

AUTUMN STATEMENT 2014: Stay On Course For Prosperity

This Autumn Statement shows that our long-term economic plan is working. Four years ago Britain was on the brink. Today unemployment, inflation and the deficit are all falling, while Britain is forecast to be the fastest growing economy of any major advanced economy in the world. This Autumn Statement's forecasts show:

Falling deficit – the deficit will be down by a half this year. The deficit is forecast to fall from £98 billion last year to £91 billion this year. There will be a surplus of £4 billion in 2018/19 and £23 billion in 2019/20 – falling every year. Debt as a share of GDP will peak next year at 81.1% and then fall to 72.8% in 2019/20. Ed Balls said the deficit was going up (P.T.O for quotes).

The British economy expected to grow by 3% this year – an increase from the 2.4% predicted a year ago and the 2.7% forecast in the Budget. Manufacturing is growing fastest and investment is set to be up 11% this year.

Employment up and unemployment down. Over half a million new jobs are forecast this year. Unemployment is predicted to fall from the 8% we inherited to 5.4% next year.

Rising earnings with lower inflation. The OBR predicts 'meaningful wage growth' will pick up next year and grow above inflation for the next five years. Inflation forecasts are significantly revised down to 1.5% this year and 1.2% next year.

Britain now faces a choice. Do we squander the security we have gained, go back to the disastrous decisions on spending and borrowing and welfare that got us into a mess? Or do we finish the job? We must stay on the course to prosperity. This Autumn Statement sets out the new steps in our long-term economic to do this:

REFORMING STAMP DUTY – A TAX CUT FOR 98% OF THOSE WHO PAY STAMP DUTY. The slab system distorted the market with big jumps in taxes when house values climbed into a new band. Our new slice system will work like income tax, so you only pay the higher rate on the part of the property that falls within that band. 98% of buyers who pay stamp duty will pay less. The buyer of the average family home (worth £275,000) will pay £4,500 less. Of people who pay stamp duty in London, 91% will pay less. This is a tax cut of £800 million a year.

BACKING THE ASPIRATION TO WORK AND SAVE. When the holder of an ISA dies, a husband or wife will be able to inherit their partner's ISA and keep its tax free status. We will abolish National Insurance Contributions for employers who employ an apprentice under 25 to back young people get the skills they need to get on in life.

CUTTING INCOME TAX. The tax-free Personal Allowance will now increase to £10,600 in April and this will be passed on in full to higher rate taxpayers – the first increase in the higher threshold in line with inflation for 5 years. This is a down-payment on our commitment to raise the higher rate threshold to £50,000 by the end of the decade.

CUTTING AIR PASSENGER DUTY FOR CHILDREN. From May, APD for under 12s will be abolished and from 2016 it will be abolished for under 16s.

SUPPORTING SMALL BUSINESSES WITH ACTION ON BUSINESS RATES AND MORE HELP FOR THE HIGH STREET. We will again extend the doubling of Small Business Rate Relief and continue to cap the inflation-linked increase in business rates at 2%. The Â£1,000 discount for shops and cafes on the high street will increase to Â£1,500 and there will be a full review of the structure of business rates to report before Budget 2016. We will increase the R&D tax credit for SME firms to 230%, the maximum allowed and extend the Funding for Lending scheme by another year â€” focusing it entirely on small businesses.

SUPPORTING SCIENCE WITH HELP FOR POST GRADUATES. Student loans of Â£10,000 for young people undertaking post-grad masters degrees will be backed by the government for the first time.

CREATING A NORTHERN POWERHOUSE. We will tender for new franchises for Northern Rail and the Trans-Pennine Express â€” replacing the pacer carriages with modern trains. There will be a Â£235 million investment in a new Sir Henry Royce Centre for advanced material science in Manchester, with branches in Leeds, Liverpool and Sheffield. A new Sovereign Wealth Fund for the North of England will ensure the resources from shale gas in the North are invested in the North.

TACKLING TAX AVOIDANCE. We will introduce a 25 per cent tax on multinationals that artificially divert profits, and limit how much banks can offset previous losses against profits. We will increase charges for non-doms so everyone pays their fair share.

UPDATED CHARTER FOR BUDGET RESPONSIBILITY. We will publish this next week to lock in discipline over our public finances for the future.