

Budget 2005

REGIONAL PRESS NOTICE
16 March 2005

2005 BUDGET IN SCOTLAND

The Chancellor announced today a series of measures that promote stability, higher productivity, employment, fairness and improved public services in Scotland. The Government's long-term goal is for the UK to achieve high and stable levels of growth and employment, and reduce regional disparities in economic growth.

The Chancellor announced an updated economic forecast, which shows that the UK economy is continuing to grow strongly and that the Government is meeting its fiscal rules for sound public finances over the economic cycle. The Government is committed to locking in stability and making long term decisions to invest in the UK's future, enabling all the countries and regions of the UK to meet the challenges and rise to the opportunities of the rapidly evolving global economy.

The Scottish economy is continuing to prosper through the Government's sound management of the economy with continuing growth, low inflation and low unemployment.

Key announcements in the Budget which will benefit Scotland include:

Improving productivity

- measures to raise productivity through plans to reduce compliance costs for business by implementing the Hampton and Better Regulation Task Force Reviews;
- enhancing the development of young people's skills, through measures to improve financial support for 16 to 19 year olds in learning, including through extending Child Benefit and the Child Tax Credit from April 2006; and

- measures to promote science and innovation including a review of SME use of design by George Cox.

Increasing employment

- increases in the minimum wage with 140,000 jobs in Scotland covered by the increase from October 2005; and
- measures to promote employment opportunity across the UK, including improvements to Incapacity Benefit rules and a review of JSA sanctions.

Building a Fairer Society

- an additional payment guaranteeing that council tax paying households with someone over 65 will receive £200 towards the cost of council tax;
- doubling the starting threshold of stamp duty land tax to £120,000 for residential property transactions;
- extending the existing higher Individual Savings Account limits to April 2010, to promote further saving;
- increasing the child element of the Child Tax Credit at least in line with average earnings until 2007-08 benefiting over 190,000 working families in Scotland;
- a number of measures to clamp down on tax fraud and avoidance, further reforms to modernise the tax system, including better aligning North Sea corporation tax payments with those for petroleum revenue tax, and steps to protect revenues including details of the spirits duty stamps scheme to be introduced in 2006, reducing compliance costs for the industry;
- revalorisation of tobacco duty rates in line with the Government's health objectives; and
- a freeze on spirits duty

Delivering high quality public services

- an additional £293 million for the Scottish Executive as a consequence of English increases including for education, free bus travel for pensioners and the disabled, volunteering, and the local enterprise growth initiative, and helping to meet the policing costs of the G8 summit. It will be for the Scottish Executive to decide how to allocate these sums.

Protecting the Environment

- a freeze in aggregates levy, climate change levy, air passenger duty, VED rate for small cars and deferral to 1 September 2005 of the inflation only increase of main road fuel duties, reflecting sustained volatility in oil prices.

NOTES FOR EDITORS

Further details of Budget 2005 announcements can be found on the HM Treasury website: www.hm-treasury.gov.uk. Additional detail is also included in the press notices listed below.

HM TREASURY PRESS OFFICE

Press enquiries: 020 7270 5238

Non-media enquiries: 020 7270 4558

INLAND REVENUE PRESS OFFICE

Press enquiries: 020 7438 6692 / 6706 / 7327
(out of hours: 07860 359544)

Non-media enquiries: 0845 300 3939
(office hours only)

HM CUSTOMS AND EXCISE PRESS OFFICE

Press enquiries: 020 7865 5471 / 020 8929 4637
(out of hours: 07659 598491)

Non – media enquiries: 0845 010 9000 (National Advice Service)

GOVERNMENT DEPARTMENT INTERNET SITES

Further information and all published documents relating to Budget 2004 may be found on the Internet at the following addresses:

HM Treasury www.hm-treasury.gov.uk

Inland Revenue www.inlandrevenue.gov.uk

HM Customs and Excise www.hmce.gov.uk