

Taxes and redistribution

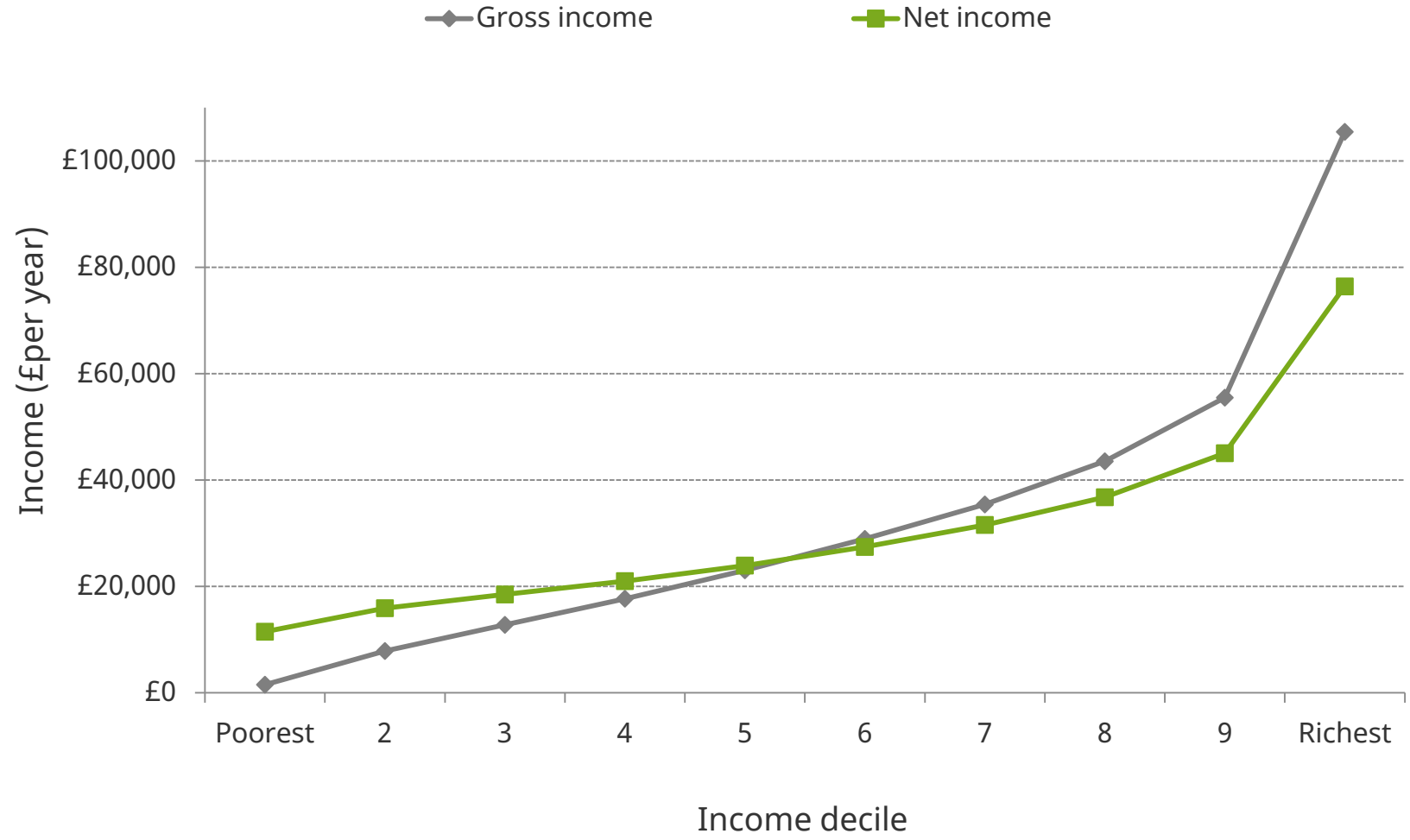
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September 2016

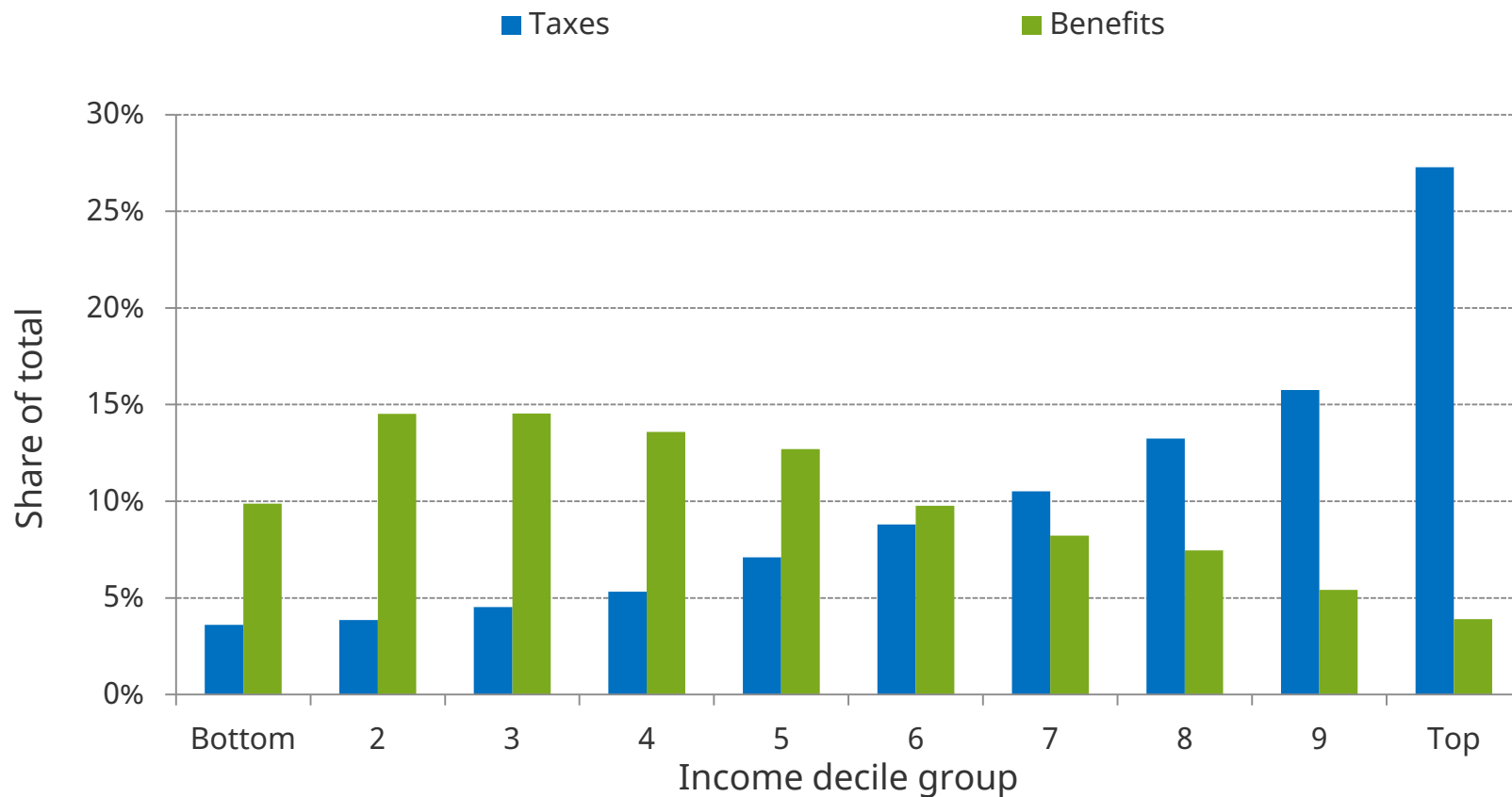
Key facts

- Overall tax and benefit system is highly redistributive
- Over a quarter of income tax paid by 1% of taxpayers
- Only 56% of adults pay any income tax at all

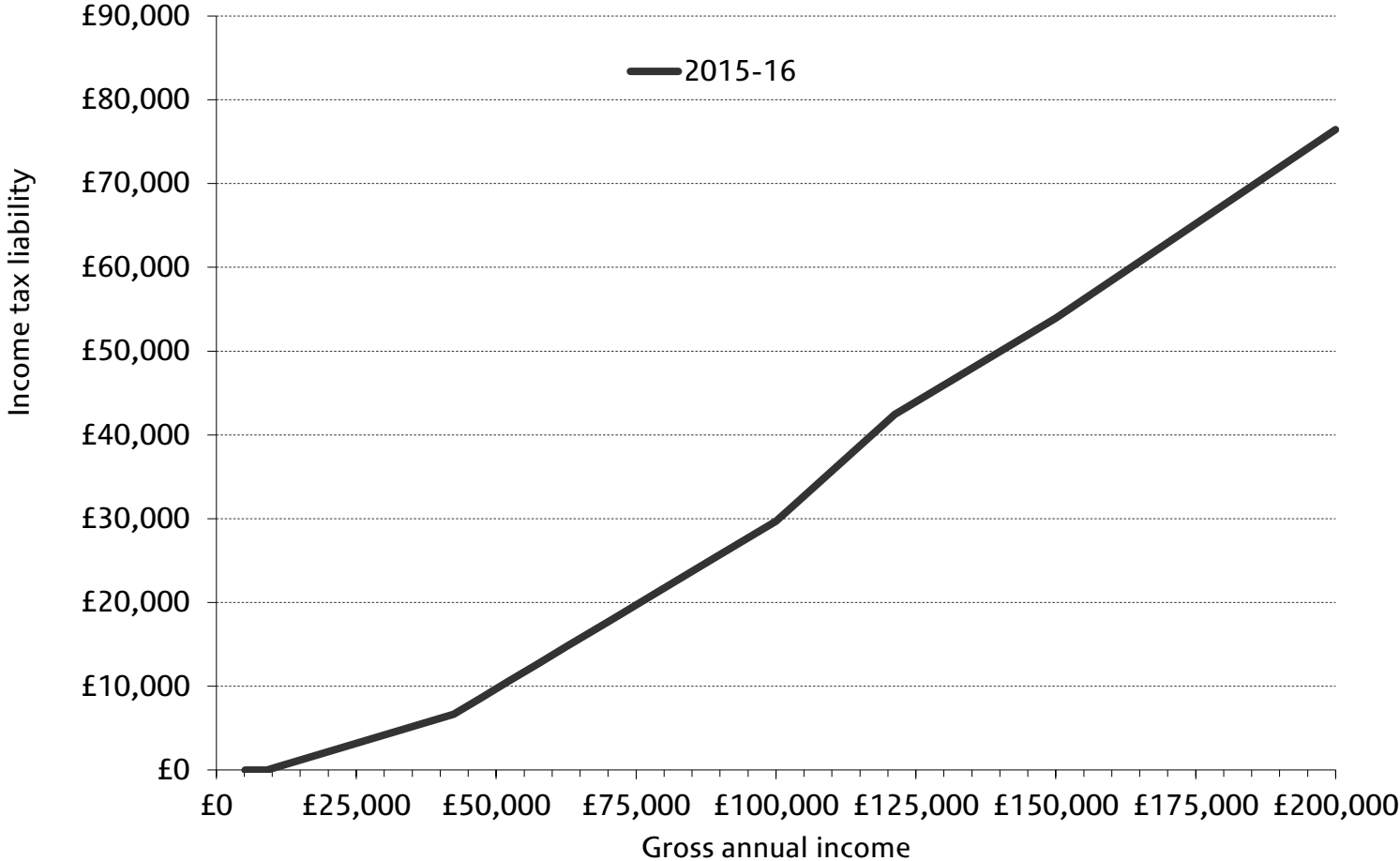
Gross and net equivalised household income by decile



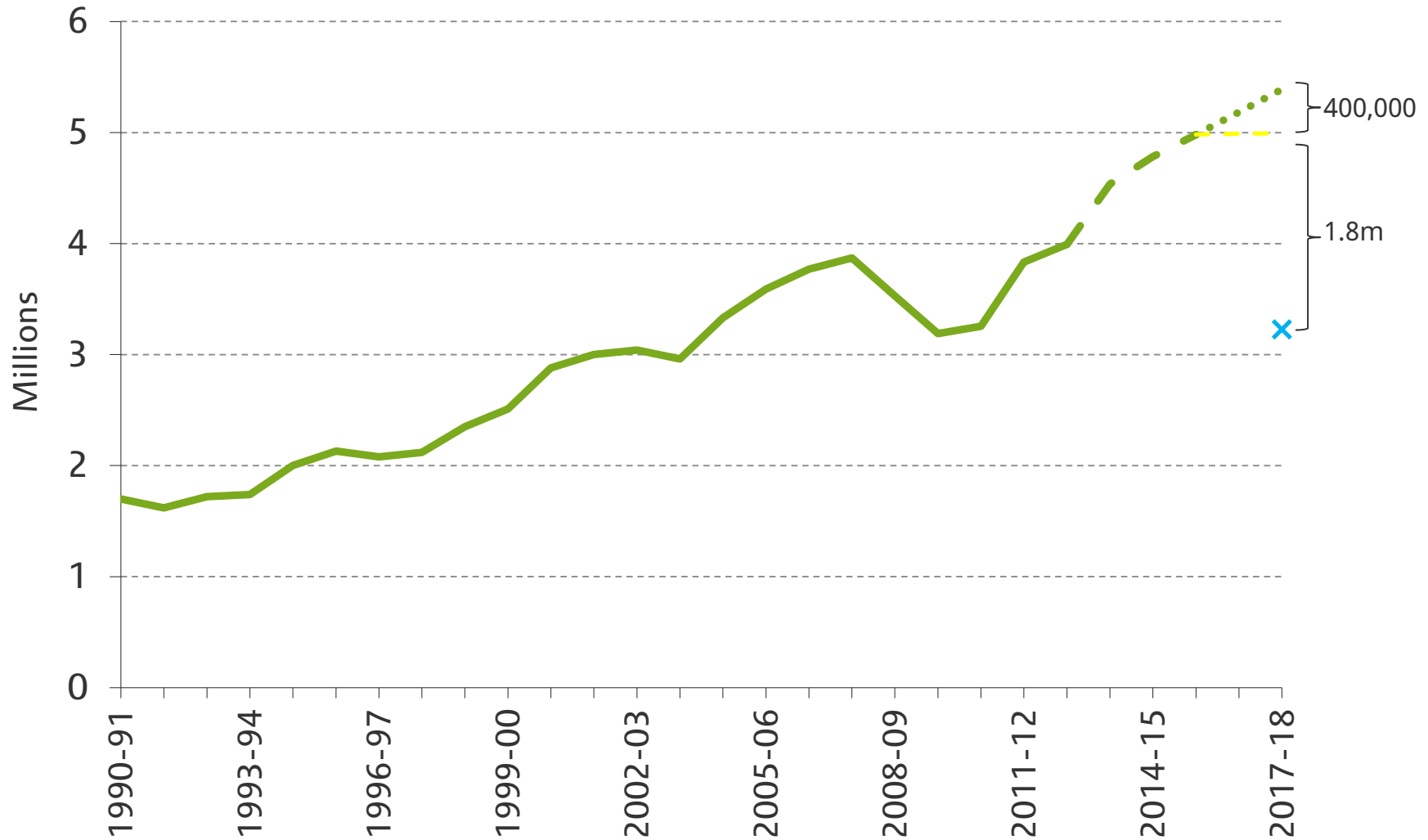
Share of tax revenue and benefit spending, by decile (2014-15)



Income tax liability by gross income



Number of higher- and additional-rate taxpayers



However...

- Not so good at redistributing wealth
- Council tax is regressive
- Multiple unfairnesses
 - High marginal rates at £50k and £100k
 - Over generous NI treatment of pensions
- Between employed, self employed and incorporated

Where to look for more redistribution?

- Raising top rate
 - Would reduce inequality but might not raise any money
- Pension tax relief
 - The problem is with NI not income tax
- Council tax?
- CGT?