

Inequality and the very rich: what do we know?

Broadway House, London

5 November 2019

The characteristics and incomes of the top 1%

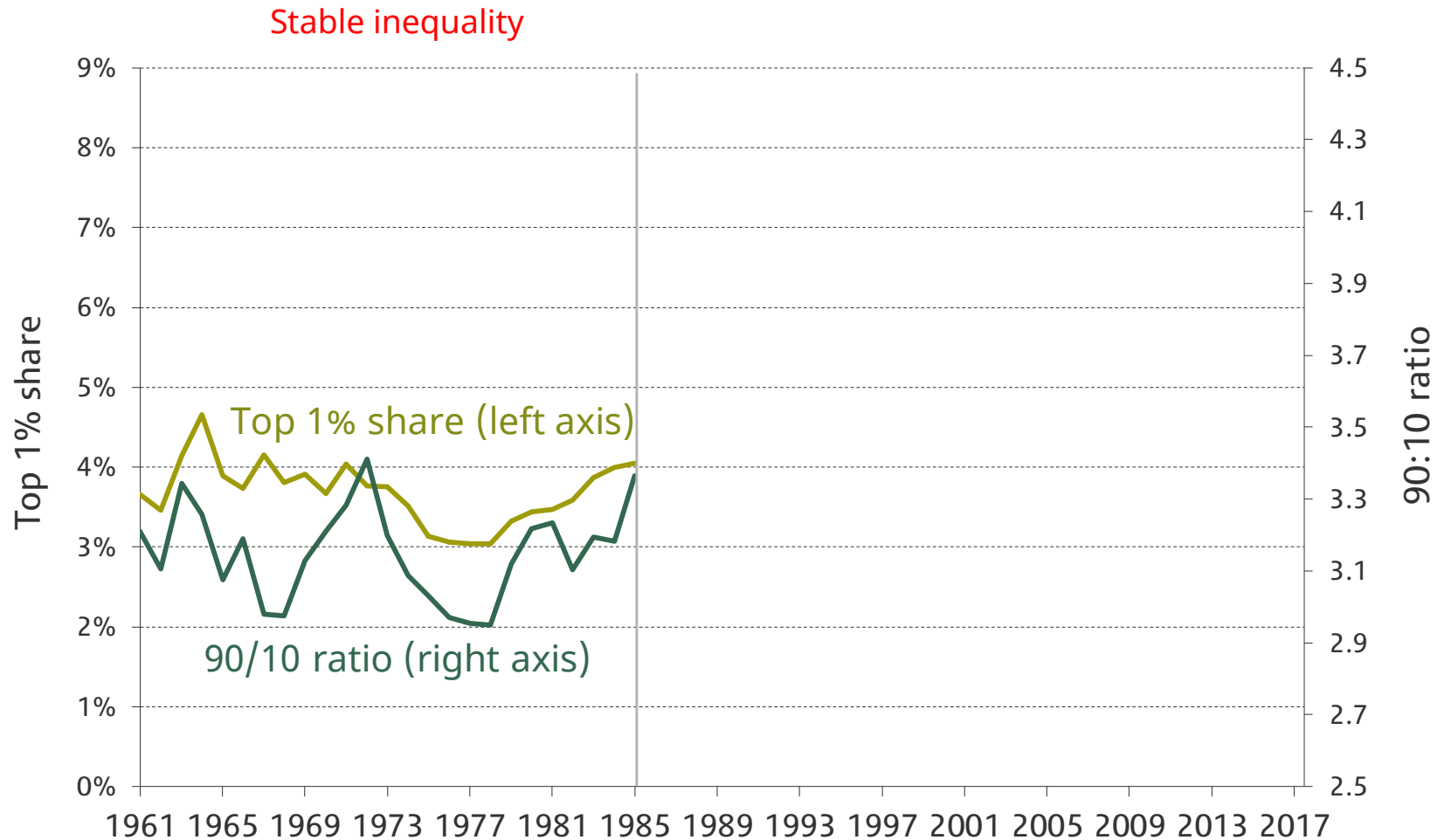
Robert Joyce

From joint work with Barra Roantree and Tom Pope

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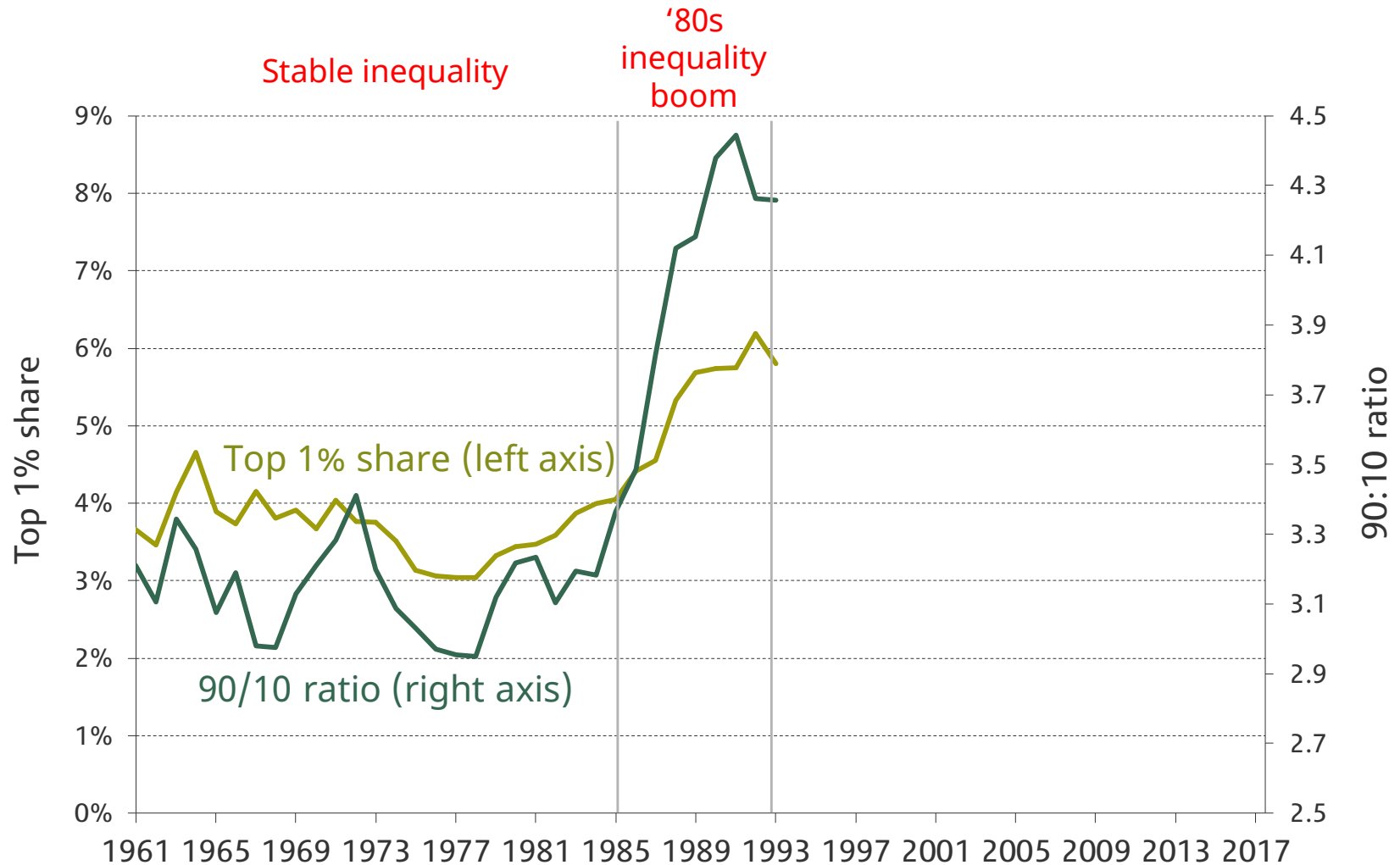
4 phases of postwar income inequality

Inequality in net household equivalised incomes



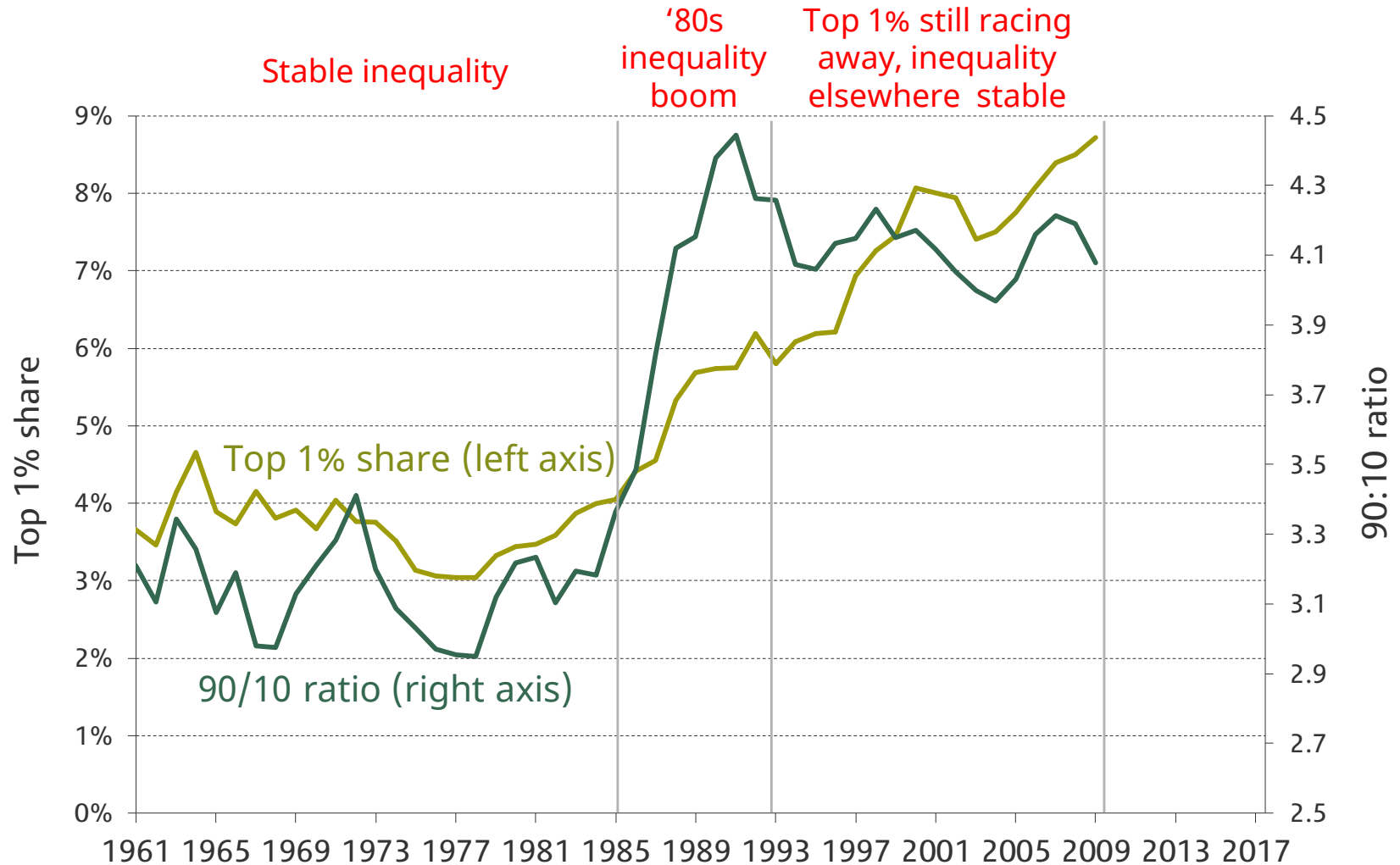
4 phases of postwar income inequality

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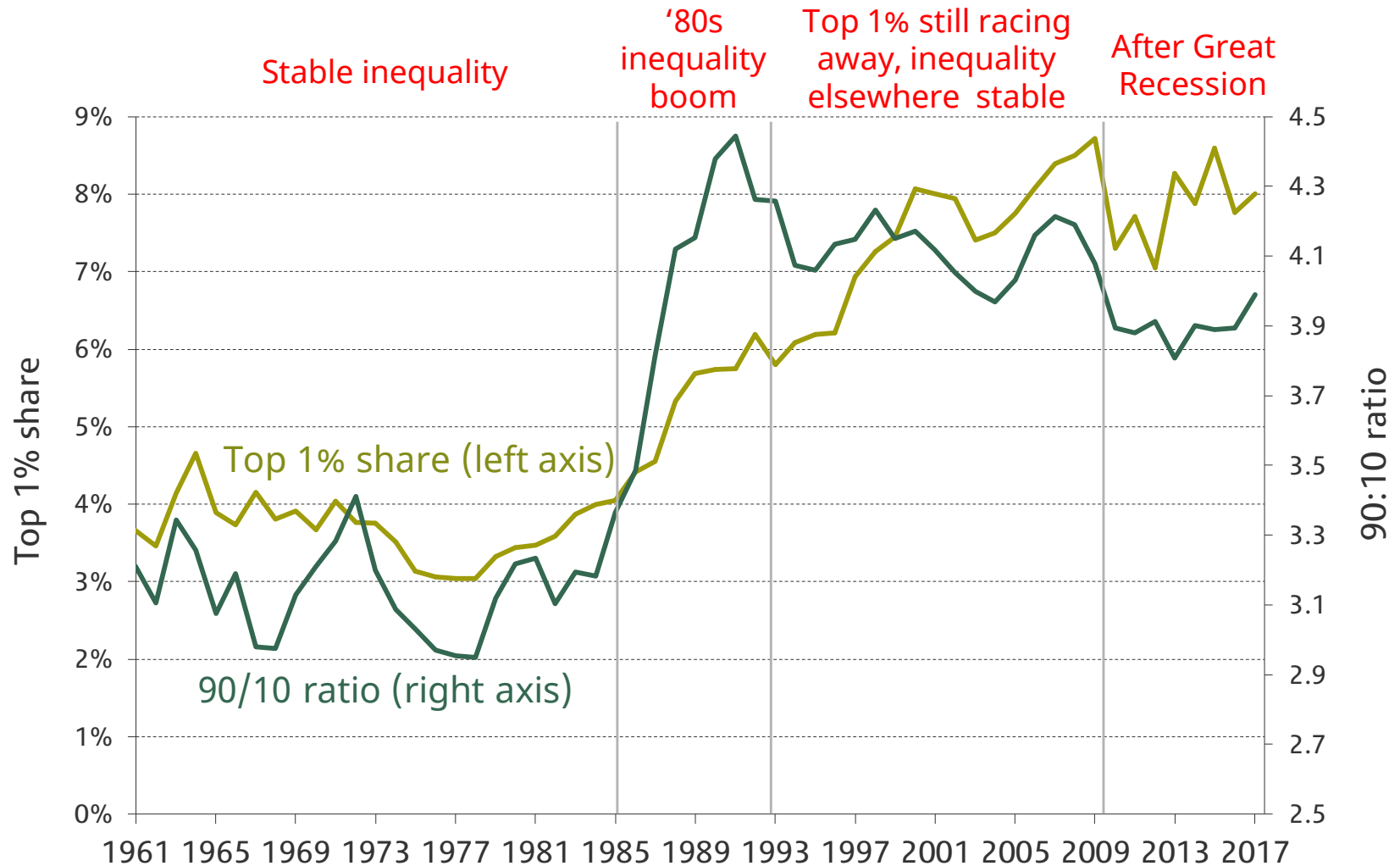
4 phases of postwar income inequality

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4 phases of postwar income inequality

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Outline

Income levels at the top

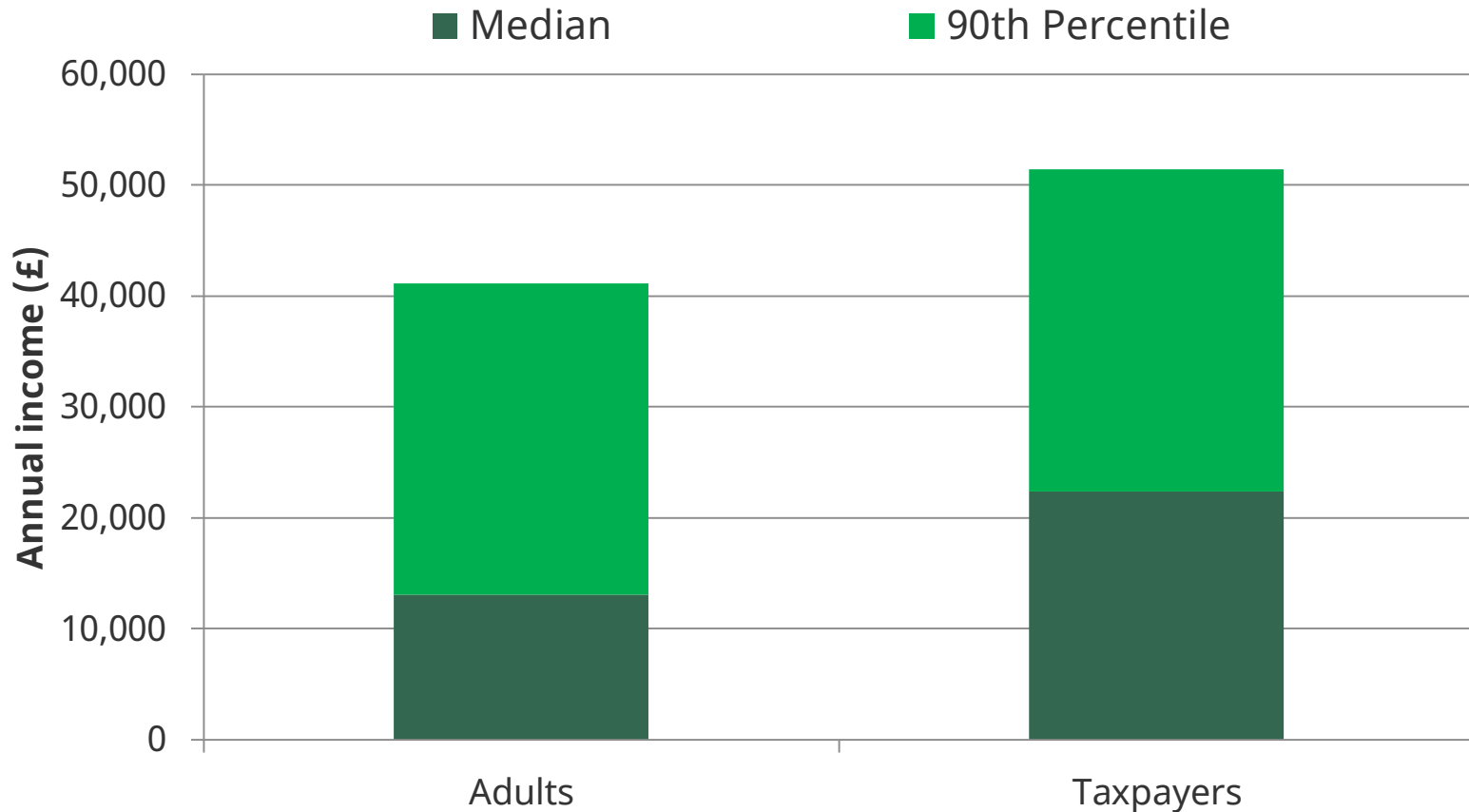
Who has incomes this high?

Where does the income come from?

How stable is the income?

Inequality explodes towards top of distribution

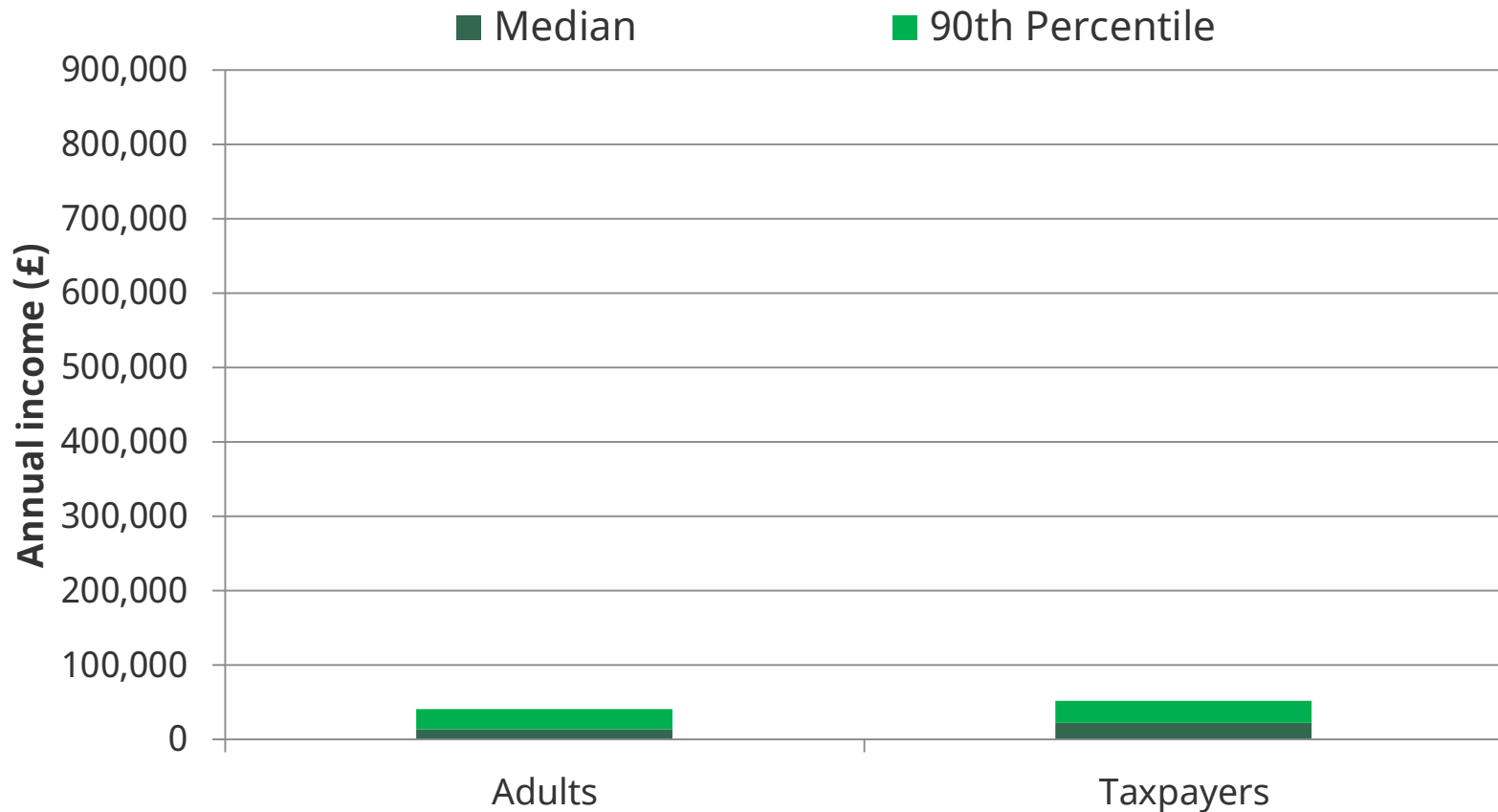
Levels of personal taxable income, 2014-15



Sources: Survey of Personal Incomes and HMRC self-assessment data.
Notes: From Figure 3 of Joyce, Pope and Roantree (2019).

Inequality explodes towards top of distribution

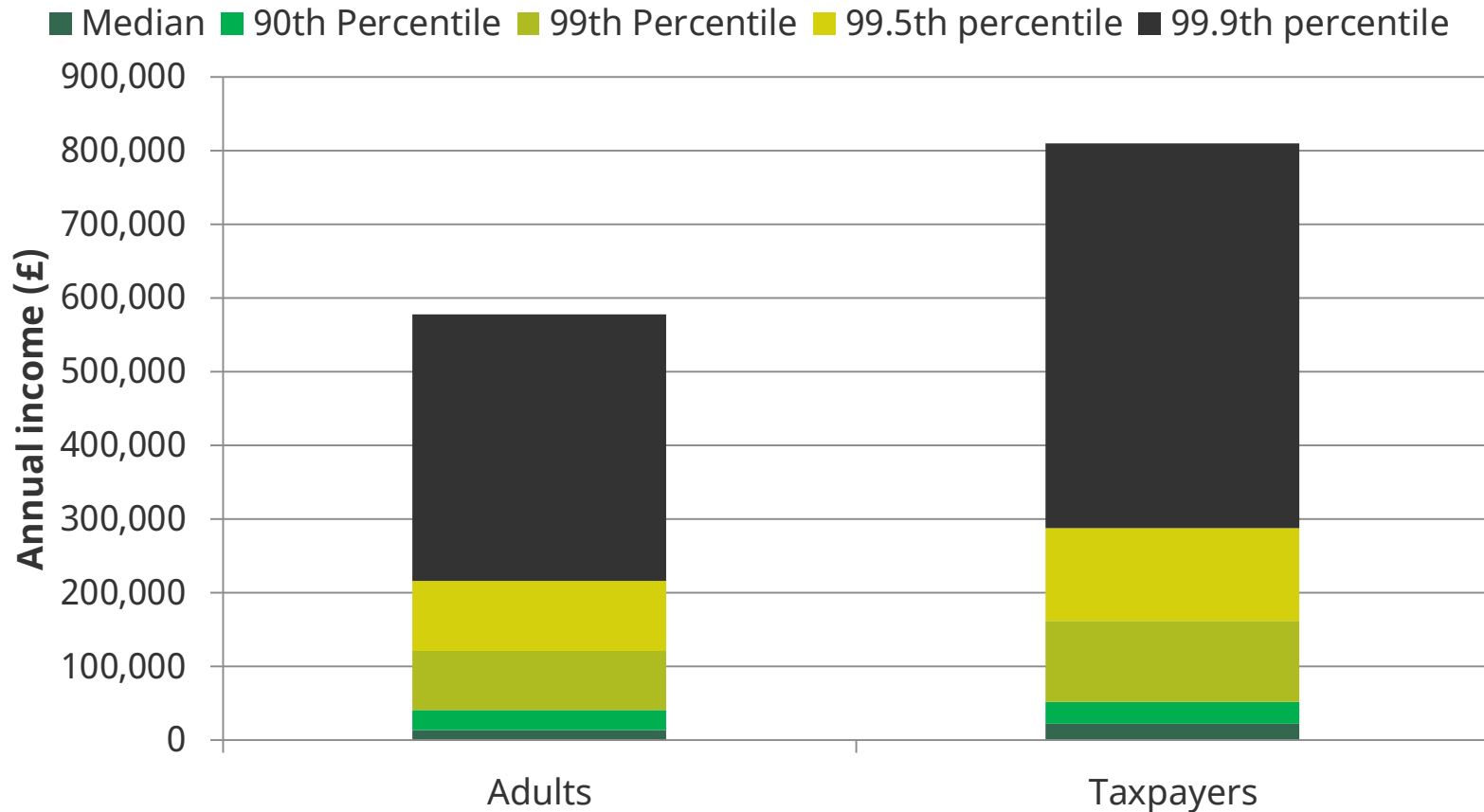
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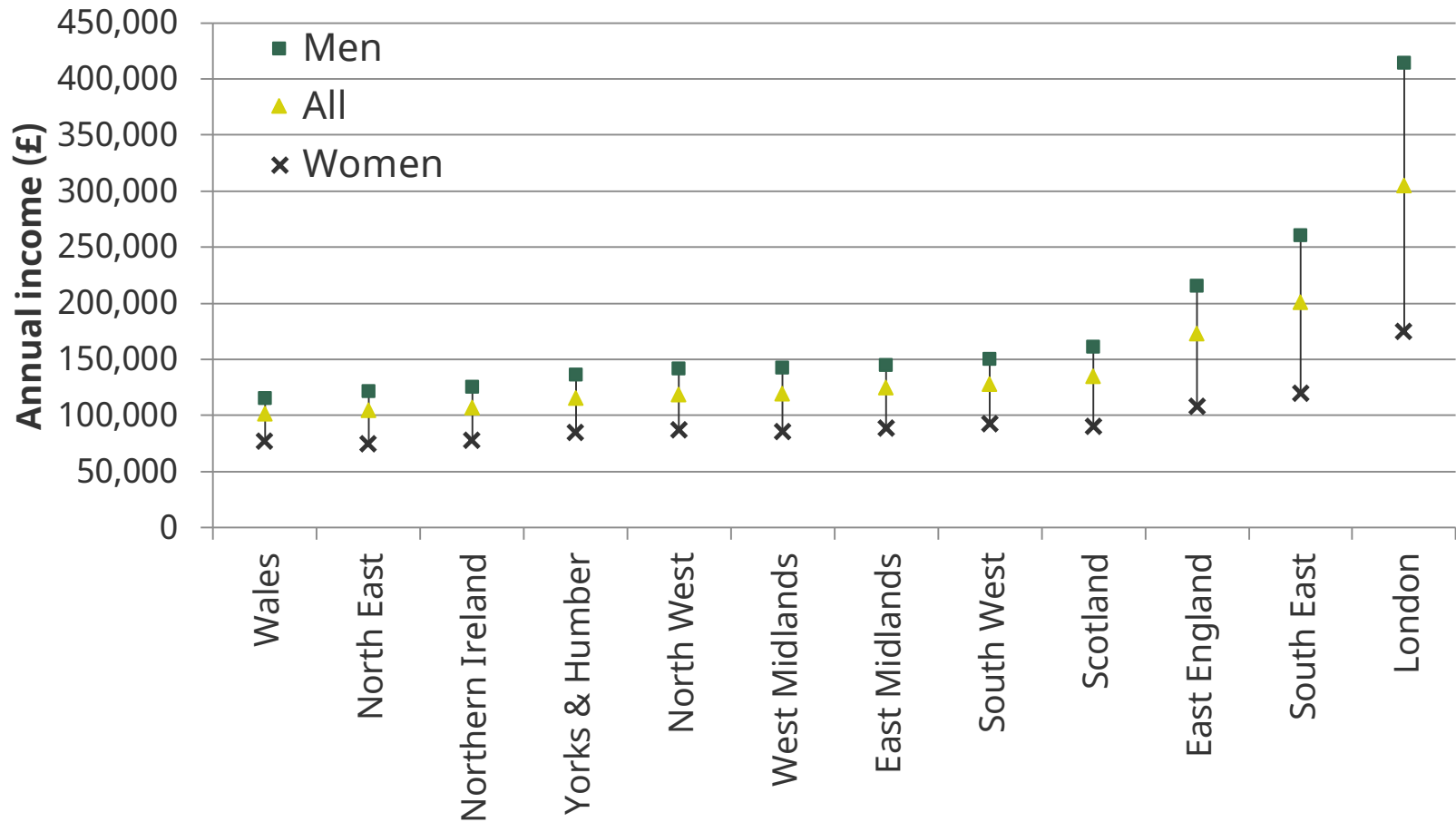
Inequality explodes towards top of distribution

Levels of personal taxable income, 2014-15



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Notes: From Figure 3 of Joyce, Pope and Roantree (2019).

Huge “between-group” disparities at the top too 99th percentile income by gender and region

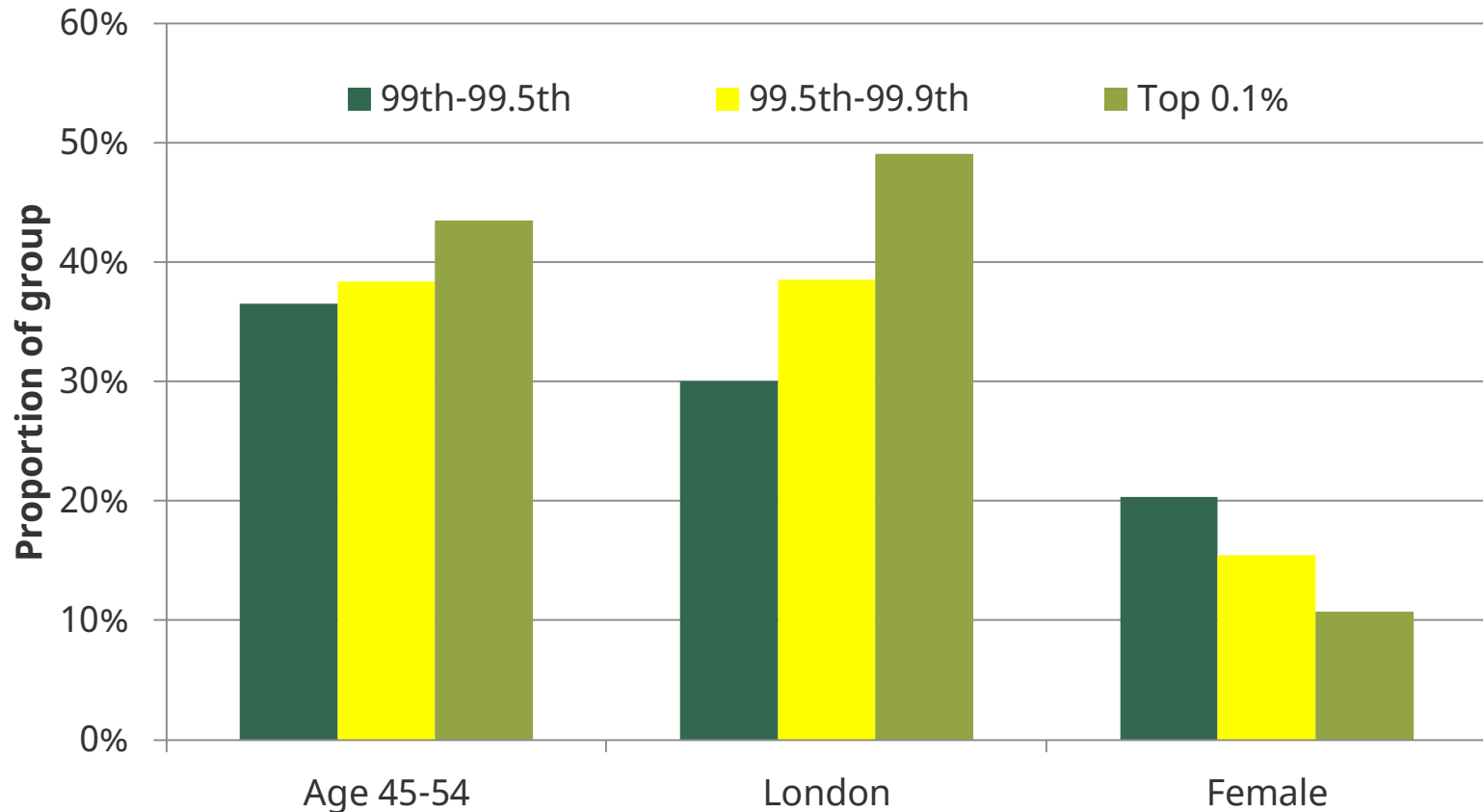


Source: HMRC self-assessment data.

Notes: From Figure 5 of Joyce, Pope and Roantree (2019).

...even more so at more extreme end of the distribution

Composition of top income groups by age, region and gender

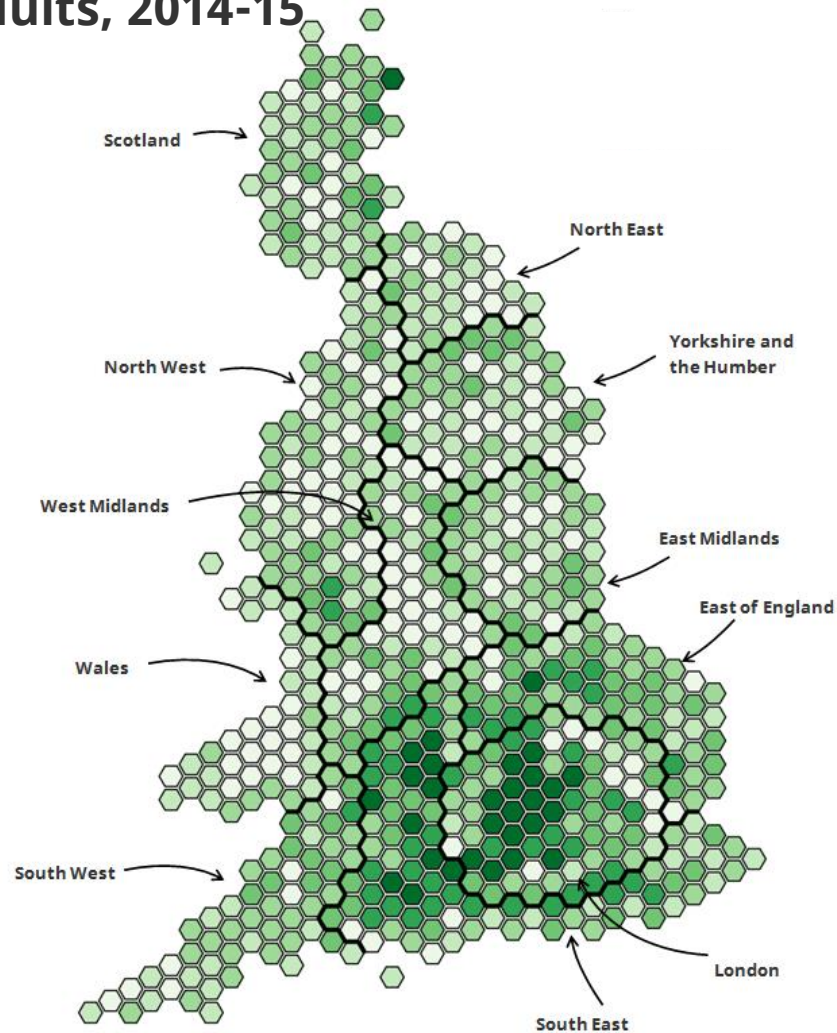
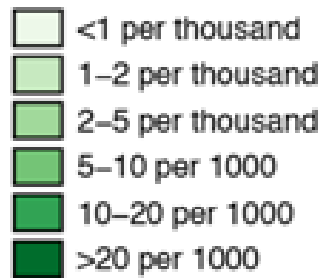


Source: HMRC self-assessment data.

Notes: From Figure 9 of Joyce, Pope and Roantree (2019).

Density of top 1% by parliamentary constituency

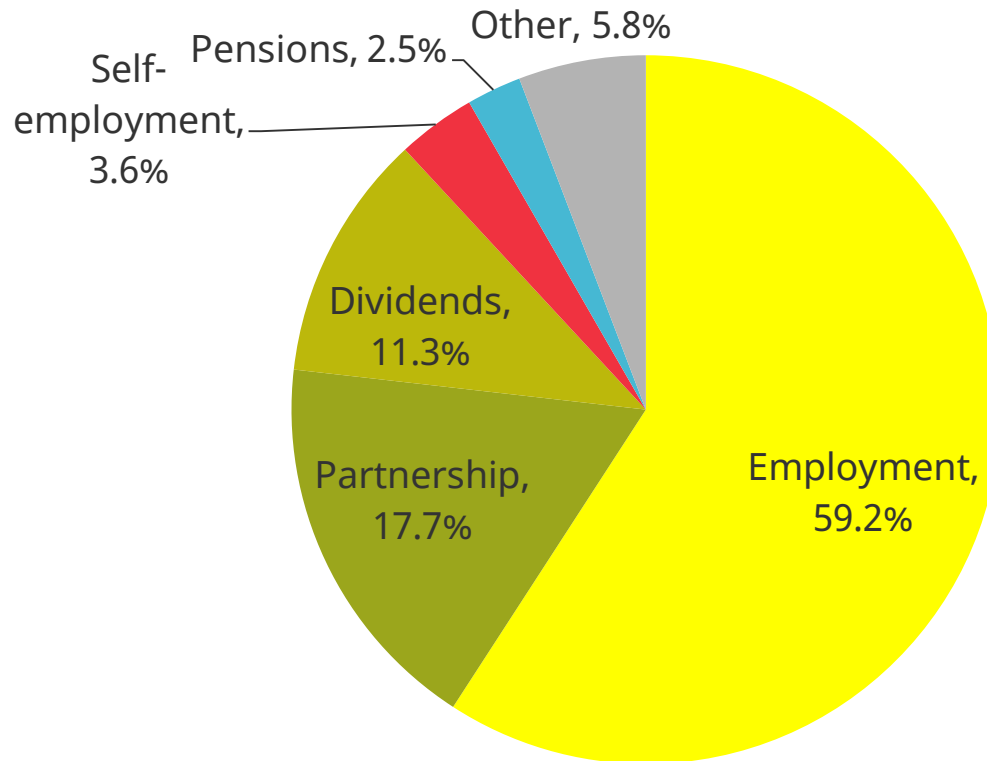
Number per 1000 adults, 2014-15



Source: HMRC self-assessment data.

Notes: From Figure 8 of Joyce, Pope and Roantree (2019).

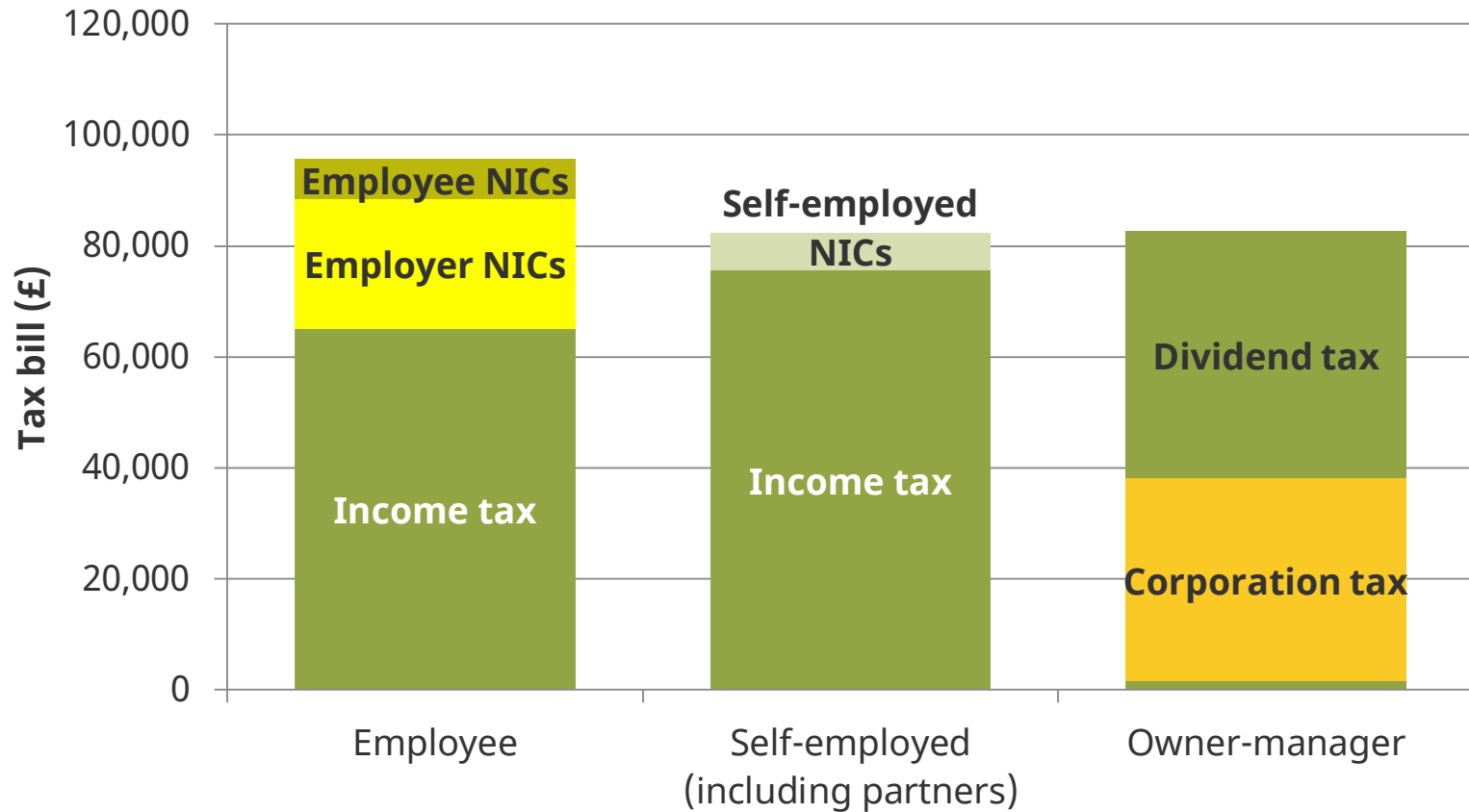
Where does their income come from? Breakdown of the income of the top 1%



Source: HMRC self-assessment data.

Notes: From Figure 10 of Joyce, Pope and Roantree (2019).

Tax due on a job generating £200,000, by legal form

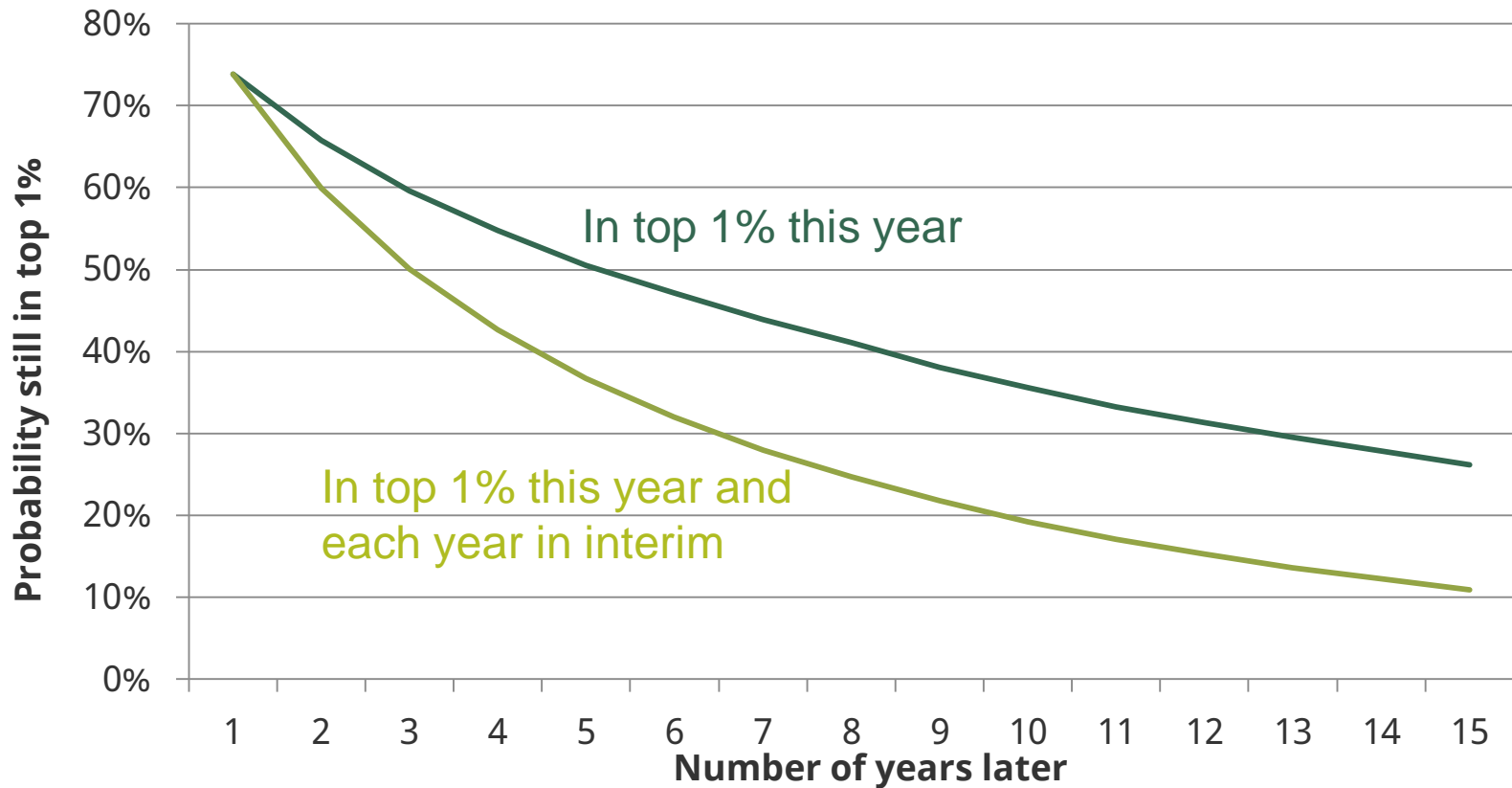


Source: HMRC self-assessment data.

Notes: From Figure 11 of Joyce, Pope and Roantree (2019).

Income dynamics: the top 1% is not a very stable group

Probability of remaining in top 1% for those in it this year

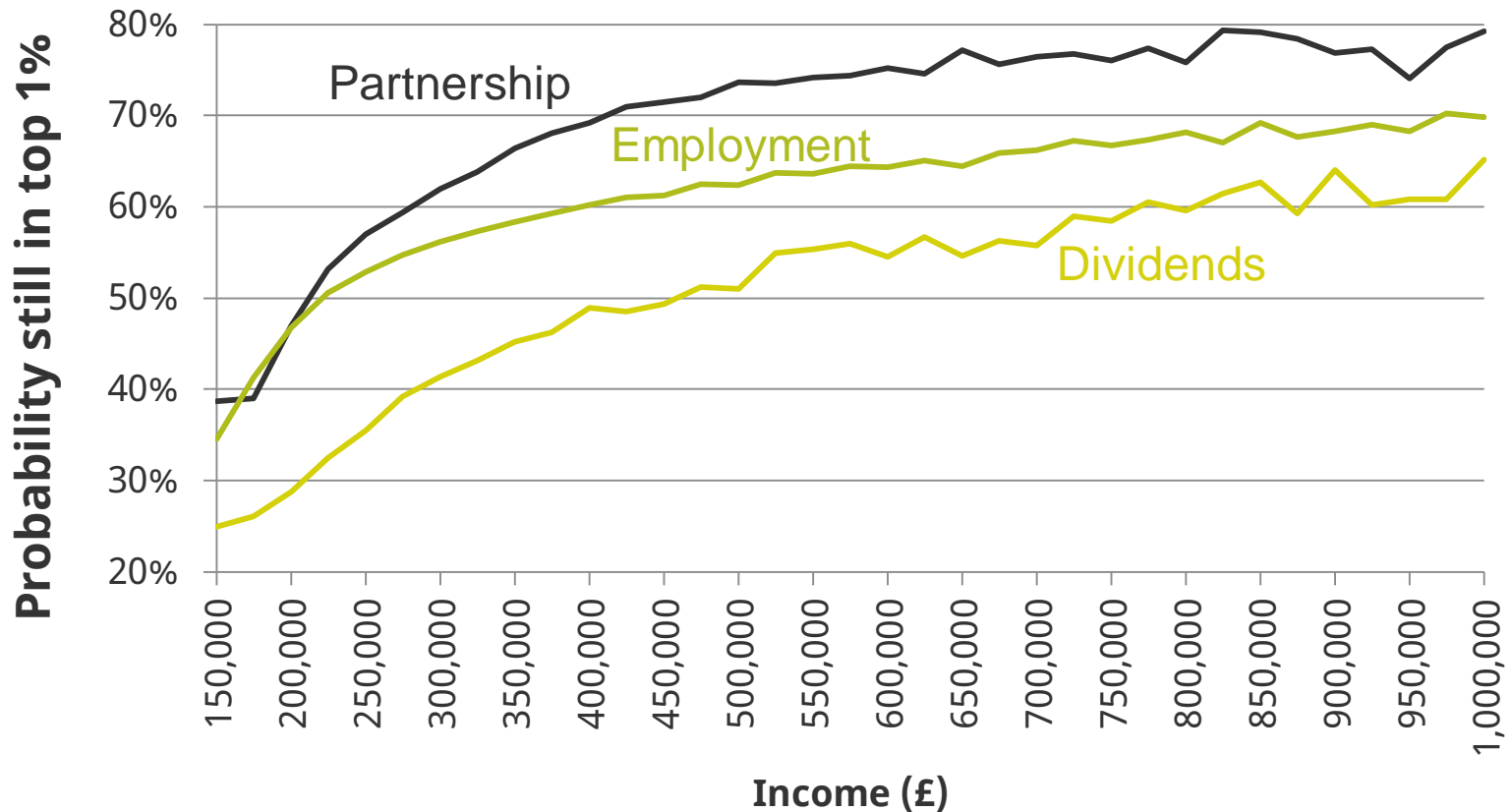


Source: HMRC self-assessment data.

Notes: From Figure 14 of Joyce, Pope and Roantree (2019).

High-income partners seem to have most stable incomes

Probability of being in top 1% 5 years later, by main income source



Source: HMRC self-assessment data.

Notes: From Figure 17 of Joyce, Pope and Roantree (2019).

Summary

Income disparities at the very top dwarf those elsewhere in distribution

Top 1% is a very unrepresentative group

With geographic concentration increasing

About one third are business owners

With associated tax breaks

Not a stable group

About half will drop out of the top 1% at some point in next 3 years

Significantly more than 1% will be in the top 1% at some point