

Income tax

The most important of the lot. Receipts have ground to a halt as highly-paid bankers have lost their jobs and their bonuses, which had been a key part of the income tax story in recent years

£141bn

-12%
Income tax

£25bn

-3%

£67bn

-20%

Council tax

Not a big overall earner in spite of the prominence it often gets, accounting for less than 5% of total receipts. Councils are under pressure to hold rises down

Other

These have been lucrative but a sharp fall in property transactions and weaker share prices means stamp duty receipts have collapsed, along with the housing market

WRITTEN BY ASHLEY SEAGER, GRAPHIC: FINBARR SHEEHY
Figures rounded

Economic growth

City dismisses Darling's forecasts as 'fantasy'

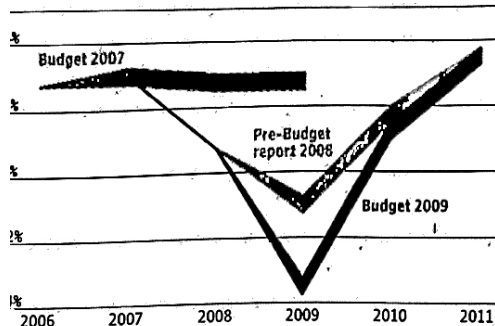
City economists yesterday poured scorn on Treasury forecasts that Britain will rapidly bounce back from its weakest one-year performance since 1945 to record a sustained period of rapid growth from 2011.

Despite being forced to downgrade his growth expectations for this year to show a 3.5% drop in gross domestic product, Alistair Darling said he expected the UK to start expanding again by the end of the year and record a 1.25% expansion next year.

But the chancellor was accused of being over-optimistic in his anticipation that a mini-investment boom and the boost to exports from a weaker pound would lead to growth of 3.5% in 2011 and continue to grow at 3%-plus in the next two years.

Darling told MPs that the 1.6% contraction in the economy in the final three months of 2008 would be repeated in the first quarter of 2009. GDP is expected to decline at an annual rate of 4% in the first half of this year but the chancellor said the recession had done little long-term damage to

Treasury GDP growth projections



the economy, which would eventually return to a trend rate of growth of 2.75%.

Nick Parsons, head of strategy at NAB Capital said: "These numbers are astonishing. They are totally unrealistic, because lower levels of consumption by businesses and individuals will reduce the trend rate of growth and because it is highly unlikely that the economy could grow above trend for so long. It is the growth forecasts that allow him to get the budget deficit and debt down."

Gerard Lyons, chief economist at

Standard Chartered Bank, said: "The chancellor believes the recession will end by year end. That is credible. But then he believes recovery will be rapid, we will see growth of 1.25% in 2010 and 3.5% in 2011. That is fantasy, as this rebound is to occur while the legacy of the borrowing binge lingers on and fiscal policy is tightened."

Howard Archer, chief UK economist at Global Insight, said: "We believe that these forecasts are mildly optimistic in the near term and much more optimistic in the long term."

Larry Elliott