

MR WICKS

cc Mr Hamilton

✓ AH

THE COMMUNITY CHARGE

The definition used by the Treasury and by the CSO for deciding whether a charge scores as negative expenditure is as follows:

"Public spending is measured net of receipts from certain charges such as those for school meals, further education courses, prescriptions and dental treatment etc. Essentially, current expenditure on goods and services is shown net of charges when:

- (i) there is a clear and direct link between the payment of the charge and the acquisition of specific goods and services (including the testing of an ability of level of performance or the establishment of standards); and
- (ii) the charge is related to the cost of providing the goods and services, and the Government is not using its power to make the charge an instrument for raising revenue."

The community charge fails this test at every point. It will be scored on the revenue side of the account.

I understand that there are a few charges which are taken on the revenue side of the account and are not treated as taxes. These are fees for particular services. The community charge is:

- compulsory
- levied by Government
- unrelated to the amount of the services consumed
- and it contributes to a general funding pool.

It seems to me to be an instrument for raising revenue - in other words a tax.

I assume you would not want to argue that the community charge should be excluded when the Government measures the tax burden as a proportion of GDP. The only real possibility would be to treat the community charge like national insurance contributions and to talk in terms of "tax, NIC and community charge" as a percentage of GDP.

You may say that this is all rather technical. But to my mind, it is simply not credible to claim that the community charge is other than a tax.

D.N.

David Norgrove
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Firarms certificate

Dog licence

Shotgun licence

Game licence

Water rate

charges a taxes ?

Asy