

Receipts, social security and tax credits:
changes between pre-Budget and Budget forecasts

The OBR's pre-Budget forecast published on 14 June 2010 included all policy announcements made by the previous Government, but did not include any measures announced or introduced by the Coalition Government.

The Budget forecast published on 22 June reflected the direct and indirect effects of all firm and final policy announcements made by the Government, including the public expenditure cuts announced on 24 May and the measures announced in the Budget.

The changes in the forecasts of receipts, social security and tax credits between the pre-Budget forecast and the Budget are shown in Tables C12 and C14.

As set out in Table C9 of the Budget, these changes are due to:

- the direct effect of Budget policy decisions, as set out in Table 2.1;
- debt interest, excluding the effect of updated market interest rates; and
- *additional changes to the economic forecast:*
 - the updated assumptions on market interest rates, oil prices and equity prices; and
 - other changes.

The effect of the additional changes to the economic forecast can be derived by subtracting the direct effects of policy decisions, which are set out in Table 2.1, from the total change set out in Tables C12 and C14. In the case of tax credits, an adjustment must be made to reflect the fact that the change in the negative tax element of tax credits is shown in Table C12, while the change in the expenditure element is shown in Table C14.

The changes in the public sector current receipts, social security and tax credits forecasts (£ billion) due to the direct effect of the Budget measures and the additional changes to the economic forecast are set out below. Totals may not sum due to rounding.

	2010-11	2011-12	2012-13	2013-14	2014-15
Change in current receipts	1.2	2.7	1.9	3.0	3.2
<i>of which:</i>					
Direct effect of Budget tax measures	2.8	6.3	7.0	8.5	8.2
Direct effect of Budget tax credit measures classified as negative tax	0.0	0.0	0.3	0.4	0.5
Effect of additional changes to the economic forecast	-1.6	-3.6	-5.3	-5.9	-5.5

	2010-11	2011-12	2012-13	2013-14	2014-15
Change in social security	0.0	-0.8	-1.0	-3.7	-5.6
<i>of which:</i>					
Direct effect of Budget social security measures	-0.1	-1.1	-2.1	-4.5	-6.4
Effect of additional changes to the economic forecast	0.0	0.3	1.1	0.9	0.8

	2010-11	2011-12	2012-13	2013-14	2014-15
Change in tax credits classified as expenditure	0.0	-0.1	-0.9	-1.4	-1.9
<i>of which:</i>					
Direct effect of Budget tax credits measures classified as expenditure	0.0	-0.2	-1.3	-1.8	-2.4
Effect of additional changes to the economic forecast	0.0	0.1	0.4	0.4	0.4