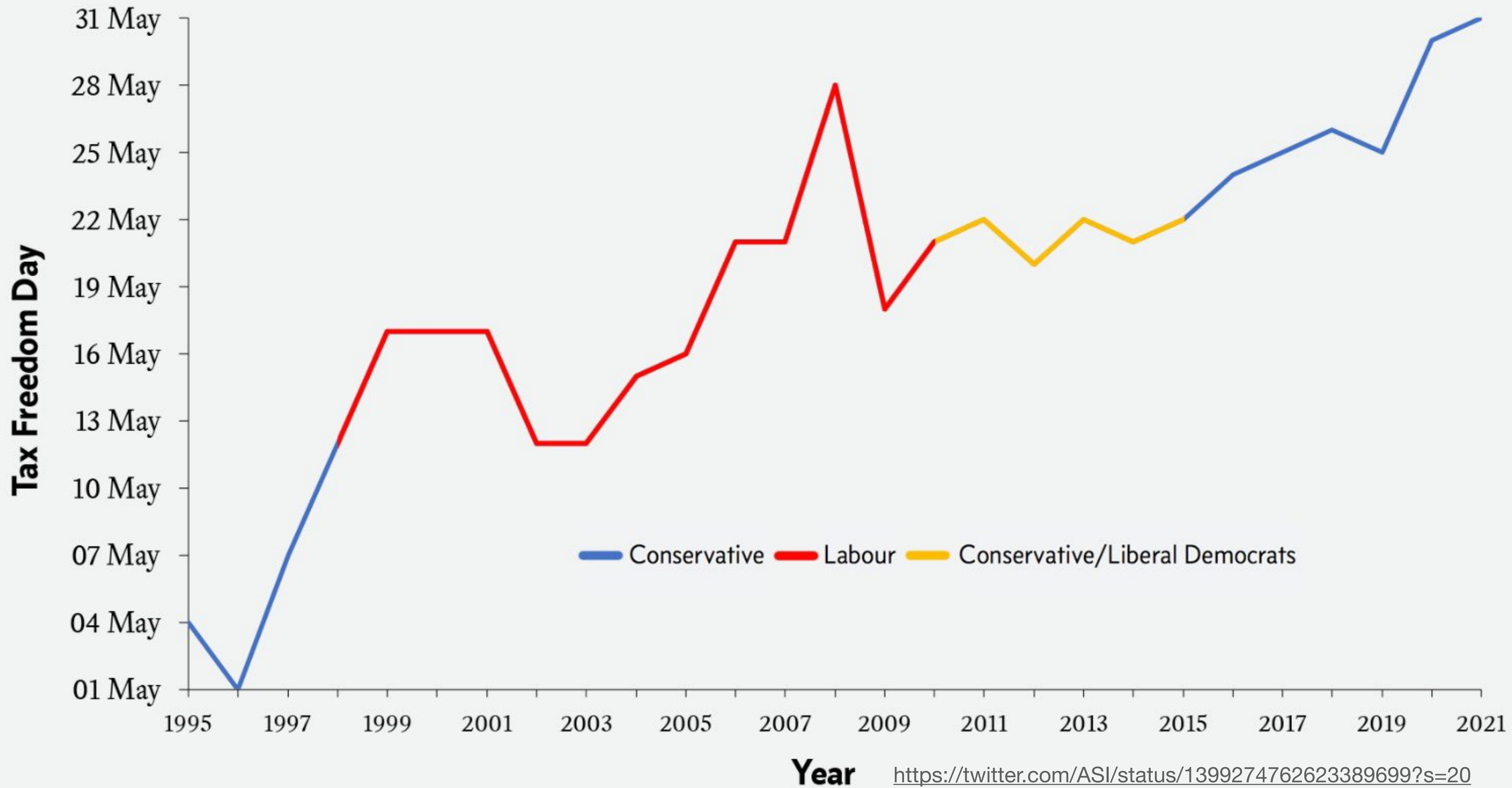


Tax Freedom Day

Steve Baker MP

1 June 2021



HAPPY
— TAX —
FREEDOM DAY

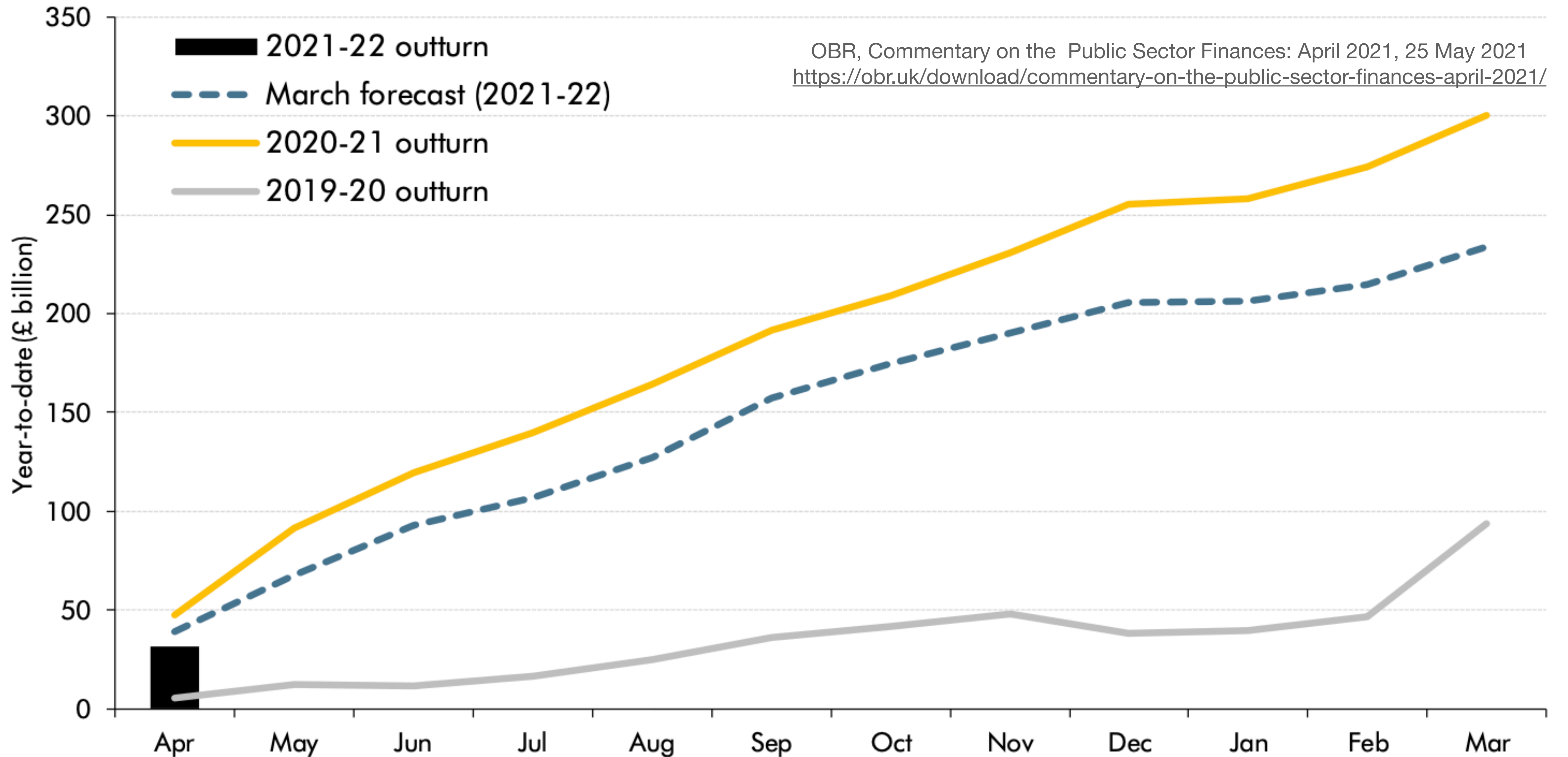
“It doesn’t just feel like it, tax freedom day does arrive later every year under Conservative Governments. This cannot go on. In order for us all to be prosperous, eventually Conservatives must stand up for the formula we have always believed in - that means lower taxes.”

- Steve Baker
Member of Parliament for Wycombe



ADAM SMITH
INSTITUTE

Chart 1.1: Public sector net borrowing: forecast versus year-to-date outturns

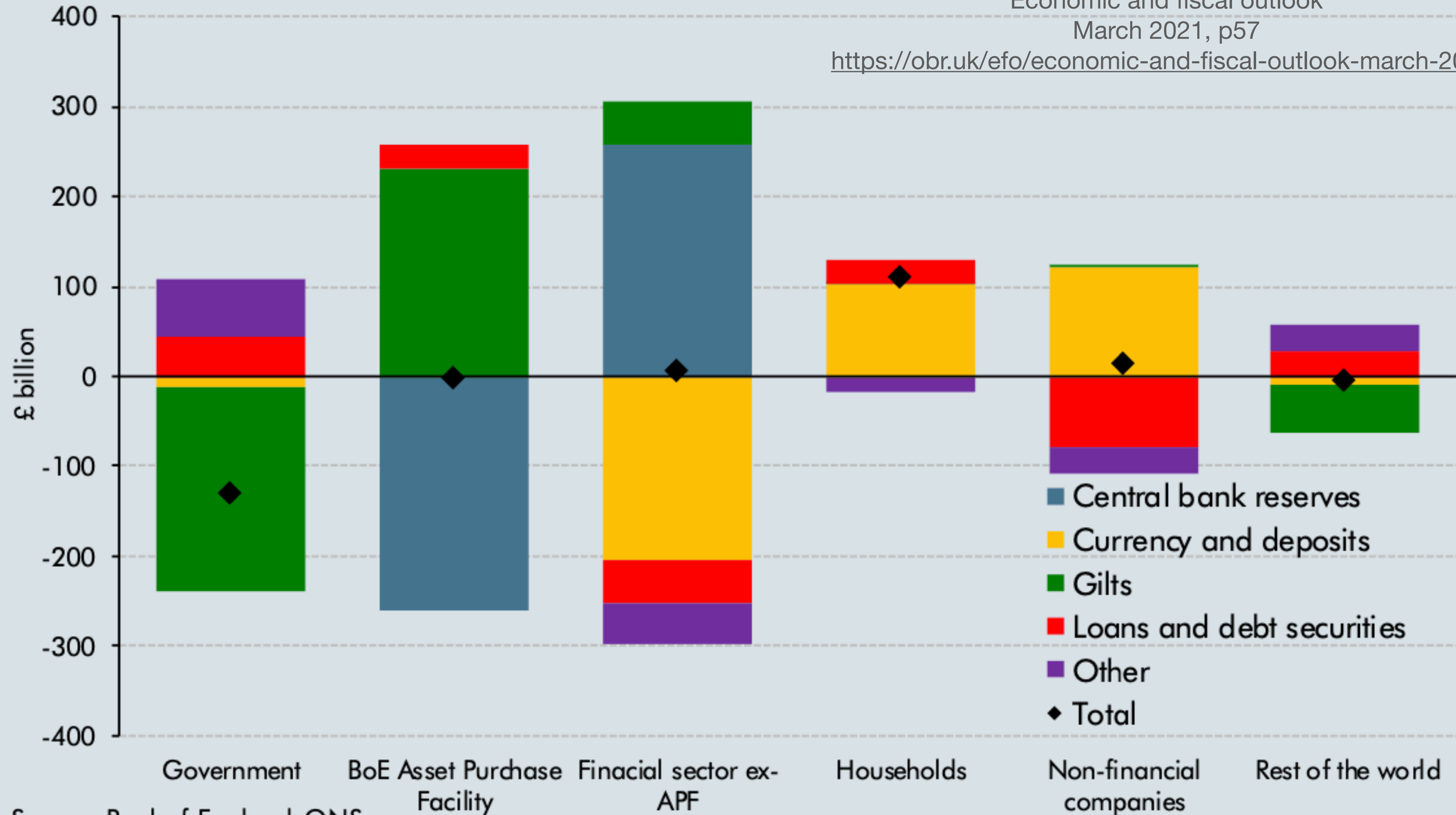


Source: ONS, OBR

Chart H: Difference in net acquisition of assets between the first three quarters of 2020 and the final three quarters of 2019

Office for Budget Responsibility
Economic and fiscal outlook
March 2021, p57

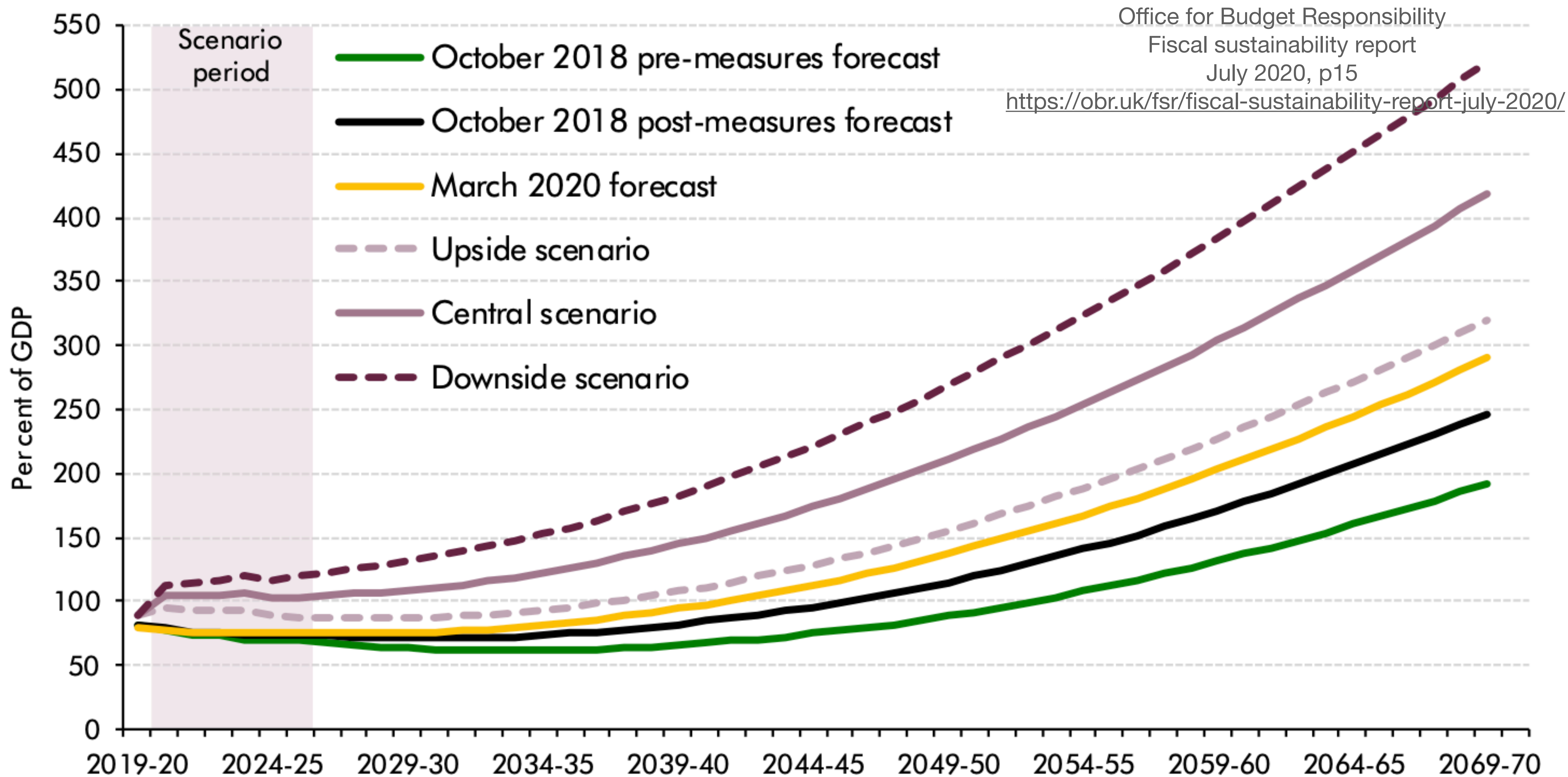
<https://obr.uk/efo/economic-and-fiscal-outlook-march-2021/>



Source: Bank of England, ONS

- The **Government** has provided financial support to households and businesses that is unprecedented in peacetime. To finance this, in net terms it issued £261 billion gilts (green) in the first three quarters of 2020, compared with £34 billion in the preceding three quarters.
- A roughly equivalent quantity of gilts has been purchased on the secondary market by the **Bank of England's Asset Purchase Facility (APF)** as part of its quantitative easing (QE) programme. The Bank has financed the purchase of these gilts (and some corporate bonds) by issuing an equivalent amount of its own liabilities in the form of central bank reserves (blue), leaving the net asset/liability position unchanged.

Chart 5: Public sector net debt: long-term projections



Office for Budget Responsibility
Fiscal sustainability report
July 2020, p15

<https://obr.uk/fsr/fiscal-sustainability-report-july-2020/>

Note: The October 2018 forecasts' 2024-25 jumping-off points are assumed to equal their 2023-24 medium-term horizon values.

Source: ONS, OBR