

The incidence of taxes and social service benefits in 1961 and 1962

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I INTRODUCTION

Estimates of the amounts paid in direct and indirect taxes and of the amounts of social service benefits received by households classified by type and by level of income were published for the first time in the November 1962 issue of *Economic Trends*, for the two years 1957 and 1959. Corresponding estimates are now available for 1961 and 1962.

The estimates are based on a detailed analysis of the results of the Ministry of Labour's Family Expenditure Surveys which have been carried out each year since 1957.⁽¹⁾ These surveys, which cover some 3,000 households a year, were primarily designed to provide up-to-date statistics of expenditure needed to revise the weights of the Index of Retail Prices once a year, but were also designed to provide the information needed for an analysis of taxes and benefits. All households included in the surveys are asked to provide full details of their income, payments of income tax and surtax, and all benefits received from the state in cash and kind, e.g. family allowances, old age pensions, national insurance benefits and national assistance grants, state education, state scholarships. Every adult who co-operates in the survey keeps a full and detailed record of all the purchases he or she makes in two consecutive weeks and, for things that are not purchased regularly, provides information over longer periods; and in return receives a payment of £2. The details of expenditure are used to work out the amounts which each household pays in indirect taxes and, in 1957, the amounts received in subsidies on milk⁽²⁾. From information about the type of dwelling occupied, very rough estimates are also made of the benefits derived from housing subsidies.

Reasonable caution is necessary in interpreting the results of what is an elaborate analysis of a relatively small sample, especially where the results refer to a small number of households in a particular income range. For example, the estimated payments of purchase tax on motor cars, clothing and other durable goods depend on the purchases that households included in the sample happened to make in a particular period—three months in the case of goods acquired on hire purchase, a fortnight in the case of other goods. Since many households fail to record much of their

expenditure on alcoholic drink and tobacco, rough corrections have been made by increasing the recorded figures of expenditure of all households in the same proportion, so as to make average expenditure consistent with the total yield of duties on alcohol and tobacco (on the average, households fail to record about 50 per cent. of their expenditure on alcoholic drink and about 25 per cent. of their expenditure on tobacco). The estimates of some types of benefit are very rough. For example, detailed information concerning the extent to which different households make use of the various national health services was not collected. The estimated benefits merely take account of the orders of magnitude of the differences in the extent to which the national health services as a whole are used by (i) children, (ii) adults below retirement age, and (iii) adults above retirement age (65 for men and 60 for women). Housing subsidies are assumed to be divided equally between all local authority dwellings. The benefit of state education is taken to be the estimated average expenditure per child by public authorities under each of the following six headings: special, primary, secondary modern, other secondary and direct grant schools; and universities. Children attending private schools are allotted a benefit equal to the average cost per child of either state primary or all state secondary schools. The fact that every child has a right to free education at the appropriate level is itself considered to be a benefit.

Indirect taxes on intermediate products, i.e. those used by industries, were not included in the estimates published for 1957 and 1959. On the basis of rough estimates of their allocation between different consumer goods and services, most of the indirect taxes on intermediate products (rates on business premises, duties on oil and on motor vehicles used for business purposes, and stamp duties) have been included in the present estimates for 1961 and 1962. Some improvements have also been introduced in the detailed methods used in each year's estimates.

The estimates do not include the benefits derived from government expenditure on administration, defence, police, public buildings and parks, and so on. They also exclude taxes on capital (e.g. death duties) and direct taxes not levied on the personal incomes of private individuals.

⁽¹⁾ For a description of these surveys and the general results, see *Family Expenditure Survey—Report for 1957-59, Report for 1960 and 1961, and Report for 1962*, published for the Ministry of Labour by H.M.S.O.

⁽²⁾ In general consumers are not considered to benefit from food subsidies intended to keep prices down to the same level as the prices of imported food. The original income of farmers includes any subsidies which they receive.

II DEFINITIONS

Estimates were made of the average taxes paid, the average benefits received, the average original income and the average income after taxes and benefits of households classified by the numbers of adults and of children, and by ranges of income, marked off by equal intervals on a logarithmic scale. Taxes and benefits are grouped under five main headings, as shown below.

Households

A household, defined as in the Family Expenditure Surveys, comprises people living at the same address and catered for by the same person, including children at boarding school. Age 16 is taken as the dividing line between adults and children. People living in hotels, boarding houses, etc., are excluded from the surveys.

Direct taxes

income tax and surtax payments
employers' and employees' contributions to national insurance and national health services

Direct benefits

family allowances
national insurance benefits (pensions; sickness, unemployment, injury, maternity, death benefits, etc.)
non-contributory old age pensions
national assistance grants
national health services
school meals, milk and other 'welfare' foods
state education including school health services
scholarships and education grants from local or central government

Indirect benefits

housing subsidies

Indirect taxes on final consumer goods and services

local rates on dwellings
customs and excise duties on beer, wines and spirits, tobacco, oil, entertainment, betting, etc.
purchase tax⁽¹⁾
motor vehicle licences
stamp duties

Indirect taxes on intermediate products

rates on business premises
duties on business vehicles
duties on oil used by businesses
stamp duties paid by businesses

Original income

is the sum of the incomes, including income in kind, of all members of the same household, including all direct taxes listed above and excluding all direct benefits listed above.

Original income differs from the amount of income which is liable to income tax since it excludes pensions, family allowances and other benefits and grants from public authorities, and includes employers' contributions to national insurance and national health services. Thus the original income of an old age pensioner may be very small. Households consisting of one or two pensioners, so defined if more than three-quarters of their income is derived from old age pensions, national insurance and national assistance, are omitted from the present results.

Original income also differs from the definition of gross income used in the published reports of the Family Expenditure Surveys which includes national insurance benefits, etc., and excludes income in kind and employers' contributions to national insurance and national health services. In 1957 and 1959, people who were sick or unemployed at the time of the survey were classified in the published reports by their current weekly income. For all years, the present estimates make use of any information which it was possible to obtain about their normal income.

Indirect taxes on intermediate products are shown separately so that comparisons can be made between the results for 1961 and 1962 and those for 1957 and 1959, published in *Economic Trends*, November 1962.

III RESULTS

Results are shown in the accompanying tables and charts for each of five main types of household. Results are not in general shown for households containing more than two adults, or two adults and more than three children, either because the numbers in the sample, when subdivided by income ranges, are too small, or because the households are too heterogeneous. For example, households containing three adults, for which some figures are shown in Tables 1 and 2, would include married couples with a child over 16, married couples with a single man or woman, possibly an elderly dependant, and three single persons. Results are not quoted for families with an income of less than £216 a year which include a good many pensioners, or for income ranges containing fewer than ten households.

The results must be read in conjunction with the numbers of households of each type in each income range, shown in Tables 1 and 2. Figures which refer to relatively small numbers of households are not particularly significant and even those referring to larger numbers may be considerably influenced by one or two untypical households. For example, one household may contain a member who has a state scholarship; another may have spent a substantial sum as purchase tax on an item such as a car, a refrigerator or a suite of furniture in the particular weeks of the survey. The results should rather be looked at in the broad, as providing a general picture of the incidence of taxes

(¹) Purchase tax on cars is spread proportionately over net expenditure on new cars and expenditure on second-hand cars.

Income after all taxes and benefits as a proportion of original income

TABLE A

Percentages

	Range of original income per year													
	£216-	£260-	£315-	£382-	£460-	£559-	£676-	£816-	£988-	£1,196-	£1,448-	£1,752-	£2,122-	£2,566- £3,104
1961														
1 adult	140	103	101	82	85	78	74	70	68					
2 adults	172	152	126	118	95	90	81	77	75	76	71	73	75	66
2 adults, 1 child					91	88	85	81	80	80	77	76		
2 adults, 2 children					91	102	94	90	87	88	87	88		
2 adults, 3 children						111	117	104	105	92				
1962														
1 adult	121	121	108	88	82	78	73	68						
2 adults	173	163	138	119	106	85	83	75	72	74	76	71	67	65
2 adults, 1 child					131	86	84	85	82	77	79			
2 adults, 2 children						107	97	93	93	90	85	86		
2 adults, 3 children						118	109	105	103	101				

and benefits on households of different sizes and at varying income levels.

The income ranges, extending from £216 to £3,104 per annum, are such that the top end of each range is 21 per cent. higher than the lower end, as this happened to give a convenient total number of income ranges for the type of electronic computer which was used to produce the tabulations. Different income ranges were used in tabulating the results for 1957 and 1959 on another make of computer, but comparisons are in any case affected by the general rise in incomes.

Tables 1 and 2 show the average income per household after direct taxes and benefits and after all taxes and benefits, and the average original income, of households in each income range. The same figures are shown in the form of percentages of original income in Tables A and B. The estimates for each main group of taxes and benefits are shown in Tables 3 and 4 and, graphically, in Charts 3 and 4.

The net effect of all taxes and benefits, shown in Table A, is a considerable increase in incomes in the lower income ranges and a considerable reduction in the higher income ranges. For families of any given size, income after all taxes and benefits as a proportion of

original income shows a progressive reduction as income rises; while, within each income range, the net balance of all taxes and benefits becomes progressively more favourable as the size of family increases.

Table B shows the net effect of direct taxes and benefits. The figures here are generally higher than those in Table A; but the relative incidence of direct taxes and benefits on families at different income levels, and also on families of different size, is very similar to the relative incidence of all taxes and benefits. This conclusion emerges more clearly from the figures in Table C which shows the incidence of indirect taxes less subsidies. Indirect taxes and subsidies are related to expenditure and so are shown as a proportion of spendable income, i.e. income after direct taxes and benefits. The general run of the figures shows that net indirect taxes form a surprisingly stable proportion of spendable income, both at different income levels and for families of different size. As can be seen from Charts 3 and 4, the benefits of subsidies, which consist only of housing subsidies⁽¹⁾ are small relatively to indirect taxes. Tables 5 and 6 show the incidence of each of the main groups of indirect taxes.

The results are summarised in another form in

Income after direct taxes and benefits as a proportion of original income

TABLE B

Percentages

	Range of original income per year													
	£216-	£260-	£315-	£382-	£460-	£559-	£676-	£816-	£988-	£1,196-	£1,448-	£1,752-	£2,122-	£2,566- £3,104
1961														
1 adult	148	114	116	99	98	95	87	85	79					
2 adults	216	181	152	142	115	106	97	93	91	90	86	84	87	80
2 adults, 1 child					113	105	101	99	96	96	90	89		
2 adults, 2 children					113	119	114	108	103	105	98	98		
2 adults, 3 children						129	135	122	119	108				
1962														
1 adult	135	137	134	109	100	90	86	87						
2 adults	221	192	162	149	123	104	99	92	89	88	89	84	82	71
2 adults, 1 child					152	103	102	100	96	93	94			
2 adults, 2 children						125	114	108	107	103	100	95		
2 adults, 3 children						139	125	122	120	113				

(¹) These are the only subsidies which are now considered to benefit consumers. See footnote (²) on page iii.

TABLE C **Total indirect taxes less indirect benefits as a proportion of income after direct taxes and benefits** Percentages

	Range of original income per year													
	£216-	£260-	£315-	£382-	£460-	£559-	£676-	£816-	£988-	£1,196-	£1,448-	£1,752-	£2,122-	£2,566- £3,104
1961														
1 adult	5	9	13	17	14	18	15	18	13					
2 adults	20	16	17	17	17	15	17	17	17	15	17	13	14	18
2 adults, 1 child					19	16	16	15	16	16	14	14		
2 adults, 2 children					19	14	17	16	16	17	12	10		
2 adults, 3 children						13	13	15	12	14				
1962														
1 adult	11	12	20	19	18	14	16	22						
2 adults	22	15	15	20	14	18	17	19	19	17	15	16	18	10
2 adults, 1 child					14	17	17	15	15	17	16			
2 adults, 2 children						15	15	15	13	12	14	10		
2 adults, 3 children						15	13	14	14	11				

Charts 1 and 2 where average incomes after redistribution through taxes and benefits are plotted against the average original income of households of each type in each income range. The diagonal line in these charts connects the points at which income after redistribution is equal to original income. Where the points for a given type of family cross the diagonal line at a more or less clearly defined point, this may be regarded as the approximate 'break-even' level of income for that type of family. But, for reasons already touched on, the points for any one type of family do not always lie on a clearly defined line, and in some cases they appear to lie on a line which is, for some distance, almost parallel to the break-even line. It is then very difficult to determine the break-even level of income.

It is important, again, to remember the numbers of households represented by each point on these charts. A single household having an unusually large benefit, or a large item of expenditure attracting purchase tax in the period of the survey, may completely dominate the average amount of benefit or tax of a particular group of families. It is also worth remembering that, of households consisting of one or two adults, a fair proportion in the lowest income ranges are retired people receiving substantial amounts of pension, and possibly having a different pattern of expenditure from that of other households. These cases have been discounted in estimating the break-even levels of income mentioned below.

The foregoing qualifications need to be kept very much in mind when considering the following extremely rough estimates of the break-even levels of income for some of the main types of family, i.e. the level of income at which total direct and indirect taxes are about equal to total direct and indirect benefits. Households consisting of one adult appeared to break even at about £320 in 1962 and at about £310 in 1961; or, excluding indirect taxes on intermediate products, at about £340 in 1962 and £320 in 1961, compared with something like £250 in 1959 and £210 in 1957. Households consisting of two adults and no children appeared to break even at about £500 in 1962 and £460 in 1961;

or, excluding indirect taxes on intermediate products, at about £540 in 1962 and £500 in 1961, compared with something like £450 in 1959 and £380 in 1957. For households containing two adults and one child, the break-even levels of income are more difficult to discern, but they were possibly about £520 in 1962 and £480 in 1961; or, excluding indirect taxes on intermediate products, possibly about £560 in 1962, £520 in 1961, £470 in 1959 and £460 in 1957. It is not really possible to make corresponding estimates for other types of family. (The estimates previously published for 1957 and 1959 have been slightly amended.)

IV NOTES ON METHODS

The results of this analysis depend to some extent on the methods used in estimating the values, for example, of benefits received in kind (education, health services); or in deciding on the length of the period to be covered by the information obtained from each household about benefits and incomes; or in estimating the normal incomes of people who happen to be off work at the time of the survey. The estimates of payments in purchase tax depend, similarly, on the length of the period for which details of expenditure are collected. There is bound to be a certain amount of arbitrariness in whatever methods are used. Three points deserve mention here.

- (i) In the Family Expenditure Surveys full details of all expenditure are collected for two consecutive weeks. Where the recorded figures of expenditure on a particular item were found, from statistical tests, to be significantly higher in the first week than in the second, only the figures of the second week were used in this analysis.
- (ii) Of the total number of households included in the initial sample, 72 per cent. in 1961 and 74 per cent. in 1962, agreed to co-operate in providing all the information which was requested. There were substantial variations between different groups of households in the proportions that were willing to co-operate fully.

In preparing the present estimates, the numbers of households, classified by type and by the numbers of different types of income tax units in different income ranges belonging to them, were re-weighted so as to give distributions for each type of income tax unit agreeing with those shown by the Inland Revenue's information for the whole population.

- (iii) In cases where a household bought a motor vehicle outright in the two weeks for which a full record of expenditure is kept, the average payment of purchase tax reckoned over the

whole year would be very large (26 times the average payment in the two weeks) and would thus give a false impression when the number of households in one income range is never very large. In such cases, the payment of purchase tax on a motor vehicle was spread, proportionately to income after direct taxes and benefits, over all households in the same income range and in a sufficient number of income ranges on either side to make up at least 150 households.

Central Statistical Office

APPENDIX
Average incomes before and after taxes and benefits
1961

TABLE I

£ per year

	Range of original income						
	£216-	£260-	£315-	£382-	£460-	£559-	£676-
1 adult							
<i>Number of households</i>	10	12	22	29	43	33	26
Original income	231	288	344	419	507	616	736
Income after direct taxes and benefits	343	327	400	414	499	583	637
Income after all taxes and benefits except indirect taxes on intermediate products	333	305	359	357	447	498	560
Income after all taxes and benefits	325	297	348	345	431	480	544
2 adults							
<i>Number of households</i>	16	19	31	30	50	102	118
Original income	243	285	350	425	515	616	745
Income after direct taxes and benefits	524	514	533	603	592	652	725
Income after all taxes and benefits except indirect taxes on intermediate products	434	446	457	523	509	572	627
Income after all taxes and benefits	418	431	440	503	490	553	605
2 adults, 1 child							
<i>Number of households</i>					18	51	61
Original income					516	624	744
Income after direct taxes and benefits					581	654	752
Income after all taxes and benefits except indirect taxes on intermediate products					492	573	652
Income after all taxes and benefits					472	551	629
2 adults, 2 children							
<i>Number of households</i>					16	40	58
Original income					538	629	749
Income after direct taxes and benefits					610	747	853
Income after all taxes and benefits except indirect taxes on intermediate products					511	661	734
Income after all taxes and benefits					491	640	705
2 adults, 3 children							
<i>Number of households</i>						11	30
Original income						608	725
Income after direct taxes and benefits						782	982
Income after all taxes and benefits except indirect taxes on intermediate products						699	875
Income after all taxes and benefits						678	849
3 adults							
<i>Number of households</i>					10	17	24
Original income					507	603	724
Income after direct taxes and benefits					786	733	865
Income after all taxes and benefits except indirect taxes on intermediate products					662	599	749
Income after all taxes and benefits					636	573	721

Note: The numbers of households are those in the original sample.

Average incomes before and after taxes and benefits

1961

TABLE 1 (continued)

£ per year

	Range of original income						
	£816-	£988-	£1,196-	£1,448-	£1,752-	£2,122-	£2,556- £3,104
1 adult							
Number of households	18	13					
Original income	895	1,102					
Income after direct taxes and benefits	757	867					
Income after all taxes and benefits except indirect taxes on intermediate products	643	768					
Income after all taxes and benefits	622	751					
2 adults							
Number of households	142	117	99	46	31	17	10
Original income	898	1,090	1,316	1,568	1,894	2,377	2,713
Income after direct taxes and benefits	834	992	1,180	1,347	1,596	2,078	2,177
Income after all taxes and benefits except indirect taxes on intermediate products	717	848	1,033	1,155	1,425	1,831	1,850
Income after all taxes and benefits	692	820	1,006	1,120	1,390	1,784	1,792
2 adults, 1 child							
Number of households	87	75	56	21	10		
Original income	904	1,088	1,314	1,575	1,933		
Income after direct taxes and benefits	898	1,046	1,264	1,415	1,717		
Income after all taxes and benefits except indirect taxes on intermediate products	789	908	1,082	1,259	1,512		
Income after all taxes and benefits	764	878	1,050	1,220	1,470		
2 adults, 2 children							
Number of households	72	78	48	23	11		
Original income	900	1,074	1,288	1,570	1,900		
Income after direct taxes and benefits	970	1,108	1,351	1,541	1,859		
Income after all taxes and benefits except indirect taxes on intermediate products	841	967	1,163	1,399	1,703		
Income after all taxes and benefits	814	935	1,129	1,360	1,664		
2 adults, 3 children							
Number of households	35	28	16				
Original income	897	1,075	1,329				
Income after direct taxes and benefits	1,094	1,279	1,434				
Income after all taxes and benefits except indirect taxes on intermediate products	960	1,162	1,282				
Income after all taxes and benefits	931	1,131	1,227				
3 adults							
Number of households	35	60	77	50	30	19	
Original income	912	1,093	1,318	1,558	1,907	2,308	
Income after direct taxes and benefits	926	1,050	1,224	1,399	1,693	1,985	
Income after all taxes and benefits except indirect taxes on intermediate products	802	897	1,045	1,174	1,431	1,746	
Income after all taxes and benefits	770	866	1,010	1,130	1,388	1,704	

Note: The numbers of households are those in the original sample.

Average incomes before and after taxes and benefits

1962

TABLE 2

£ per year

	Range of original income						
	£216-	£260-	£315-	£382-	£460-	£559-	£676-
1 adult							
<i>Number of households</i>	25	16	24	17	32	24	26
Original income	241	278	349	418	511	617	739
Income after direct taxes and benefits	327	381	469	455	511	559	638
Income after all taxes and benefits except indirect taxes on intermediate products	300	349	394	382	434	492	553
Income after all taxes and benefits	291	336	377	368	417	479	536
2 adults							
<i>Number of households</i>	23	22	30	30	58	79	130
Original income	237	283	343	422	517	623	749
Income after direct taxes and benefits	523	544	556	627	638	649	745
Income after all taxes and benefits except indirect taxes on intermediate products	430	479	490	525	567	551	643
Income after all taxes and benefits	409	463	473	503	546	531	620
2 adults, 1 child							
<i>Number of households</i>					11	40	56
Original income					510	622	758
Income after direct taxes and benefits					776	644	771
Income after all taxes and benefits except indirect taxes on intermediate products					692	558	664
Income after all taxes and benefits					669	536	639
2 adults, 2 children							
<i>Number of households</i>						32	64
Original income						621	757
Income after direct taxes and benefits						778	863
Income after all taxes and benefits except indirect taxes on intermediate products						689	768
Income after all taxes and benefits						664	736
2 adults, 3 children							
<i>Number of households</i>						11	36
Original income						631	745
Income after direct taxes and benefits						875	935
Income after all taxes and benefits except indirect taxes on intermediate products						772	837
Income after all taxes and benefits						745	811
3 adults							
<i>Number of households</i>					11	15	22
Original income					525	623	739
Income after direct taxes and benefits					799	728	834
Income after all taxes and benefits except indirect taxes on intermediate products					706	586	737
Income after all taxes and benefits					676	553	714

Note: The numbers of households are those in the original sample.

Average incomes before and after taxes and benefits

1962

TABLE 2 (continued)

£ per year

	Range of original income						
	£816-	£988-	£1,196-	£1,448-	£1,752-	£2,122-	£2,566- £3,104
1 adult							
Number of households	25						
Original income	889						
Income after direct taxes and benefits	776						
Income after all taxes and benefits except indirect taxes on intermediate products	628						
Income after all taxes and benefits	605						
2 adults							
Number of households	129	116	107	75	32	13	12
Original income	903	1,087	1,299	1,568	1,909	2,240	2,826
Income after direct taxes and benefits	834	968	1,148	1,389	1,600	1,847	2,019
Income after all taxes and benefits except indirect taxes on intermediate products	704	814	989	1,223	1,398	1,565	1,872
Income after all taxes and benefits	679	783	958	1,187	1,350	1,510	1,824
2 adults, 1 child							
Number of households	102	90	56	21			
Original income	898	1,083	1,334	1,575			
Income after direct taxes and benefits	898	1,040	1,236	1,478			
Income after all taxes and benefits except indirect taxes on intermediate products	791	918	1,068	1,288			
Income after all taxes and benefits	765	888	1,031	1,246			
2 adults, 2 children							
Number of households	80	82	41	28	16		
Original income	903	1,093	1,317	1,575	1,937		
Income after direct taxes and benefits	978	1,166	1,357	1,568	1,833		
Income after all taxes and benefits except indirect taxes on intermediate products	865	1,045	1,225	1,384	1,691		
Income after all taxes and benefits	835	1,013	1,188	1,344	1,657		
2 adults, 3 children							
Number of households	34	41	23				
Original income	893	1,085	1,305				
Income after direct taxes and benefits	1,092	1,302	1,480				
Income after all taxes and benefits except indirect taxes on intermediate products	972	1,152	1,350				
Income after all taxes and benefits	938	1,117	1,317				
3 adults							
Number of households	33	64	61	70	48	16	10
Original income	911	1,086	1,327	1,597	1,898	2,272	2,738
Income after direct taxes and benefits	918	1,033	1,218	1,417	1,645	1,960	2,421
Income after all taxes and benefits except indirect taxes on intermediate products	799	895	1,049	1,212	1,412	1,763	2,173
Income after all taxes and benefits	771	863	1,013	1,170	1,369	1,724	2,129

Note: The numbers of households are those in the original sample.

Average benefits received and average taxes paid by different types of household

1961

TABLE 3

£ per year

	Range of original income						
	£216-	£260-	£315-	£382-	£460-	£559-	£676-
1 adult							
Benefits:							
direct	128.0	77.0	91.8	57.1	59.8	66.7	38.7
indirect	19.8	5.0	2.9	3.7	8.1	3.0	5.8
Direct taxes:							
national insurance contributions	5.8	16.0	16.3	26.1	31.7	29.2	51.1
income tax and surtax	10.0	21.6	18.8	34.9	36.0	70.4	86.8
Indirect taxes:							
on final goods and services	29.8	27.3	43.9	61.6	60.0	88.5	82.6
on intermediate products	8.7	8.5	11.5	12.5	15.9	18.5	16.3
2 adults							
Benefits:							
direct	285.0	245.1	213.4	217.6	129.8	113.7	83.3
indirect	2.4	8.9	7.4	8.8	10.2	11.0	5.6
Direct taxes:							
national insurance contributions	2.3	11.8	17.6	20.2	35.2	43.8	51.0
income tax and surtax	1.8	3.7	13.2	19.1	16.9	33.6	52.2
Indirect taxes:							
on final goods and services	92.5	77.0	83.9	89.2	94.1	91.1	103.6
on intermediate products	16.2	14.7	16.3	19.8	18.2	19.4	22.3
2 adults, 1 child							
Benefits:							
direct					126.7	95.6	88.2
indirect					3.0	14.6	8.3
Direct taxes:							
national insurance contributions					44.9	51.8	55.7
income tax and surtax					17.2	13.8	25.6
Indirect taxes:							
on final goods and services					92.3	96.0	108.3
on intermediate products					19.7	21.7	22.9
2 adults, 2 children							
Benefits:							
direct					124.6	175.4	174.6
indirect					12.9	18.6	7.2
Direct taxes:							
national insurance contributions					49.3	51.7	55.4
income tax and surtax					3.9	5.9	15.2
Indirect taxes:							
on final goods and services					112.0	104.8	125.8
on intermediate products					19.7	20.9	29.3
2 adults, 3 children							
Benefits:							
direct						229.9	320.9
indirect						17.8	16.3
Direct taxes:							
national insurance contributions						54.8	56.8
income tax and surtax						1.3	8.0
Indirect taxes:							
on final goods and services						100.3	122.6
on intermediate products						21.4	25.7

Average benefits received and average taxes paid by different types of household

1961

TABLE 3 (continued)

£ per year

	Range of original income						
	£816-	£988-	£1,196-	£1,448-	£1,752-	£2,122-	£2,566- £3,104
1 adult							
Benefits:							
direct	37.9	12.8					
indirect	1.7	—					
Direct taxes:							
national insurance contributions	36.8	42.8					
income tax and surtax	139.5	204.9					
Indirect taxes:							
on final goods and services	114.7	98.9					
on intermediate products	21.0	17.8					
2 adults							
Benefits:							
direct	69.8	55.3	68.0	47.1	52.3	99.8	33.4
indirect	6.0	3.6	2.0	3.0	—	—	—
Direct taxes:							
national insurance contributions	61.3	65.5	65.6	67.8	57.8	50.5	59.0
income tax and surtax	73.2	88.3	138.5	200.6	293.1	347.7	510.2
Indirect taxes:							
on final goods and services	122.6	147.2	148.3	194.6	170.2	273.1	327.6
on intermediate products	25.1	27.4	27.6	35.1	35.7	21.5	57.5
2 adults, 1 child							
Benefits:							
direct	103.2	100.3	110.8	102.5	89.3		
indirect	8.4	8.5	6.2	2.7	—		
Direct taxes:							
national insurance contributions	59.9	64.3	62.9	59.2	55.7		
income tax and surtax	48.9	77.9	98.9	202.7	249.9		
Indirect taxes:							
on final goods and services	117.8	145.8	187.4	159.2	205.5		
on intermediate products	24.7	30.1	32.7	39.4	41.4		
2 adults, 2 children							
Benefits:							
direct	161.7	166.9	192.0	175.8	194.8		
indirect	12.1	9.2	8.1	4.5	12.0		
Direct taxes:							
national insurance contributions	59.7	62.8	56.6	55.6	47.7		
income tax and surtax	32.5	70.3	72.5	149.5	188.4		
Indirect taxes:							
on final goods and services	140.9	150.1	196.8	146.3	168.0		
on intermediate products	26.8	32.4	33.3	38.8	38.1		
2 adults, 3 children							
Benefits:							
direct	277.0	297.1	232.2				
indirect	9.6	14.4	4.3				
Direct taxes:							
national insurance contributions	59.0	57.8	52.5				
income tax and surtax	21.5	34.7	75.1				
Indirect taxes:							
on final goods and services	143.8	131.6	155.9				
on intermediate products	28.1	30.8	55.1				

Average benefits received and average taxes paid by different types of household

1962

TABLE 4

£ per year

	Range of original income						
	£216-	£260-	£315-	£382-	£460-	£559-	£676-
1 adult							
Benefits:							
direct	110.3	137.5	172.1	91.0	81.6	32.2	18.9
indirect	6.9	5.9	9.0	—	6.9	8.3	1.6
Direct taxes:							
national insurance contributions	10.2	10.3	7.6	24.7	30.8	39.9	48.9
income tax and surtax	14.8	24.1	44.3	29.1	51.0	51.1	71.1
Indirect taxes:							
on final goods and services	33.7	37.5	84.4	73.8	84.0	74.8	86.5
on intermediate products	9.0	13.8	17.3	14.0	16.8	13.1	16.8
2 adults							
Benefits:							
direct	298.4	285.6	246.8	243.0	186.9	116.2	108.6
indirect	4.8	5.4	3.2	3.0	7.9	6.4	7.6
Direct taxes:							
national insurance contributions	3.8	4.9	14.2	16.6	36.6	50.8	56.2
income tax and surtax	7.9	19.7	20.0	21.0	29.5	39.2	56.4
Indirect taxes:							
on final goods and services	98.4	70.7	69.3	105.2	78.2	104.5	109.8
on intermediate products	20.9	16.1	17.0	22.0	21.1	20.2	22.4
2 adults, 1 child							
Benefits:							
direct					324.4	98.4	111.9
indirect					19.9	8.1	4.9
Direct taxes:							
national insurance contributions					38.7	58.1	63.1
income tax and surtax					19.8	18.7	35.4
Indirect taxes:							
on final goods and services					103.8	93.7	112.5
on intermediate products					22.8	22.4	24.7
2 adults, 2 children							
Benefits:							
direct						209.8	182.9
indirect						9.3	9.2
Direct taxes:							
national insurance contributions						50.8	60.6
income tax and surtax						2.0	16.1
Indirect taxes:							
on final goods and services						98.6	104.1
on intermediate products						24.2	31.6
2 adults, 3 children							
Benefits:							
direct						299.8	269.8
indirect						21.2	12.9
Direct taxes:							
national insurance contributions						47.6	66.6
income tax and surtax						8.5	13.8
Indirect taxes:							
on final goods and services						123.9	110.4
on intermediate products						26.8	25.7

Average benefits received and average taxes paid by different types of household

1962

TABLE 4 (continued)

£ per year

	Range of original income						
	£816-	£988-	£1,196-	£1,448-	£1,752-	£2,122-	£2,566- £3,104
1 adult							
Benefits:							
direct	41.4						
indirect	5.8						
Direct taxes:							
national insurance contributions	44.0						
income tax and surtax	110.4						
Indirect taxes:							
on final goods and services	153.2						
on intermediate products	23.8						
2 adults							
Benefits:							
direct	62.1	62.3	50.3	82.9	70.5	35.0	99.9
indirect	7.9	6.6	3.1	1.6	1.1	3.0	3.5
Direct taxes:							
national insurance contributions	66.3	74.2	77.7	84.7	75.3	81.2	46.7
income tax and surtax	65.3	106.5	123.5	177.1	304.3	347.3	859.7
Indirect taxes:							
on final goods and services	137.7	161.4	162.4	167.6	203.3	284.3	150.4
on intermediate products	25.4	30.9	31.4	36.7	47.6	55.0	48.3
2 adults, 1 child							
Benefits:							
direct	109.5	98.4	92.1	118.5			
indirect	6.0	10.1	6.2	14.1			
Direct taxes:							
national insurance contributions	67.1	71.3	72.6	74.8			
income tax and surtax	42.5	70.0	118.1	140.3			
Indirect taxes:							
on final goods and services	113.5	131.6	174.5	203.7			
on intermediate products	25.5	29.8	36.7	41.9			
2 adults, 2 children							
Benefits:							
direct	167.4	206.7	197.5	201.8	206.2		
indirect	13.5	11.8	4.3	3.6	4.3		
Direct taxes:							
national insurance contributions	64.1	65.9	71.0	69.3	59.1		
income tax and surtax	28.3	67.4	85.7	140.2	250.2		
Indirect taxes:							
on final goods and services	125.7	132.8	136.8	187.1	147.1		
on intermediate products	30.2	32.1	36.5	40.3	34.1		
2 adults, 3 children							
Benefits:							
direct	294.2	314.3	315.4				
indirect	17.0	14.5	10.2				
Direct taxes:							
national insurance contributions	66.4	64.3	69.5				
income tax and surtax	28.5	33.2	70.5				
Indirect taxes:							
on final goods and services	137.0	164.6	140.4				
on intermediate products	34.2	35.1	32.9				

Average payments of indirect taxes as percentage of income after direct taxes and benefits

1961

TABLE 5

Percentages

	Range of original income per year													
	£216-	£260-	£315-	£382-	£460-	£559-	£676-	£816-	£988-	£1,196-	£1,448-	£1,752-	£2,122-	£2,566- £3,104
Local rates														
1 adult	5.1	3.9	5.3	4.3	4.0	4.4	3.1	3.5	3.1					
2 adults	4.3	4.2	3.9	3.5	3.3	3.0	2.9	2.5	2.4	2.2	2.4	2.4	2.1	1.5
2 adults, 1 child					1.9	2.5	2.4	2.3	2.1	2.0	2.2	2.1		
2 adults, 2 children... ..					2.2	2.8	2.3	2.2	2.4	1.8	2.0	2.1		
2 adults, 3 children... ..						2.3	1.9	1.6	2.3	1.2				
Drink														
1 adult	0.3	0.8	1.3	1.9	2.2	0.7	2.9	3.0	0.4					
2 adults	2.5	2.7	2.4	2.1	2.2	1.8	1.6	2.4	2.7	1.6	1.9	1.0	3.2	3.5
2 adults, 1 child					4.4	1.5	1.9	1.3	2.5	2.0	1.9	2.2		
2 adults, 2 children... ..					0.6	0.8	1.4	2.0	1.7	3.5	0.6	1.9		
2 adults, 3 children... ..						1.5	1.3	1.6	1.0	1.5				
Tobacco														
1 adult	0.6	1.7	2.0	5.5	3.3	4.8	3.6	3.2	4.4					
2 adults	7.0	5.7	5.9	5.4	7.1	5.6	5.4	5.4	5.1	3.8	4.3	2.4	3.4	3.8
2 adults, 1 child					6.3	6.5	5.5	5.8	5.1	5.0	2.7	3.7		
2 adults, 2 children... ..					12.1	5.2	5.2	4.5	5.9	5.5	2.5	2.5		
2 adults, 3 children... ..						6.6	5.4	5.3	3.8	2.5				
Purchase tax														
1 adult	0.8	0.5	0.8	1.0	1.2	3.9	1.7	3.7	0.6					
2 adults	1.3	0.5	1.1	1.2	1.2	1.4	1.5	1.7	2.0	2.2	2.6	1.8	1.0	3.8
2 adults, 1 child					0.9	1.8	1.5	1.3	1.8	2.2	1.4	1.2		
2 adults, 2 children... ..					1.3	3.2	3.3	3.2	1.6	1.6	2.1	0.9		
2 adults, 3 children... ..						0.7	1.6	2.3	1.5	2.5				
Oil														
1 adult	0.7	0.3	0.4	0.8	0.3	0.3	0.7	0.5	1.8					
2 adults	0.6	0.2	0.7	1.0	0.4	0.6	1.0	1.1	1.1	1.2	1.8	1.6	1.3	1.2
2 adults, 1 child					0.7	0.8	1.3	0.9	0.9	2.2	1.8	1.5		
2 adults, 2 children... ..					0.5	0.6	0.9	1.1	0.8	1.0	1.1	0.8		
2 adults, 3 children... ..						0.4	0.9	0.9	0.6	1.6				
Other indirect taxes on final products														
1 adult	1.2	1.2	1.1	1.3	1.0	1.1	0.9	1.3	1.1					
2 adults	2.0	1.6	1.8	1.6	1.6	1.7	1.9	1.6	1.5	1.5	1.4	1.4	1.0	1.3
2 adults, 1 child					1.6	1.6	1.9	1.6	1.4	1.4	1.2	1.3		
2 adults, 2 children... ..					1.6	1.5	1.6	1.5	1.3	1.1	1.2	0.8		
2 adults, 3 children... ..						1.2	1.3	1.4	1.1	1.6				
Total indirect taxes on final products														
1 adult	8.7	8.3	11.0	14.9	12.0	15.2	13.0	15.2	11.4					
2 adults	17.7	15.0	15.7	14.8	15.8	14.0	14.3	14.7	14.8	12.6	14.5	10.7	11.9	15.0
2 adults, 1 child					15.9	14.7	14.4	13.1	14.0	14.8	11.2	12.0		
2 adults, 2 children... ..					18.4	14.0	14.8	14.5	13.6	14.6	9.5	9.0		
2 adults, 3 children... ..						12.8	12.5	13.1	10.3	10.9				
Indirect taxes on intermediate products														
1 adult	2.5	2.6	2.9	3.0	3.2	3.2	2.6	2.8	2.1					
2 adults	3.1	2.9	3.1	3.3	3.1	3.0	3.1	3.0	2.8	2.3	2.6	2.2	2.3	2.6
2 adults, 1 child					3.4	3.3	3.0	2.7	2.9	2.6	2.8	2.4		
2 adults, 2 children... ..					3.2	2.8	3.4	2.8	2.9	2.5	2.5	2.1		
2 adults, 3 children... ..						2.7	2.6	2.6	2.4	3.8				
Total indirect taxes														
1 adult	11.2	10.9	13.8	17.9	15.2	18.3	15.5	17.9	13.5					
2 adults	20.7	17.8	18.8	18.1	18.9	17.0	17.3	17.7	17.6	14.9	17.1	12.9	14.2	17.7
2 adults, 1 child					19.3	18.0	17.5	15.9	16.8	17.4	14.0	14.4		
2 adults, 2 children... ..					21.6	16.8	18.2	17.3	16.5	17.0	12.0	11.1		
2 adults, 3 children... ..						15.6	15.1	15.7	12.7	14.7				

Average payments of indirect taxes as percentage of income after direct taxes and benefits

1962

TABLE 6

Percentages

	Range of original income per year													
	£216-	£260-	£315-	£382-	£460-	£559-	£676-	£816-	£988-	£1,196-	£1,448-	£1,752-	£2,122-	£2,566- £3,104
Local rates														
1 adult	4.9	6.6	4.4	5.6	4.7	3.5	4.4	4.2						
2 adults	4.1	4.2	3.8	3.8	3.0	3.2	3.1	3.1	2.6	2.3	2.3	2.2	2.6	2.2
2 adults, 1 child					3.1	3.7	2.5	2.5	2.5	2.2	2.4			
2 adults, 2 children... ..						2.3	2.3	2.3	2.3	2.5	2.5	2.0		
2 adults, 3 children... ..						2.4	2.4	2.2	1.8	1.8				
Drink														
1 adult	1.1	0.5	6.2	1.2	2.3	3.0	1.0	7.0						
2 adults	2.2	0.6	1.4	2.4	1.2	2.5	2.5	2.5	2.4	1.9	1.9	3.4	5.7	0.8
2 adults, 1 child					0.5	0.9	2.2	1.4	1.8	1.8	1.7			
2 adults, 2 children... ..						0.8	1.0	1.8	1.1	1.7	1.4	1.2		
2 adults, 3 children... ..						0.9	1.3	2.5	2.2	1.0				
Tobacco														
1 adult	2.2	1.0	2.8	4.5	4.9	3.6	4.6	4.4						
2 adults	6.1	3.7	4.1	6.1	4.5	7.0	5.5	6.0	5.8	3.9	3.6	3.6	3.7	1.6
2 adults, 1 child					7.3	6.2	5.4	4.7	4.5	4.3	5.9			
2 adults, 2 children... ..						5.5	4.2	5.3	4.1	2.3	3.9	1.8		
2 adults, 3 children... ..						6.3	5.2	4.3	5.0	3.3				
Purchase tax														
1 adult	0.6	0.5	1.6	2.4	2.1	1.2	1.4	1.6						
2 adults	3.1	2.1	1.7	1.8	1.5	1.4	1.3	2.3	2.6	2.6	1.7	1.4	1.5	1.3
2 adults, 1 child					1.1	1.2	1.5	1.3	1.8	2.6	2.1			
2 adults, 2 children... ..						1.8	2.0	1.7	1.7	1.5	1.6	1.1		
2 adults, 3 children... ..						2.5	1.2	1.4	1.4	1.3				
Oil														
1 adult	0.3	0.2	1.5	1.0	0.6	0.5	0.9	0.9						
2 adults	1.0	0.7	0.3	1.0	0.7	0.7	0.8	1.1	1.5	1.9	1.3	1.2	0.8	0.6
2 adults, 1 child					0.3	0.8	1.2	1.2	0.8	1.6	0.8			
2 adults, 2 children... ..						0.7	1.0	0.5	0.9	0.9	1.1	1.0		
2 adults, 3 children... ..						0.4	0.5	0.8	1.1	0.9				
Other indirect taxes on final products														
1 adult	1.2	1.1	1.6	1.6	1.8	1.6	1.3	1.6						
2 adults	2.3	1.7	1.2	1.6	1.3	1.5	1.5	1.6	1.7	1.6	1.3	0.9	1.0	1.0
2 adults, 1 child					1.1	1.7	1.7	1.6	1.3	1.6	1.0			
2 adults, 2 children... ..						1.5	1.5	1.3	1.3	1.2	1.4	1.0		
2 adults, 3 children... ..						1.8	1.2	1.3	1.3	1.2				
Total indirect taxes on final products														
1 adult	10.3	9.8	18.0	16.2	16.4	13.4	13.6	19.7						
2 adults	18.8	13.0	12.5	16.8	12.3	16.1	14.7	16.5	16.7	14.1	12.1	12.7	15.4	7.4
2 adults, 1 child					13.4	14.6	14.6	12.6	12.7	14.1	13.8			
2 adults, 2 children... ..						12.7	12.1	12.9	11.4	10.1	11.9	8.0		
2 adults, 3 children... ..						14.2	11.8	12.5	12.6	9.5				
Indirect taxes on intermediate products														
1 adult	2.7	3.6	3.7	3.1	3.3	2.3	2.6	3.1						
2 adults	4.0	3.0	3.1	3.5	3.3	3.1	3.0	3.0	3.2	2.7	2.6	3.0	3.0	2.4
2 adults, 1 child					2.9	3.5	3.2	2.8	2.9	3.0	2.8			
2 adults, 2 children... ..						3.1	3.7	3.1	2.7	2.7	2.6	1.9		
2 adults, 3 children... ..						3.1	2.7	3.1	2.7	2.2				
Total indirect taxes														
1 adult	13.1	13.4	21.7	19.3	19.7	15.7	16.2	22.8						
2 adults	22.8	15.9	15.5	20.3	15.6	19.2	17.7	19.6	19.9	16.9	14.7	15.7	18.4	9.8
2 adults, 1 child					16.3	18.0	17.8	15.5	15.5	17.1	16.6			
2 adults, 2 children... ..						15.8	15.7	16.0	14.1	12.8	14.5	9.9		
2 adults, 3 children... ..						17.2	14.6	15.7	15.3	11.7				

CHART I

Original income and income after direct taxes and benefits

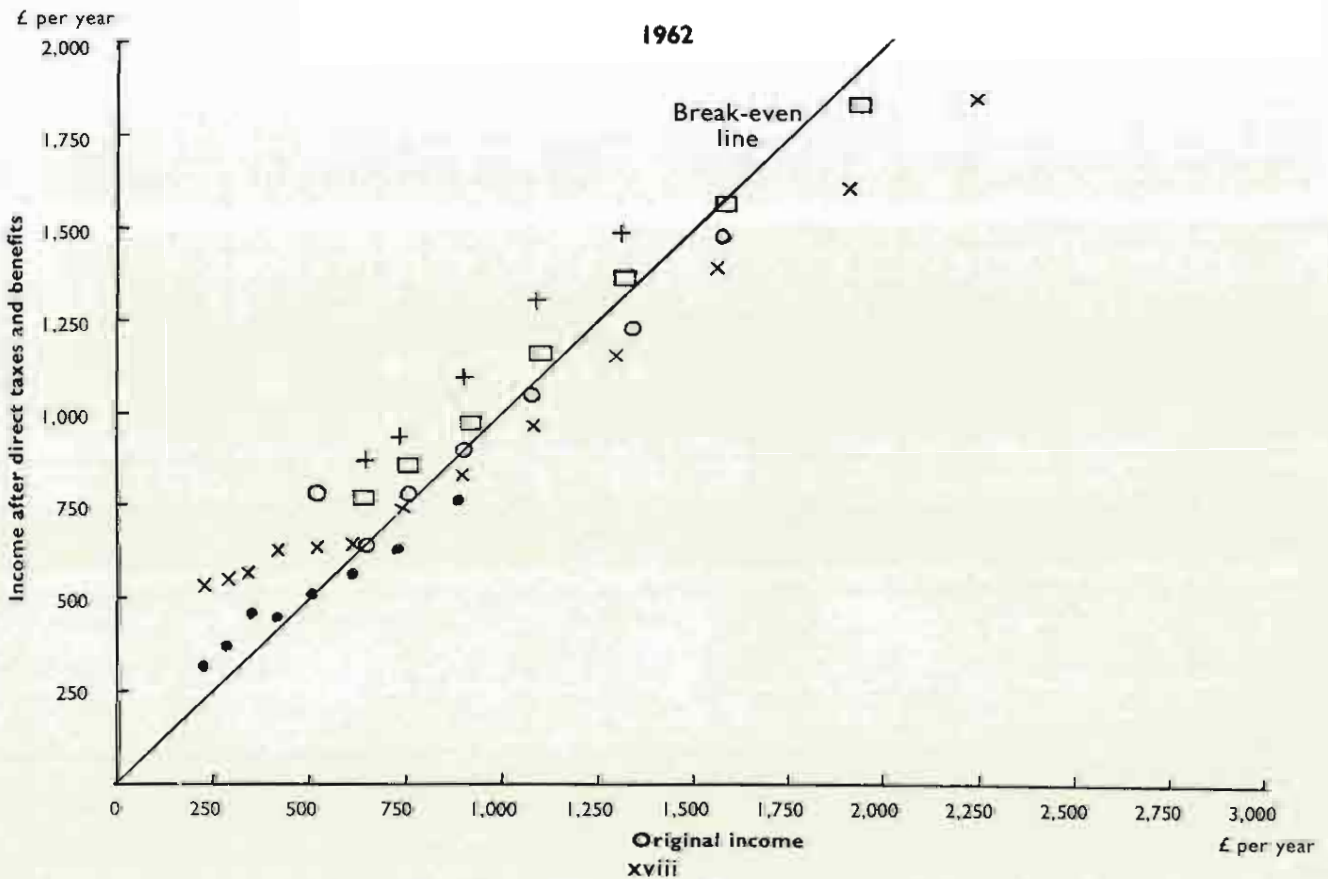
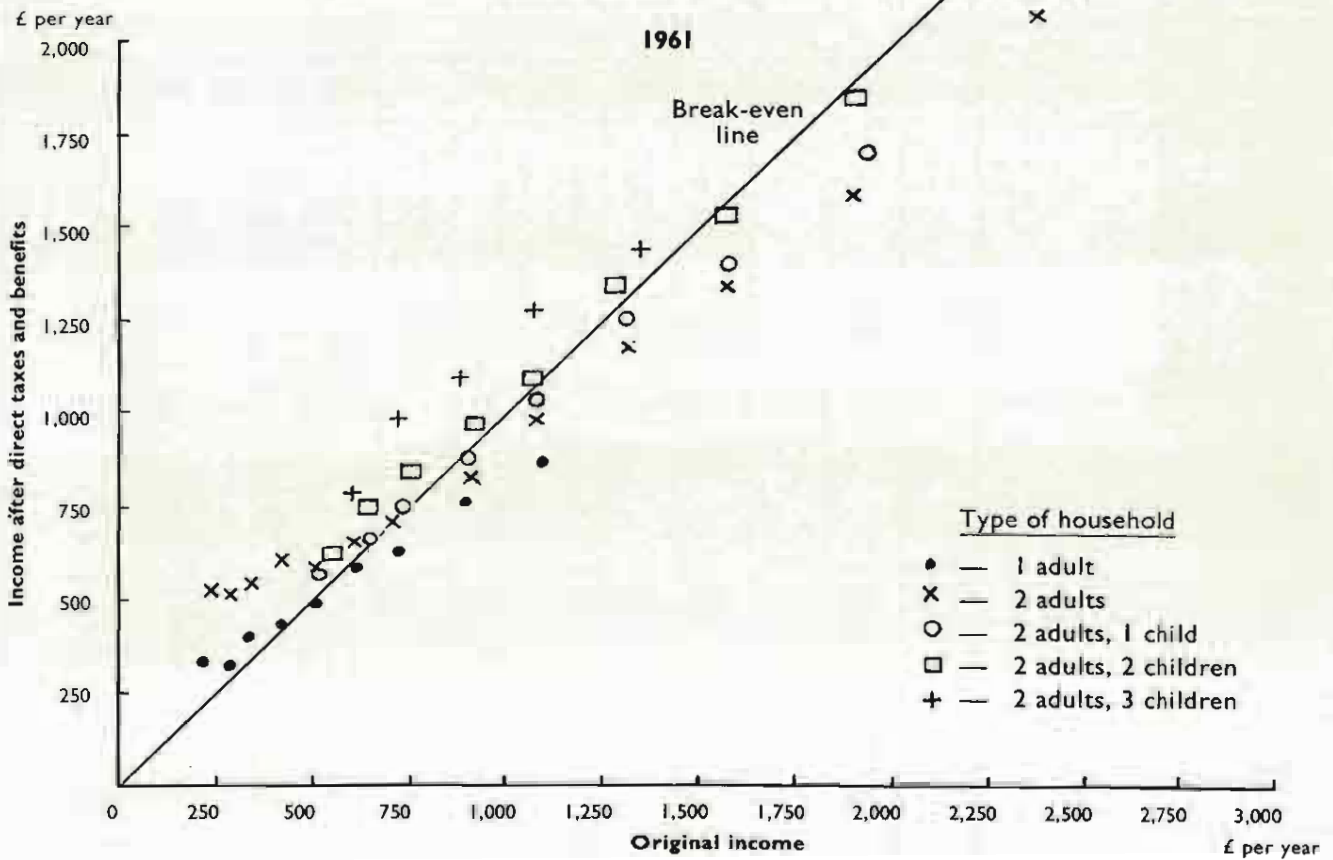


CHART 2

Original income and income after all taxes and benefits

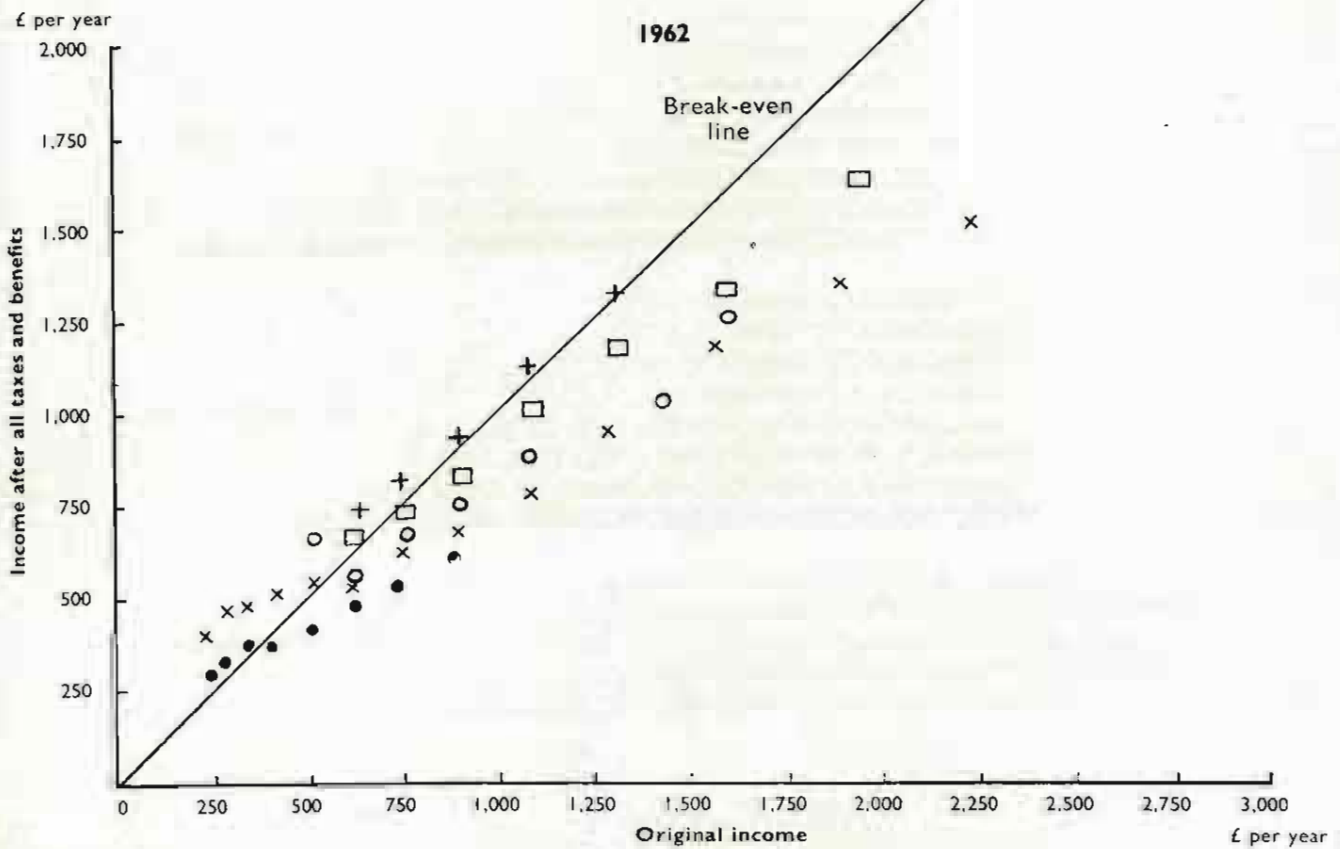
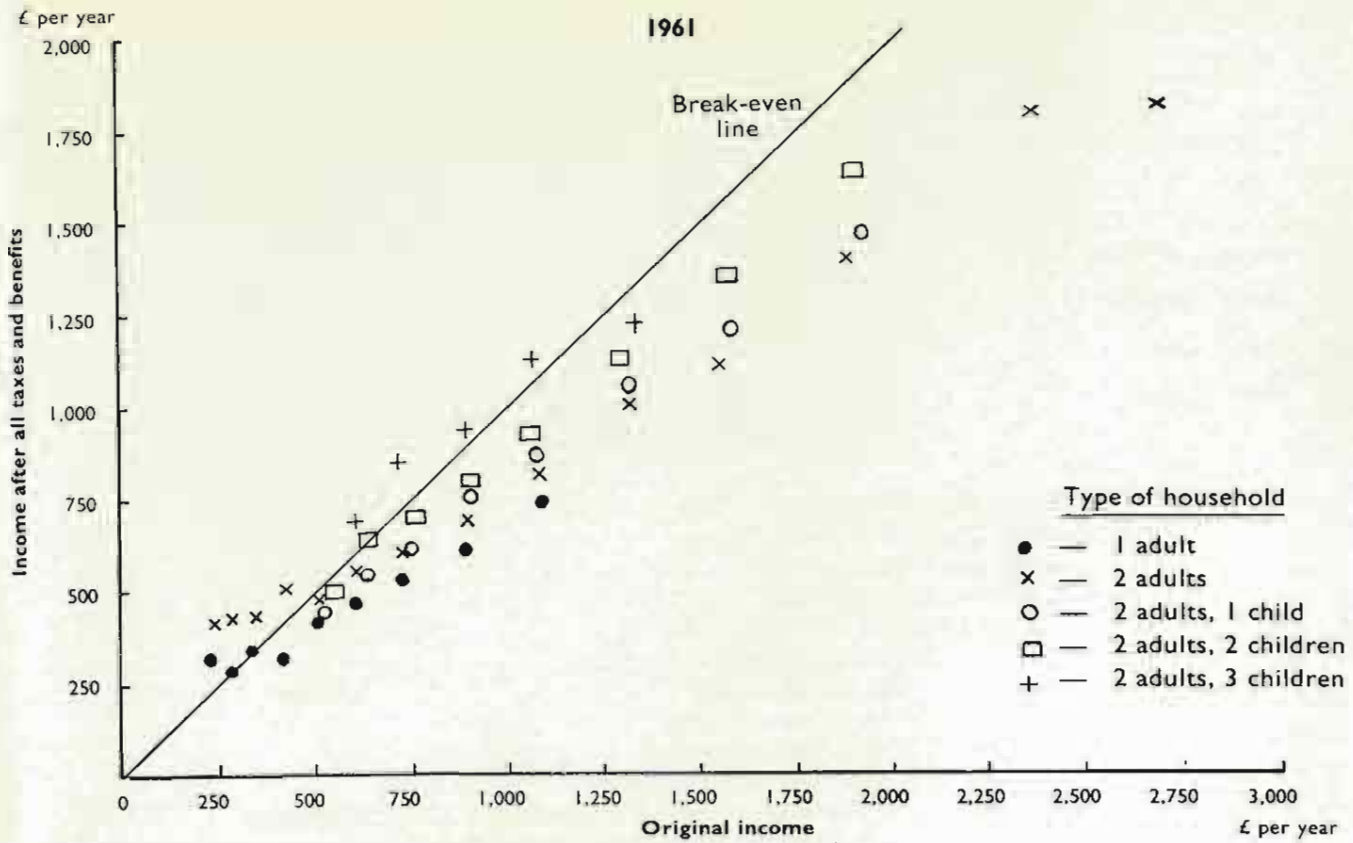


CHART 3

Taxes paid and benefits received by households
in different income ranges

1961

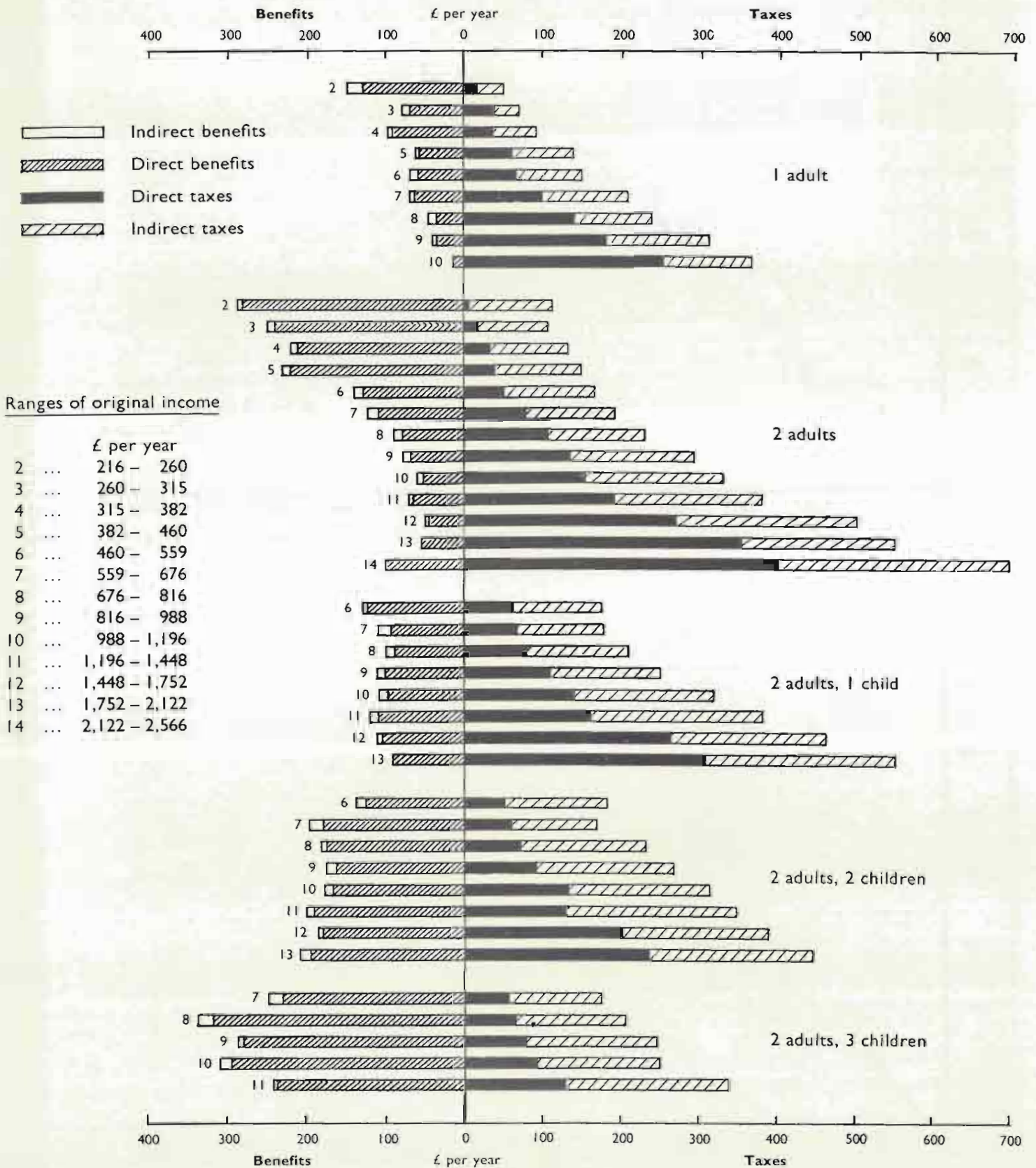


CHART 4

Taxes paid and benefits received by households
in different income ranges

1962

