

## Budget Overview

	2018 Budget	2017 Estimate	2017 Budget
Total Revenue Income	<b>432</b>	<b>417</b>	<b>403</b>
Revenue Expenditure	(378)	(359)	(362)
Capital Income	7	3	5
Operating Surplus	<b>61</b>	<b>61</b>	<b>46</b>
Transfer to Capital Reserve	(60)	(52)	(46)
Overall Surplus	<b>1</b>	<b>9</b>	-

## Overall Position / Reserves

- + 2018 position set to be 'balanced' but only after making full transfer to Capital Reserve
- + P&R able to recommend first transfer to Core Investment Reserve (£5m) since 2007 from prior year surplus
- + Shortfall on previous years (2016 & 2017) transfer to Capital Reserve now restored

## Redistribution in the income tax system

- + 5% (£500) increase in personal allowances to £10,500
- + Funded by 2nd phase withdrawal of personal allowances for higher earners including withdrawal of supplementary allowances; mortgage interest relief; and tax relief on pension contributions
- + Latest data shows that 10% of households pay no tax; Top 10% pay 32% of all tax; and households below 60% of median earnings pay only 6%.

## Other Revenue Measures

- + Alcohol up by 2.3% in real terms – 2p on a pint of beer, 9p on bottle of wine
- + Cigarettes increase in line with States' direction – 5% in real terms – reduced volumes mean no change in revenues
- + Duty on motor fuel set to maintain real value of receipts – 3.5p per litre
- + No changes to document duty
- + Domestic TRP set to increase by 7.5% above inflation in line with previous States decision

## Social Investment Commission

- + To progress P&R Plan objectives - Commission to be established by 1 January 2019
- + Dual role to commission services and administer revised targeted gift aid scheme
- + Sources of funding to be investigated and implemented – dormant bank accounts; HM Receiver General Funds

## £1.25m Increased business contribution

- + Extension of the 10% income tax rate to regulated investment management (£0.5million)
- + Introduction of a new Commercial TRP category increasing rates by 200% for legal services (£0.4million)
- + Real-terms' increase in commercial TRP of 2.3% (£0.35million)

## Expenditure

- + Funding States' decision to introduce new Income Support scheme (SWBIC) – net cost of £2.5m (for 6 months)
- + Reductions in all Committee budgets to deliver savings targets
- + HSC has been able to reduce its budget requirement by 3%
- + Proposal for ESC and P&R to work together to secure savings in ESC's services
- + Total government expenditure decreasing by 1% after inflation

## Other initiatives

- + Stimulation of open market by new lower tax cap for new residents who purchase open market property worth at least £1.5m
- + Support for a new Bailiwick Health & Wellbeing Trust – including matched funding proposal
- + support for policy development - funding identified for economic development and energy policy
- + Proposals to address inequality in tax system through independent taxation