



22/06/2010

## Budget Report 2010 for London

Today the Chancellor of the Exchequer has set out his Budget. The measures announced will reduce the deficit, introduce a fairer tax system, and encourage an enterprise and growth agenda in the UK. These steps are based on the Government's key values of responsibility, freedom and fairness. These measures include:

- To help areas and communities particularly affected by reductions in public spending make the transition to private sector-led growth and prosperity, the Government will create a Regional Growth Fund in 2011-12 and 2012-13. This fund will operate in England only and support proposals from private and public-private bodies that create sustainable increases in business employment and growth.
- Confirmation of temporary increase in the level of small business rate relief (SBRR). Eligible businesses occupying properties with rateable values up to £6,000 will pay no business rates for one year from 1 October 2010. Businesses with rateable values up to £12,000 will receive significant reductions. 48 per cent of properties in London have a rateable value of up to £12,000, and will benefit from this measure if occupied by an eligible business.
- The impact of the employer NICs rate rise previously announced will be largely reversed by increasing the threshold for employer NICs by £21 a week above indexation. This will lead to a saving of around £410 million in London.
- The Budget 2009 proposal to repeal the special tax rules for furnished holiday lettings will not be implemented. Instead, the Government will consult over the summer on an alternative proposal to ensure the tax treatment of holiday lettings meets EU legal requirements in a fiscally responsible way, which does not penalise UK businesses, by changing the eligibility thresholds and restricting the use of loss relief. This will benefit an estimated 5,200 individuals in London who receive an income from furnished holiday lettings.

- The income tax personal allowance for those aged under 65 will be increased by £1,000 in cash terms, taking it from £6,475 in 2010-11 to £7,475 in 2011-12. As a result, the Government estimates that 23 million basic rate taxpayers will benefit by up to £170 each. In London over 2.7 million basic rate taxpayers will gain from this measure.
- Government will uprate the basic State Pension by a triple guarantee of the highest of earnings, prices or 2.5% from April 2011. The Consumer Price Index will be used as the measure of prices in the triple guarantee. However, to ensure the value of a basic State Pension is at least as generous as under the previous uprating rules, the Government will increase the basic State Pension in April 2011 by the equivalent of Retail Price Index. An estimated 1 million pensioners in London will benefit.
- Government will uprate the standard minimum income guarantee in Pension Credit in April 2011 by the cash rise in a full basic State Pension to ensure the lowest income pensioners benefit from the triple guarantee. 260,000 pensioners currently receive Guarantee Credit in London.
- The Government will introduce legislation to waive certain backdated business rates bills, including for some businesses in ports. An estimated 3,000 businesses across England will benefit.

Chief Secretary to the Treasury Danny Alexander:

“The previous Government has left us with a legacy of debt and unsustainable spending, we are taking the decisive action needed to pay for the past and plan for the future. That is why today we have set out a comprehensive five year plan to put the British economy back on track. We have made the tough choices needed to get our borrowing down but we have done it in a way that is fair, protects the vulnerable and supports businesses across Britain.”

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## Notes to editors

### HM Treasury Press Office

- Press enquiries: 020 7270 5238
- Non-Media enquiries: 020 7270 4558

### HM Revenue & Customs Press Office

- Press enquiries: 020 7147 0798 / 2328 (Business Tax Desk)
- 020 7147 2318 / 2333 / 0051 / 0394 (Personal Tax Desk)
- 020 7147 2314 / 0052 (Law Enforcement Desk)
- 07860 359544 (Out of hours)

### Government Department websites

Further information and all published documents relating to Budget 2010 may be found on the Internet at the following addresses:

- HM Treasury: <http://www.hm-treasury.gov.uk/>
- HM Revenue & Customs: <http://www.hmrc.gov.uk/>