

Revenue Projections for the Christian Alternative Budget

Assumptions & Methodology

1. Tax base for 25% sales-revenue levy

I used the total turnover of the UK non-financial business economy as a proxy for 'UK-generated sales revenue.' According to the ONS Annual Business Survey, in 2023 this was estimated to be £5,049.6 billion. I assumed that this turnover remains roughly stable in the near term (or grows modestly), for baseline projection.

2. Income tax / NIC base

Drawn from HMRC / OBR data on current income tax and NIC receipts. In 2024-25, HMRC receipts were £858.9 bn from all taxes. According to HMRC / Commons Library, in 2023/24, £277 billion came from Income Tax, £179 bn from NICs. I have assumed that the income distribution doesn't radically change, so applying our flat rates to a similar tax base gives an approximate estimate.

3. No corporation tax

Abolishing corporation tax entirely loses the £97 bn that corporation tax currently raises (latest figure from Commons Library). Replacement with a 25% levy on turnover provides a much broader base.

4. Behavioural / compliance effects

Some simplification may reduce avoidance, shrink the tax gap, or increase compliance; but there could also be behavioural changes (firms reducing turnover, restructuring, etc). For simplicity, the baseline assumes no negative behavioural shrinkage (i.e. firms continue with similar sales), but we include sensitivity below.

Baseline Revenue Projection (One Year)

Revenue Source	Calculation	Projected Revenue (per year)
Sales-revenue levy (25%)	$25\% \times £5,049.6 \text{ bn turnover}$	£1,262.4 bn
Income Tax (20%)	Approximate existing income tax base scaled	~ £330 bn (see below)
National Insurance (10% on >£50k)	Approx base similar to NIC receipts	~ £90 bn (see below)
Total projected revenue	Sum of the above	~ £1,682 bn
Current Spending	OBR Briefing	£1.280 bn
Net Surplus	Sum of the above	~ £402 bn

Estimation of Income Tax / NIC Components

The OBR 2025-26 forecast estimates income tax receipts of £330.7 bn under the current system. NIC receipts are £179 bn under the current system. My model, with only earnings above £50,000 subject to IT & NIC, assumes a similar distribution of earnings. It projects that NIC revenue might drop compared to today's system, so we put a rough figure at £90 bn (this is approximate and should be modelled in more detail).

Comparison with Current Tax System

Current total tax receipts are roughly £860 bn (HMRC, 2024/25). My proposed budget, with the 25% sales levy plus flat income/NIC, could raise around £1,682 bn, roughly double current receipts (in this simplified projection).

In losing corporation tax receipts (~£97 bn), the large turnover levy more than compensates, because it captures a very broad base of business activity. I have not modelled the estimated £2 bn government headcount saving from simplification of the tax codes.

Sensitivity / Risk Scenarios

Because projections depend heavily on assumptions, I have run a few alternate scenarios:

1. Moderate Behavioural Shrinkage (–10%)

If businesses respond to the 25% levy by reducing turnover by, say, 10% (e.g. by raising prices, reducing sales), the levy base would drop to ~£4,545 bn with levy revenue of £1,136 bn instead of £1,262 bn. In this model total revenue falls to ~£1,556 bn, still well above current receipts.

2. High Compliance Gains (+5% effective collection)

If simplifying the system and removing loopholes improves compliance, and the effective collection of the levy is 5% above current corporate tax collection efficiency, then the levy might raise a bit more than the simple estimate. Levy revenue might be £1,325 bn; total ~£1,745 bn.

3. Economic Downturn / Recession (–5% business sales)

If business turnover declines by 5%, turnover falls to ~£4,797 bn and levy revenue would drop to roughly £1,199 bn. Combined with lower income/NIC receipts (due to lower employment / earnings), the total might be roughly £1,550 bn.

A 5-Year Forecast

Here is a projection over five years (Year 1 = first full year under the new system).

Key Assumptions for the Forecast

1. Business Turnover Growth

Starting turnover base: £5,049.6 bn (ONS non-financial business economy, 2023). I have assumed a compound annual growth rate (CAGR) of 2% in business sales revenue. This reflects moderate economic growth, aligned with historic business turnover growth and some productivity improvements.

2. Income Base Growth (for Income Tax / NIC)

Using the OBR's modelling of income tax receipts as a proxy for the underlying income tax base, we see that the OBR projects income tax receipts of £330.7 bn in 2025-26. This assumes similar growth in the income base of 3% per year, to reflect wage growth, employment growth, and rising self-employed income.

3. Collection / Compliance Efficiency

I have assumed that collection rates remain high due to the simplicity and transparency of the levy. I have assumed there will be no significant avoidance or evasion beyond normal friction, and that NIC collection on earnings above £50,000 similarly remains stable, with some growth as higher earners increase earnings.

Forecast Table: Revenue by Year

Year	Projected Business Turnover	Levy Revenue (25%)	Projected Income Tax Base*	Income Tax Revenue (20%)	NIC Base	NIC Revenue (10%)	Total Revenue
Year 1	£5,049.6 bn	£1,262.4 bn	£330.7 bn	£66.14 bn	~£197 bn (approx)	£90 bn	£1,418.5 bn
Year 2	£5,150.6 bn	£1,287.7 bn	£340.6 bn	£68.12 bn	~£207 bn	£92.7 bn	£1,448.5 bn
Year 3	£5,253.6 bn	£1,313.4 bn	£351.2 bn	£70.24 bn	~£225 bn	£95.5 bn	£1,479.2 bn
Year 4	£5,358.7 bn	£1,339.7 bn	£362.7 bn	£72.54 bn	~£255 bn	£98.3 bn	£1,510.6 bn
Year 5	£5,466.0 bn	£1,366.5 bn	£374.6 bn	£74.92 bn	~£285 bn	£101.2 bn	£1,542.6 bn

* Income tax base ≈ scaled from OBR income tax forecasts

** NIC-above-£50k base is an estimate, assuming a portion of the income base is earnings > £50,000; for simplicity, we keep a rough ratio.

Interpretation & Risks

Over 5 years, total revenue grows from ~£1,418 bn to ~£1,543 bn; a ~9% nominal increase in total receipts in this model. The large sales-revenue levy provides a very stable and growing base for funding public services. Even if growth slows, the broad base of the levy provides resilience against shocks.

Risks to Monitor:

Economic Downturn: If business turnover growth slows (e.g., to 0 - 1% or negative), levy revenues could suffer significantly.

Behavioural Responses: Firms might respond to a high turnover levy by compressing margins, reducing sales, or moving activity offshore (although 25% on turnover makes avoidance more difficult).

Income Distribution Changes: If high-earner incomes stagnate or shrink, NIC/income tax revenue could underperform relative to the model.

Inflation / Cost Pressures: High inflation without corresponding real sales growth could distort nominal turnover growth, making the levy less effective in real terms.