Distributional analysis

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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)

Change in annual net income

Income Decile Group

Poorest 2 3 4 5 6 7 8 9 Richest All

Budget measures, £ per year (left axis)
Before Budget, £ per year (left axis)
Total, £ per year (left axis)
Total as a % of net income (right axis)

Notes: Assumes full take-up of means-tested benefits and tax credits and all changes fully in place. ‘Budget measures’ consists of the change to the Class 4 NICs rates.
Impact of tax and benefit reforms
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Change as a percent of net income

Income Decile Group

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

Change in annual net income

- £3,500
- £3,000
- £2,500
- £2,000
- £1,500
- £1,000
- £500
- £0
£500
£1,000
£1,500
£2,000
£2,500
£3,000
£3,500

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

-25% -20% -15% -10% -5% 0% 5%

Single, no work
Single, in work
Lone parent, no work
Lone parent, in work
Couple, no children, no work
Couple with children, no work
Couple, no children, one earner
Couple with children, one earner
Couple, no children, two earners
Couple with children, two earners
Single pensioner
Couple pensioner
Multi-family household, no children
Multi-family household with children

All

Change as a percent of net income

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)

-£5,000 -£4,000 -£3,000 -£2,000 -£1,000 £0 £1,000

Single, no work
Single, in work
Lone parent, no work
Lone parent, in work
Couple, no children, no work
Couple with children, no work
Couple, no children, one earner
Couple with children, one earner
Couple, no children, two earners
Couple with children, two earners
Single pensioner
Couple pensioner
Multi-family household, no children
Multi-family household with children

All

Change in annual net income

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