

# Budget 2005

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## 2005 BUDGET IN NORTHERN IRELAND

The Chancellor announced today a series of measures that promote stability, higher productivity, employment, fairness and improved public services in Northern Ireland. 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 Northern Ireland 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 Northern Ireland 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 50,000 jobs in Northern Ireland 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 in GB guaranteeing that council tax paying households with someone over 65 will receive £200 towards the cost of council tax. It will be for Northern Ireland departments to take this forward in respect of ratepayers in Northern Ireland;
- doubling the starting threshold of stamp duty land tax to £120,000 for residential property transactions, exempting 300,000 more home buyers from stamp duty every year;
- 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 75,000 working families in Northern Ireland;
- further reforms to modernise the tax system, including better aligning North Sea corporation tax payments with those for petroleum revenue tax, and a number of measures to clamp down on tax fraud and avoidance;
- 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 £88 million for Northern Ireland departments as a consequence of English increases including for education, free bus travel for pensioners and the disabled, volunteering, and the local enterprise growth initiative. It will be for Northern Ireland Ministers to decide how to allocate these sums. Also there will be an additional £24 million in Annually Managed Expenditure for social security measures.

#### 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.

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### **NOTES FOR EDITORS**

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

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### **HM TREASURY PRESS OFFICE**

Press enquiries: 020 7270 5238

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**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](http://www.hm-treasury.gov.uk)

Inland Revenue [www.inlandrevenue.gov.uk](http://www.inlandrevenue.gov.uk)

HM Customs and Excise [www.hmce.gov.uk](http://www.hmce.gov.uk)