

Tax revenue expands again

The government will be a big winner from the sky high oil and gas prices. The profits of the U.K. producers will be swollen . The U.K. charges a windfall rate of Corporation tax on these profits at twice the normal rate.

Then there is the big surge in petrol and diesel prices. Over half the pump price is tax, so that will be another big win for the Treasury.

With General inflation heading for 7% all those items that attract VAT will also be chipping in more tax .

If the government gets around to substituting U.K. gas for Russian and Qatari imports that will also be a big boost to the receipts.

Indeed if you added all these up you would probably be close to another £12bn of tax raids on voters, enough to cancel the National Insurance rise.

The Chancellor must change his mind on the big tax raid in April when real incomes will be badly hit by energy prices. He is more than £ 50 bn better off than budget this year already, and now has the further windfall.

He should accept he is overtaxing and start to do something to cut the burdens. Otherwise he will go down in history as architect of one of the worst hits real incomes we have seen.