As set out in Table No. 1 attached to this Statement, total receipts from taxation for all purposes during last financial year amounted to £114·9 millions.

This was derived from the following sources:—

	£(m.)	£(m.)
On income—		
Income-tax	35·3	
Social Security charge	14·6	
National Security tax	21·7	
		71·6
Other taxes—		
Customs duty	11·7	
Sales-tax	15·0	
Beer duty	4·0	
Highways revenue	2·3	
Stamp duties	7·8	
Land-tax	0·9	
Social Security registration fee	0·6	
Miscellaneous	1·0	
		43·3
		£114·9

This shows an increase over the previous year, 1944–45, of £6,250,000 at the same rates of taxation.

It is realized that the high taxation rates, which had necessarily to be imposed in connection with the war effort, may militate against the establishment and extension of industries, and we cannot hope to maintain a policy of full employment nor improve living standards without a balanced development of industries and sufficient incentive for industry to forge ahead.

Our guiding principle is the encouragement of production, and to that end it is proposed to reduce or abolish first those taxes which tend to discourage work and enterprise; secondly, to reduce those which are reflected in production costs and the cost of living, while retaining those taxes which may be regarded as the permanent sources of State revenue and which reflect less adversely on the nation's productivity.

The practical solution of our tax and debt problems is a high level of production, employment, and national income. By these means we will not only lighten the burden of taxes and debt charges, but will achieve even higher standards of living than we have previously attained. The high level of production during the war years has given us a conception of what is possible. The problems confronting us are by no means easy ones. The economic machine must run smoothly, incentives must be given both to labour and to capital, there must be an equitable distribution of the national income, and the tax system must be so adjusted as to contribute to the maximum in attaining our objectives.