

Darling emphasises environment in maiden Budget

Billed as a 'responsible' and 'green' Budget, the environment found its way to the top of the agenda in Chancellor Alistair Darling's debut Budget speech.

Darling used his first Budget statement to introduce a series of measures aimed at reducing the UK's carbon emissions, including a new zero rate of car tax to be levied in the first year for new, low polluting vehicles – a measure that was part of a wider reform of vehicle excise duty.

Despite attempts to prove his 'green' credentials, the Chancellor declared that a 2p increase on fuel duty will be postponed from April to October this year to help the country through the current 'credit crunch'. The Chancellor told MPs that the credit crunch posed a 'major risk to the world's economy'. As a consequence, Darling has revised the economic growth predictions that were made in his Pre-Budget Report last October.

Growth forecasts have been cut for 2008 to 1.75%-2.25%, a substantial reduction on the original 2.5%-3%. Darling has also advised that public borrowing will increase to £43 billion next year, rather than fall to the £36 billion he had anticipated.

Darling's brief reign as Chancellor has already been dogged by controversy. He confirmed the much-criticised changes to capital gains tax and the taxation of non-domiciliaries. CBI Director-General Richard Lambert, said: 'The Government has much to do if it is to win back its enterprise credentials, but the measures announced today are a credible first step on the road.'

Budget Highlights

- **Green light on non-doms**
- **Entrepreneurs' Relief confirmed**
- **Big increases in tax on alcohol**
- **Increase in fuel duty deferred**
- **Income shifting legislation delayed**

Economic forecasts for 2008

Inflation 2.5%	Growth 1.75 to 2.25%
Government Spending £566 billion	Net Borrowing £43 billion
Government Receipts £575 billion	Public Sector Year End Net Debt £581 billion

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