** for schools successful behaviour programme (6 July)
198. **£400 million** for student support (5 July)
199. **£50 million** for cleaner hospitals (4 July)
200. **£30 million** for children's helplines (4 July)

**TOTAL: £148.6 billion**

