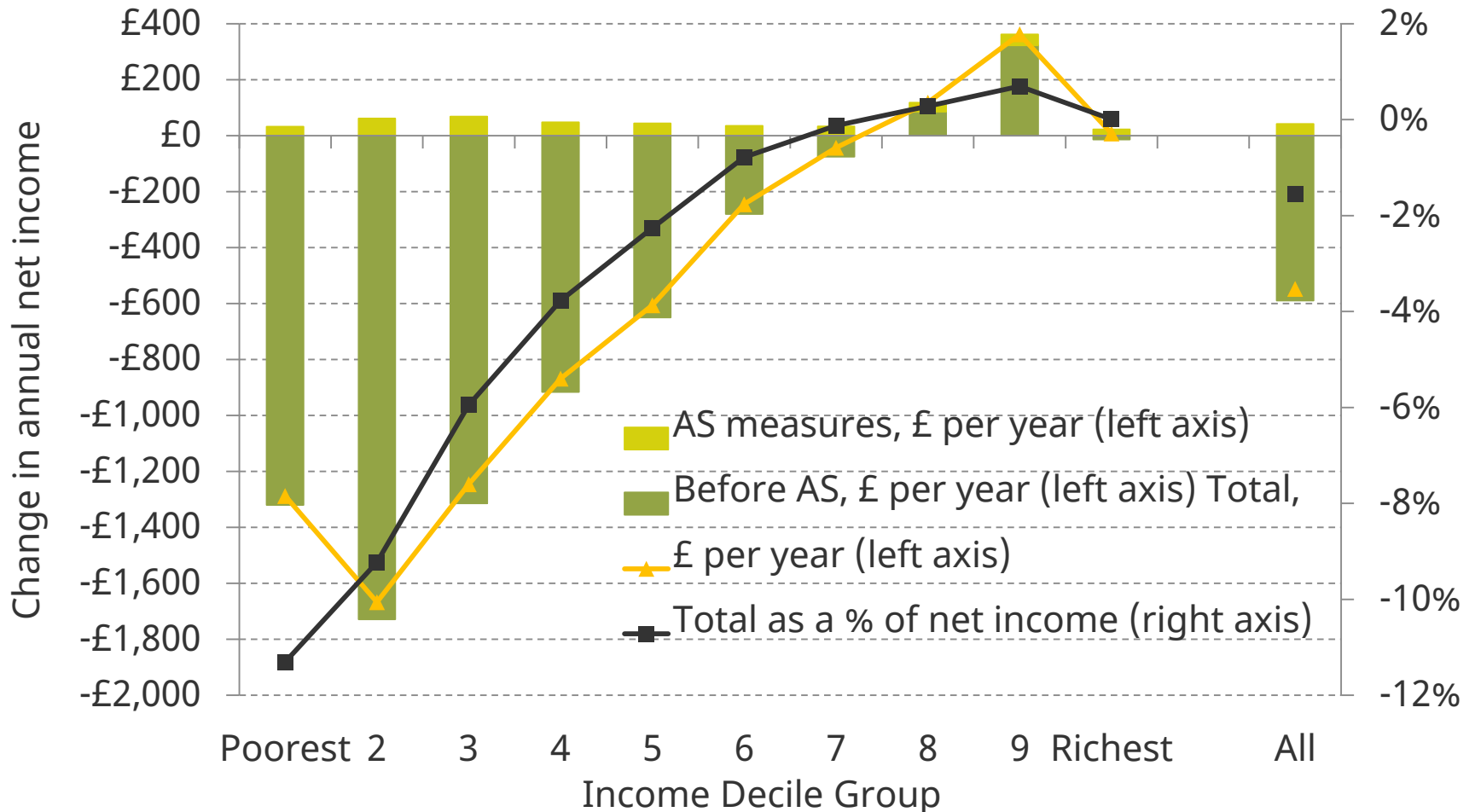# Distributional analysis

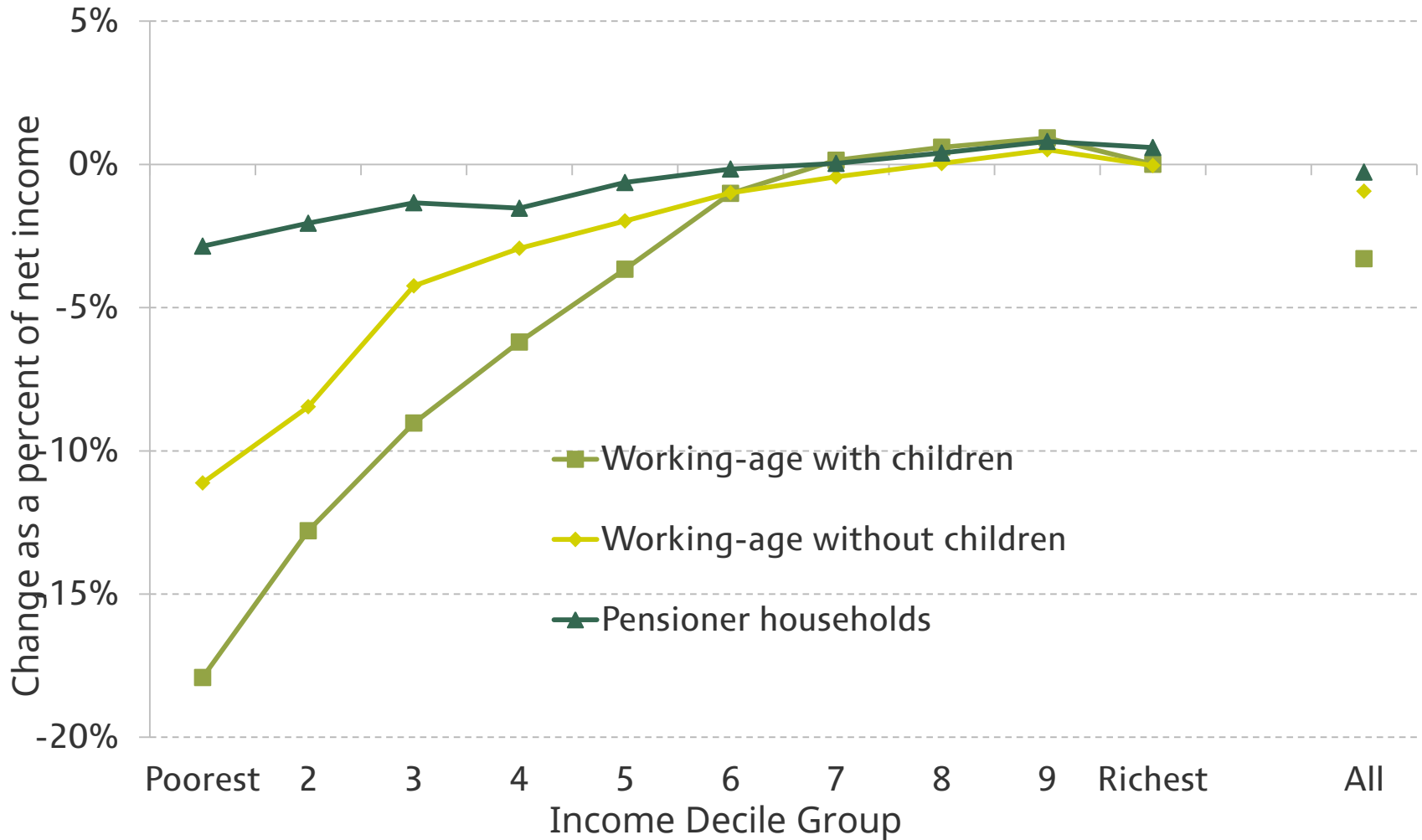**Tom Waters**

What we model

- Analysis includes (with exceptions)

  - Income tax and NICs

  - Benefits and tax credits

  - Excise duties

  - Council tax

- Does not include

  - 'Business taxes' (corporation tax, business rates, North Sea taxes)

  - Capital taxes (capital gains tax, inheritance tax, stamp duties)

  - Sugar tax

- More details available from the author on request

Impact of tax and benefit reforms
May 2015 – April 2020 (including universal credit)

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Legend:
- AS measures, £ per year (left axis)
- Before AS, £ per year (left axis) Total,
- £ per year (left axis)
- Total as a % of net income (right axis)

Left axis: Change in annual net income (£400 to -£2,000)
Right axis: 2% to -12%
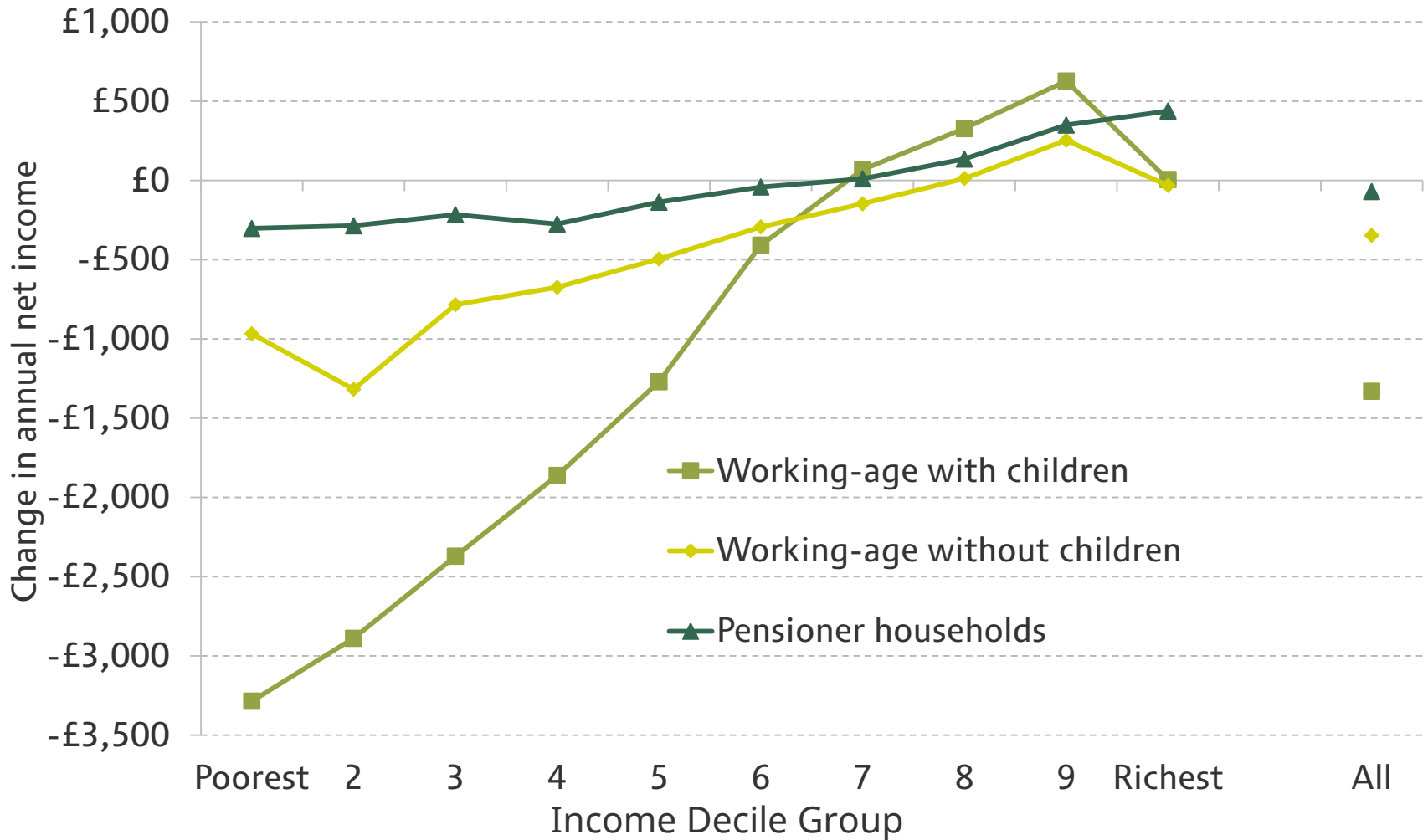X axis: Income Decile Group (Poorest, 2, 3, 4, 5, 6, 7, 8, 9, Richest, All)

Notes: Assumes full take-up of means-tested benefits and tax credits and all changes fully in place.
'AS measures' includes changes to fuel duties, insurance premium tax and universal credit.

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Change as a percent of net income

- ■ Working-age with children
- ◆ Working-age without children
- ▲ Pensioner households

Income Decile Group

(Poorest, 2, 3, 4, 5, 6, 7, 8, 9, Richest, All)

Note: Assumes full take-up of means-tested benefits and tax credits and all changes fully in place

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Change in annual net income

Income Decile Group

Legend:
- Working-age with children
- Working-age without children
- Pensioner households

Note: Assumes full take-up of means-tested benefits and tax credits and all changes fully in place

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Category	Change as a percent of net income
Single, no work	-14%
Single, in work	~0%
Lone parent, no work	-20%
Lone parent, in work	-11%
Couple, no children, no work	-5%
Couple with children, no work	-18%
Couple, no children, one earner	~0%
Couple with children, one earner	-4%
Couple, no children, two earners	+0.5%
Couple with children, two earners	~-0.5%
Single pensioner	~-0.5%
Couple pensioner	+0.5%
Multi-family household, no children	-1%
Multi-family household with children	-3%
All	-2%

Change as a percent of net income
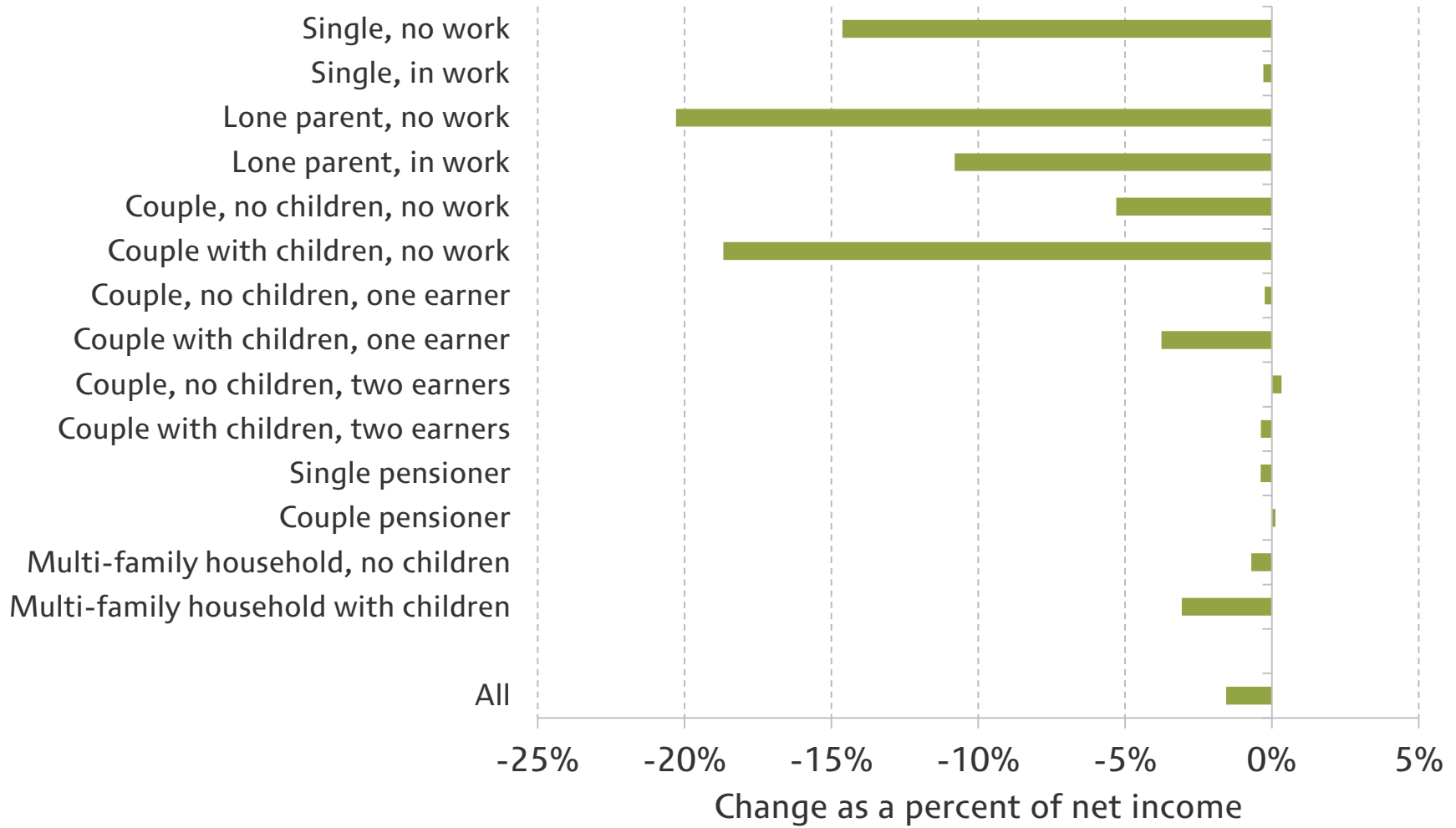
-25%   -20%   -15%   -10%   -5%   0%   5%

Note: Assumes full take-up of means-tested benefits and tax credits and all changes fully in place

Impact of tax and benefit reforms
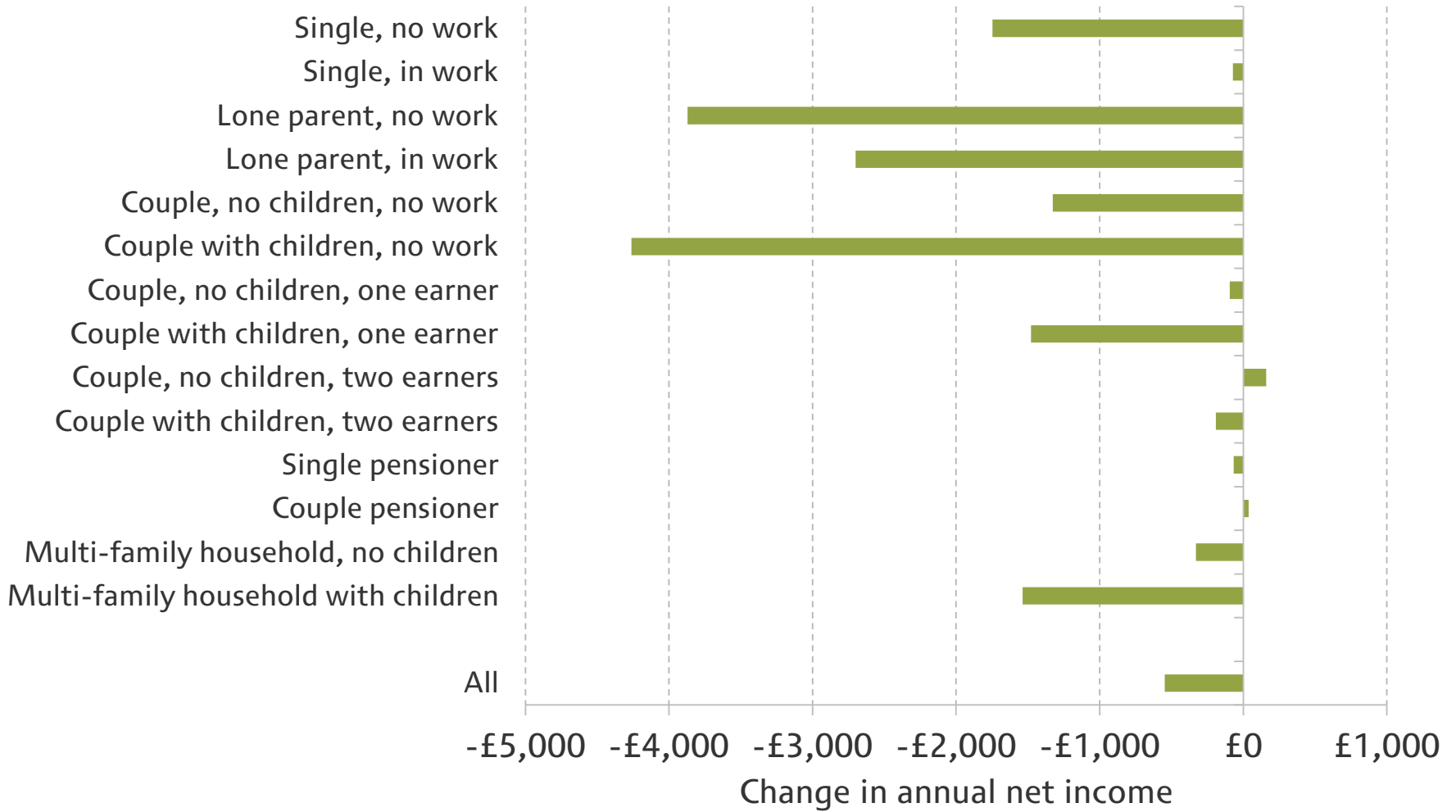# May 2015 – April 2020 (including universal credit)

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Category	Change in annual net income
Single, no work	-£1,800
Single, in work	-£100
Lone parent, no work	-£3,900
Lone parent, in work	-£2,600
Couple, no children, no work	-£1,300
Couple with children, no work	-£4,400
Couple, no children, one earner	-£150
Couple with children, one earner	-£1,500
Couple, no children, two earners	+£200
Couple with children, two earners	-£300
Single pensioner	-£100
Couple pensioner	+£50
Multi-family household, no children	-£500
Multi-family household with children	-£1,600
All	-£600

Change in annual net income

Note: Assumes full take-up of means-tested benefits and tax credits and all changes fully in place