

**The incidence of taxes and social service
benefits in 1963 and 1964**

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I. Introduction

The central government and local authorities raise increasingly large sums each year in taxation and spend increasingly large sums on social services. It is interesting to compare the amounts which different families pay in various forms of taxes and the benefits which they receive from the various social services, and to see how much they gain or lose on balance. Estimates showing the incidence of taxes and benefits on different groups of families were first published for the two years 1957 and 1959 in the November 1962 issue of *Economic Trends*. Similar estimates for 1961 and 1962 were published in February 1964 and the present article contains estimates for 1963 and 1964.

These estimates are based on detailed information obtained from the Family Expenditure Survey (1) which has been carried out by the Ministry of Labour each year since 1957. This is a sample survey in which some 3,500 households co-operate each year. Each household included in the survey is asked to provide detailed information about all forms of income including national insurance and other cash benefits received from the state; payments of income tax and surtax; the type of dwelling occupied; the kind of education which any member of the household is receiving; and so on. Each adult in the household is asked to keep a full record of all purchases made during two consecutive weeks and to provide information over longer periods about things that are purchased infrequently (e.g. three months for heating and lighting, twelve months for school fees and licences).

Since this is an elaborate analysis of a relatively small sample and most of the information covers only a short period of time, it is necessary to exercise caution and to remember the accompanying explanations and qualifications when reading the results, especially where they refer to a small number of households in a particular income range. A good many assumptions and approximations are necessarily involved in preparing any estimates of this kind; and, in a few cases (mentioned below), adjustments have been made for known weaknesses in the data obtained from the Family Expenditure Survey. The collection of so much information from a sample of families on a voluntary basis and the preparation of these estimates involve numerous difficulties and problems. As experience has gradually been gained, some changes have been made in the methods used and the estimates for the more recent years should be a little more accurate than those for the earlier years. From 1961 onwards, the estimates have also been extended to include indirect taxes falling on intermediate products, i.e. materials and services purchased by industry. Further improvements may be made in later years; and, from 1967 onwards, the size of the sample of families providing basic information will be increased.

(1) For a description of these surveys and the general results, see *Family Expenditure Survey—Report for 1964*, and similar reports for earlier years, published for the Ministry of Labour by H.M.S.O.

II. A general description

A general description of the estimates, explaining what taxes and benefits are included or excluded, and a brief account of the problems and how they are dealt with are given here. Fuller details of the definitions and methods used are given in Section IV.

Direct taxes on personal income include income tax and surtax and employers' and employees' contributions to national insurance and national health services. In accordance with conventions used in national income estimates, the employer's contribution is regarded as part of the employee's income and as a tax on his income. Death duties, being regarded as a tax on capital rather than income, are not included. Nor are taxes on undistributed profits. Although profits belong in a sense to shareholders, they are not treated as part of personal income for purposes of income tax. Any attempt to allocate undistributed profits to individual shareholders would require detailed information about the ownership of shares and this is not at present available.

Direct benefits are sub-divided into benefits paid in cash and what can broadly be termed benefits in kind. Cash benefits include family allowances, pensions, national insurance benefits, national assistance grants, etc., but not scholarships and education grants. The contribution to a family's income of some of these benefits depends to a certain extent on the period to which incomes and benefits relate; the estimates generally relate to the previous twelve months (see Section IV). To a less extent, the amounts paid in taxes on expenditure are also affected by the period covered.

What are here termed benefits in kind include the national health services, state education, school health services, school meals, milk and 'welfare' foods and also scholarships and education grants because they are a contribution to the cost of education. In estimating the benefits from state education, it is assumed that, within each of eight main types of educational establishment, all children derive the same benefit, equal to the average expenditure per child by the state on that type of education. In estimating the benefits derived from the national health services, it is similarly assumed that the total value of all the services (except maternity services, which are separately allocated) is the same for all persons in each of six different categories of the population.

No attempt has been made to estimate the benefits derived from government expenditure on administration, defence, police, museums, libraries, parks, roads, and so on. Most of these items, the largest of which is defence, are not generally regarded as bringing tangible benefits that can be expressed in terms of additions to the incomes of individual families. Some forms of government expenditure, such as the costs of tax collection, of maintaining employment exchanges, or of administering the national insurance scheme, are the unavoidable costs of administration or of providing social services, rather than benefits themselves. Some forms of government expenditure, e.g. overseas aid, are primarily of

benefit to other countries. The remaining items, expenditure on libraries, museums, roads, etc., although they confer tangible benefits, form a relatively small proportion of income and would be very difficult to allocate between different families.

Housing subsidies, defined as current expenditure by public authorities on housing less the rents paid by tenants of local authority dwellings, are assumed to benefit all families occupying local authority dwellings. In the estimates for years up to 1963 inclusive it was assumed that the amount of the subsidy was the same for all local authority dwellings. In 1964, when additional information was obtained from the survey, housing subsidies were estimated separately for each local authority dwelling on the basis of rateable values.

It is assumed that private families do not benefit from agricultural subsidies, which have the general effect of keeping the prices of domestic produce down to the same level as the prices of imported foods. These subsidies are included in the original income of farmers, since they form part of the prices which farmers need to be paid to maintain current levels of production.

Indirect taxes or taxes on expenditure, viz. customs and excise taxes including purchase tax and betting tax, etc., are assumed to be fully reflected in the prices paid by consumers when buying commodities which are subject to indirect tax. Payments of indirect taxes which are levied directly on consumer goods are estimated from the details of expenditure given by families co-operating in the surveys, the proportion which the tax bears to the retail price being estimated from the known rates of tax and from information obtained from various sources about retailers' margins. Since the purchase tax on motor vehicles affects the prices of second-hand vehicles, it is assumed that purchase tax forms part of expenditure on second-hand cars and of receipts from sales of second-hand cars, as well as being included in expenditure on new cars.

Indirect taxes on intermediate products, i.e. materials etc. purchased by industry, have been included in the estimates for 1961 onwards. These taxes are also assumed to be fully reflected in the prices of the goods and services that are taxed, and are assumed to be passed on in full at each subsequent stage of production. Their allocation between different headings of consumers' expenditure is based on the most up-to-date input-output tables that were available at the time.

In addition to the assumptions and approximations mentioned above, three general qualifications which affect the accuracy of the estimates should be borne in mind. Firstly, the basic information is obtained from a small sample of families; and, although the sample is very carefully designed to be as representative as possible of all private households in the United Kingdom, the results are subject to the normal errors expected in probability samples. It is most important to remember this where the number of families of a given type in a particular income range is quite small. For example, the estimated payments of purchase tax are based on the purchases which families in the sample happened to make in a short period—three months for goods acquired on hire purchase, a fortnight for other goods. The results should therefore be read in conjunction with the numbers

of families which are shown in the tables. For the same reason, results are not shown where the number of families in an income range is fewer than 10.

Secondly, on 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. All the recorded figures of expenditure on each of these items have therefore been increased in the same proportion, so as to bring average expenditure into line with the total yields of duties on alcohol and tobacco. There is also appreciable under-reporting of expenditure on confectionery, ice cream and soft drinks and all the recorded figures of expenditure on each of these items have similarly been increased to make them consistent with the total yields of purchase tax.

Thirdly, in recent years around 72 per cent. of the families included in the initial sample have co-operated by providing all the information requested (the proportion co-operating was somewhat less in 1957-1959), and the families which do not co-operate may differ in important respects from those that co-operate. Even among families of a given type in a given income range, the two groups may differ in the amounts they pay in direct taxes, the amounts of benefits they receive in cash and in kind and in their purchases of drink and tobacco and other items that attract indirect taxes. In the results previously published for 1957, 1959, 1961 and 1962, the sample of families was re-weighted to allow for apparent variations, as between families of different types, in the proportions co-operating in the survey. The samples in 1961 and 1962 were re-weighted in such a way as to produce distributions, by size of income, of each main type of income tax unit agreeing with the Inland Revenue's estimated distributions for the whole population. The latter have in the meantime been substantially revised. A careful examination which has since been made of the effects of this detailed re-weighting of the sample has given rise to doubts about whether the heavy work involved in estimating a revised and consistent set of weights for all years was fully justified. Although the general effect of this re-weighting on the averages for the groups of families shown here was relatively small, in a few cases the average benefit or tax appeared to be distorted by giving additional weight to particular families which may, for instance, have had unusual expenditure in the fortnight of the survey. Accordingly, the estimates published here are the unweighted averages and do not include any attempt to re-weight the sample for variations as between different groups of families in the proportions which co-operate in the survey.

III. Results

The main tables and charts give the results for each of five types of household—those consisting of one adult or of two adults with 0, 1, 2 or 3 children. In addition, results for households consisting of two adults with 4 children are given in the summary Tables A to D. Results are not shown for other types of household either because the numbers in the sample, when subdivided by income ranges, are small or because the households are too heterogeneous. For example, households consisting of three adults may contain a married couple with a son or daughter over 16, a married couple

living with a single man or woman, possibly an elderly dependant, or three single persons. Results are not shown for households consisting of one or two pensioners, so defined if at least three-quarters of their income is derived from old age or national insurance pensions and national assistance, since their original income must be small and their main income consists of pensions or national assistance at standard rates. The results for households with an income of less than £216 a year are also omitted because these households mostly consist of one or two adults, a large proportion of whom receive retirement or similar pensions and their circumstances resemble those of the pensioner households. Of the one- and two-adult households in the lowest income ranges shown, a fair proportion also contain retired people receiving substantial amounts of state pension.

Households are classified by ranges of original income, marked off by equal intervals on a logarithmic scale. The numbers of households of each type in each income range are shown in Table 1. The survey included fewer households in 1964 than in the other years, because interviewing was suspended for three weeks prior to the General Election. For income ranges containing fewer than 10 households, the results are not thought to be worth showing. Results referring to small numbers of households may be unrepresentative and even those referring to larger numbers may be considerably influenced by one or two, possibly untypical, households. One

household may, for example, contain a member who holds a state scholarship; another may have bought an expensive durable good in the two weeks of the survey and the purchase tax, when expressed as an annual rate of payment, may be very large. The intention of the analysis is to display not the particular circumstances of small groups of households but the broad picture of the incidence of taxes and benefits on households of different size and at different levels of income.

The main results for each of the years 1961 to 1964 are summarised in the form of percentages in Tables A to C. Income after direct taxes and benefits and income after all taxes and benefits are expressed as percentages of original income in Tables A and B. Indirect taxes, since they are related to expenditure, are expressed as percentages of net income after direct taxes and benefits, in Table C. The main forms of direct taxes and direct benefits in 1963 and 1964 are shown as percentages of original income in Table D. The average incomes at different stages and the average amounts of taxes and benefits of the families of each main type, in each income range, are shown in Tables 1 to 4. For 1961 and 1962, only the main results are shown, in Tables 1a and 1b, as fuller results for these years (including adjustments for non-response which are not included in the present estimates) have been published previously (*Economic Trends*, February 1964). A general picture of the incidence of taxes and benefits in 1964 is presented in Chart 3.

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	120	104	91	82	82	77	73	72	69					
2 adults	163	152	122	114	96	87	81	77	74	74	72	73	73	69
2 adults, 1 child					96	88	85	84	81	80	77	75		
2 adults, 2 children					102	101	94	92	89	88	87	86		
2 adults, 3 children						109	114	105	103	92				
2 adults, 4 children							117	110						
1962														
1 adult	119	114	92	87	77	78	72	72						
2 adults	180	165	132	112	102	83	81	75	72	74	74	69	70	66
2 adults, 1 child					118	88	84	84	82	77	79			
2 adults, 2 children						106	96	93	93	90	87	84		
2 adults, 3 children						116	109	104	103	100				
2 adults, 4 children							119	119	116					
1963														
1 adult	149	114	122	90	80	74	69	71	68					
2 adults	193	151	144	113	103	87	82	76	72	72	72	70	70	71
2 adults, 1 child						91	89	84	82	78	81	80		
2 adults, 2 children					113	108	97	91	92	90	85	86		
2 adults, 3 children							110	107	101	101				
2 adults, 4 children						133		126						
1964														
1 adult	130	113	91	76	83	69	69	64	70	69	66			
2 adults	198	191	166	120	96	89	84	76	72	70	72	71	71	
2 adults, 1 child						93	87	83	81	80	77	69		
2 adults, 2 children						98	95	93	88	87	86	83	82	
2 adults, 3 children								113	106	102	98	96		
2 adults, 4 children								123	119	108				

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	133	115	108	99	97	95	87	86	80					
2 adults	204	182	150	140	116	103	97	92	90	89	87	85	86	82
2 adults, 1 child					116	105	102	99	97	95	90	88		
2 adults, 2 children					121	117	113	108	104	104	98	96		
2 adults, 3 children						127	132	122	119	109				
2 adults, 4 children							138	126						
1962														
1 adult	134	131	116	106	94	91	85	87						
2 adults	227	194	156	143	120	102	98	92	89	89	87	84	84	73
2 adults, 1 child					137	105	101	99	96	93	94			
2 adults, 2 children						123	113	109	107	103	101	94		
2 adults, 3 children						135	126	122	121	114				
2 adults, 4 children							138	138	132					
1963														
1 adult	171	134	139	105	97	90	87	86	81					
2 adults	226	186	165	136	122	105	100	94	89	88	86	84	81	81
2 adults, 1 child						108	105	100	97	93	94	91		
2 adults, 2 children					137	127	116	108	107	104	101	98		
2 adults, 3 children							129	123	118	115				
2 adults, 4 children						155		142						
1964														
1 adult	162	140	114	96	96	88	85	83	83	84	82			
2 adults	239	225	192	147	124	108	102	93	88	87	86	85	82	
2 adults, 1 child						114	106	101	99	95	92	86		
2 adults, 2 children						120	114	112	106	102	102	97	97	
2 adults, 3 children							133	123	119	114	109			
2 adults, 4 children							146	138	130					

All taxes and benefits combined, as can be seen from Table A, cause very substantial increases in incomes in the lower income ranges and substantial reductions in the higher income ranges. It is also apparent that, within each income range, the combined effect of all taxes and benefits favours the larger families.

Direct taxes and benefits, as Table B shows, are very favourable to families in the lower income ranges and, within each income range, are more favourable to larger than to smaller families. As Table C shows, all indirect taxes combined, when expressed as a proportion of income, do not vary much as between families in different income ranges; the proportion declines slightly as income increases, so that indirect taxes as a whole are mildly regressive. Within each income range, indirect taxes show a slight tendency to decline as the size of family increases. Indirect benefits, i.e. housing subsidies, are generally small but relatively more important in the lower income ranges and are thus progressive (see Tables 2a and 2b).

The estimates for each of the four years show only minor differences, in the direction to be expected with the gradual increase in money incomes over the period.

Table D shows the separate effects of direct benefits in cash and in kind and of the two main forms of direct taxes in 1963 and 1964. All benefits in cash combined form a much larger proportion of income at the lower than at the higher income levels and are thus very progressive. The incidence of benefits in kind on families at different income levels is also clearly progressive and the incidence, as between families of different size

within each income range, is very favourable to the larger families.

Payments of income tax and surtax are naturally progressive, absorbing a larger proportion of higher than of lower incomes. They are less progressive with respect to income, but more favourable to the larger families at given income levels, than direct benefits in cash. National insurance contributions, as would be expected, absorb a smaller proportion of higher than of lower incomes and are thus regressive. They form only a small proportion of the income of one- and two-person families in the lowest income ranges because these families, as remarked earlier, include a fair number of retired persons.

Tables 3a and 3b show the payments of different indirect taxes in 1963 and 1964 expressed as percentages of income after direct taxes and benefits. Local rates and duties on tobacco absorb a smaller proportion of income at the higher than at the lower income levels and are clearly regressive. The more or less neutral effect of taxes on alcoholic drink as a whole masks two opposite effects; taxes on beer are mildly regressive and taxes on wines and spirits are mildly progressive. Purchase tax as a whole and taxes on oil appear to be slightly progressive, while taxes on intermediate products are regressive. Within each income range, local rates and taxes on drink generally have less effect, proportionately, on larger than on smaller families; the proportions paid in other indirect taxes show little variation as between families of different size.

Indirect taxes as a proportion of income after direct taxes and benefits

TABLE C

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	13	11	17	18	16	19	17	16	14						
2 adults	21	18	20	20	19	18	17	18	19	16	17	14	15	15	
2 adults, 1 child					18	18	17	16	17	17	14	15			
2 adults, 2 children					18	17	18	16	16	16	12	11			
2 adults, 3 children						17	15	14	14	16					
2 adults, 4 children							16	15							
1962															
1 adult	14	15	21	17	20	15	17	19							
2 adults	22	16	16	22	17	20	18	20	20	17	16	17	17	10	
2 adults, 1 child					17	18	17	16	16	17	17				
2 adults, 2 children						16	16	16	14	14	14	11			
2 adults, 3 children						17	15	16	17	13					
2 adults, 4 children							15	15	13						
1963															
1 adult	15	17	13	15	18	18	21	19	17						
2 adults	16	20	14	18	17	19	19	20	19	19	17	16	14	12	12
2 adults, 1 child						17	16	17	17	17	14	12			
2 adults, 2 children					19	16	18	17	15	15	16	13			
2 adults, 3 children							16	14	15	13					
2 adults, 4 children						16		13							
1964															
1 adult	20	22	20	23	14	23	20	22	16	17	19				
2 adults	19	15	14	21	24	19	19	20	19	20	17	16	13		
2 adults, 1 child						19	19	18	18	17	17	20			
2 adults, 2 children						19	18	17	17	15	16	15	16		
2 adults, 3 children							16	15	15	14	12				
2 adults, 4 children							17	14	18						

Tables 4a and 4b show the distributions by ranges of original income of all the households co-operating in the Family Expenditure Survey in 1963 and 1964.

Charts 1 and 2 show, for 1963 and 1964, the average income after taxes and benefits plotted against the average original income of each main type of family in each income range. For all points on the diagonal line, income after taxes and benefits is equal to original income. Families represented by points above this line receive more, on average, in benefits than they pay in taxes; while families represented by points below this line pay more, on average, in taxes than they receive in benefits. If the line joining the points for a given type of family crosses the diagonal at a fairly clearly defined point, this can be regarded as the approximate 'break-even' level of income in respect of the benefits and taxes included in these estimates. But it happens in most cases that the points for a given type of family do not lie on a

clearly defined line, particularly near the diagonal, or they lie on a fairly straight line but it crosses the diagonal at a small angle. It is then difficult to determine the break-even level of income.

It is important to keep in mind the number of families (shown in Table 1) represented by each point on these charts. An unusually large amount of tax paid, or of benefits received, by one family in the period of the survey may completely dominate the average amount of tax or benefit for a particular group of families. The positions of the points representing one-adult and two-adult households in the lowest income ranges are considerably influenced by the inclusion of a fair proportion of retired persons receiving state pensions, and so it is not possible from these charts to determine the break-even points for households containing one or two adults who have not retired.

Direct benefits and taxes as proportions of original income

TABLE D

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
1963														
Cash benefits														
1 adult	70	35	29	15	6	6	3	4	2					
2 adults	108	78	64	38	26	11	10	5	2	2	1	1	1	—
2 adults, 1 child						6	4	2	1	—	1	—		
2 adults, 2 children					15	14	5	3	2	2	2	1		
2 adults, 3 children							8	8	6	6				
2 adults, 4 children						25		10						
Benefits in kind														
1 adult	10	8	20	4	3	2	2	2	1					
2 adults	22	17	13	10	8	8	5	3	2	2	2	1	1	1
2 adults, 1 child						15	14	10	9	7	8	6		
2 adults, 2 children					31	24	21	15	16	14	12	11		
2 adults, 3 children							29	25	22	19				
2 adults, 4 children						41		41						
Income tax and surtax														
1 adult	7	4	6	8	7	11	10	14	17					
2 adults	2	5	7	6	5	6	7	7	8	10	12	14	17	16
2 adults, 1 child						3	3	5	7	8	10	11		
2 adults, 2 children					1	1	1	3	4	6	8	10		
2 adults, 3 children							—	2	3	4				
2 adults, 4 children						1		—						
National insurance contributions														
1 adult	2	5	3	6	5	7	8	6	6					
2 adults	2	4	5	6	8	8	7	8	7	6	5	5	4	4
2 adults, 1 child						9	9	8	7	6	5	4		
2 adults, 2 children					9	10	9	8	7	6	5	4		
2 adults, 3 children							8	8	7	6				
2 adults, 4 children						10		9						
1964														
Cash benefits														
1 adult	60	38	20	9	8	2	1	1	2	1	—			
2 adults	120	102	86	51	27	17	11	5	2	1	1	1	1	—
2 adults, 1 child						11	4	2	2	1	1	—		
2 adults, 2 children						8	4	4	3	2	2	1	1	—
2 adults, 3 children							9	7	6	6	3			
2 adults, 4 children							12	10	8					
Benefits in kind														
1 adult	11	9	6	4	4	3	2	1	1	1	1			
2 adults	24	26	16	10	8	6	6	4	3	2	2	2	1	1
2 adults, 1 child						14	14	12	10	8	7	6		
2 adults, 2 children						23	21	18	14	12	13	12		
2 adults, 3 children							33	25	24	18	17			
2 adults, 4 children							42	38	31					
Income tax and surtax														
1 adult	6	5	9	8	8	8	9	12	15	13	16			
2 adults	3	2	6	5	4	5	7	7	9	9	10	13	16	16
2 adults, 1 child						2	3	5	6	7	10	15		
2 adults, 2 children						1	1	1	4	6	7	11		
2 adults, 3 children							—	1	2	4	5			
2 adults, 4 children							—	—	1					
National insurance contributions														
1 adult	3	2	4	9	7	8	9	8	5	6	3			
2 adults	3	1	4	9	7	9	9	8	8	7	6	5	4	4
2 adults, 1 child						9	10	8	8	7	6	5		
2 adults, 2 children						9	9	8	8	6	5			
2 adults, 3 children							9	8	8	6	6			
2 adults, 4 children							8	9	8					

Table E sets out the roughly estimated break-even levels of income after all taxes and benefits for families consisting of two adults with one or two children in the four years. It is not possible to give figures for families consisting of two adults and three children because all the points in the charts lie above the break-even line; for these families, all that can be said is that the break-even income was above £1,100 in each year. The impression given by these rough estimates is that the break-even levels of income were slowly rising over the period.

Approximate break-even levels of income
after all taxes and benefits

TABLE E £ per year

	1961	1962	1963	1964
2 adults, 1 child	*	*	500	540
2 adults, 2 children	600	640-680	660-680	*

*indicates that the figure is indeterminate.

It should be remembered that the figures shown in the tables are annual averages obtained from a continuous survey in which some families are included in the early part of the year and some after tax changes have been introduced, or after rates of benefit have been changed. Among direct taxes and benefits, the most important changes in the period 1961-1964 were the increases in national insurance benefits and contributions during 1961 and again during 1963. Among taxes on expenditure, the main changes were the 10 per cent. surcharge on all indirect taxes in July 1961; the introduction, in May 1962, of purchase tax at 15 per cent. on chocolates, sugar confectionery, soft drinks and ice cream; and the reductions from 45 to 25 per cent. in the highest rate of purchase tax on motor vehicles in November 1962 and on other goods charged at this rate in January 1963.

IV. Definitions and notes on methods

The main source for these estimates is the Family Expenditure Survey which covers a representative sample of private households in the United Kingdom. The survey does not include residents in hotels, boarding houses or other institutions, or members of the Armed Forces and Merchant Navy who are stationed away from home. A household comprises persons who live at the same address and who share in the catering for at least one meal a day. It includes children at boarding school but not university students, etc. who are residing away from home at the time of the survey and who may be included as separate households. Age 16 is taken as the dividing line between adults and children.

Households are classified by the number of adults and children they contain, but households consisting of one or two 'pensioners', so defined if at least three-quarters of their income is derived from old age pensions, national insurance and national assistance, are classified separately. The estimates represent averages for households grouped by ranges of original income, which is defined below. The income ranges are marked off by equal intervals on a logarithmic scale, thus to some extent allowing for the decline in the numbers of households as incomes rise.

The taxes and benefits included in the estimates are classified as follows:

Direct taxes

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

Direct benefits

cash benefits: family allowances
national insurance benefits (pensions; sickness, unemployment, industrial injury, maternity benefits, etc.; death grants)
non-contributory old age pensions
national assistance grants
war pensions, service grants and allowances

benefits in kind:

state education (including school health services)
scholarship and education grants
school meals, milk and other 'welfare' foods
national health services

Indirect benefits

housing subsidies

Indirect taxes on final consumer goods and services

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

Indirect taxes on intermediate products

rates on business premises
business vehicle licences
duties on oil used by businesses
stamp duties paid by businesses
import duties on raw materials and other goods and services purchased by industry (included only in 1963 and 1964)

Original income

is the sum of the incomes, including income in kind, of all members of the household, before deduction of all direct taxes and before the addition of all direct benefits as listed above.

Thus original income differs from the amount of income which is liable to income tax since it excludes national insurance pensions, family allowances and other benefits and grants from public authorities, and includes employers' contributions to national insurance and national health services. It also differs from the term 'gross income' as used in the published reports of the Family Expenditure Surveys, since the latter includes national insurance and other cash benefits and excludes income in kind and employers' contributions to national insurance and national health services.

⁽¹⁾ Purchase tax on motor vehicles is applied to purchases of new or second-hand vehicles less sales of second-hand vehicles.

The figures of income are the estimated normal annual income at the rate current at the time of the survey or, in the cases of investment income and the income of self-employed persons, the amount received in the latest year for which the information is available. For wage and salary earners, the normal rate of annual income is estimated by taking into account all information given about (i) the wage or salary received in the previous week (those paid weekly) or in the previous month (those paid monthly), (ii) the wage or salary usually received (if the last amount received is stated to be abnormally high or low), (iii) occasional bonus payments and (iv) periods of absence from work through illness or unemployment during the previous twelve months.

The social service benefits are the amounts stated to have been received in the twelve months prior to the time of the survey.

The estimated payments of income tax and surtax are based mainly on the amounts stated to have been deducted from the most recent payments of wages or salaries, or the amounts paid in the previous twelve months in respect of investment income and income from self employment.

Education

The benefit of state education is taken to be the estimated average expenditure per child by public authorities under each of the following headings: special schools, primary, secondary modern, other secondary and direct grant schools, universities, colleges of advanced technology and teachers' training colleges. Information relating to the last two categories was not collected in the years up to 1962 (inclusive) and so it was not then possible to include estimates for them. The fact that every child has a right to free education at the appropriate level is itself considered to be a benefit and 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 effect of attributing a benefit to children at private schools was measured for one year and found to be very small.

National health services

It is not known to what extent different households make use of the various national health services. The values of the benefits assumed to be obtained in 1963 and 1964 were estimated as follows. The current cost of maternity services was estimated separately and the average cost per birth was allocated to each household which reported the receipt of national insurance maternity benefit. The values of the benefits from all other national health services combined were based on rough estimates of the differences in the extent to which these services are used by (i) children, (ii) adults below retirement age (65 for men and 60 for women), and (iii) adults above retirement age, in each case separate estimates being available for males and females. In the years up to 1962 (inclusive), it was not possible to allocate maternity benefit separately.

Purchase tax

Estimates of indirect taxes are based on detailed information about expenditure in the two weeks of the survey and in the previous three months in the case of goods bought on hire purchase. The amount of indirect tax, which is assumed to be fully reflected in the retail price, is based on the rate of tax current at the time of the survey. In general, the average weekly payment of tax is converted into a corresponding annual amount. But the expenditure during two weeks on durable goods normally bought at infrequent intervals, when converted to an annual basis, may produce a very large estimated payment of purchase tax for individual households. Motor vehicles bought outright (or with a large down-payment) during the period of the survey are an extreme example. When a household in the sample makes such a purchase, the average payment of purchase tax reckoned over the whole year is very large (26 times the average payment in the two weeks) and gives a false impression of the incidence of the tax, since the number of households in one income range is never very large. In such cases, therefore, the payment of purchase tax on motor vehicles has been 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 or at least 30 per cent. of the households of that type.

Central Statistical Office

Average incomes before and after taxes and benefits

1961

	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
1 adult														
Number of households	10	12	22	29	43	33	26	18	13					
Original income	233	287	348	416	506	614	731	897	1,122					
Income after direct taxes and benefits	310	331	374	413	491	582	636	769	893					
Income after all taxes and benefits	280	299	316	343	418	475	531	648	772					
2 adults														
Number of households	16	19	31	30	50	102	118	142	117	99	46	31	17	10
Original income	243	283	352	424	514	616	744	898	1,094	1,309	1,574	1,903	2,335	2,751
Income after direct taxes and benefits	497	513	526	592	594	635	724	831	989	1,160	1,375	1,618	2,011	2,244
Income after all taxes and benefits	397	431	430	483	491	534	603	690	808	972	1,137	1,383	1,715	1,906
2 adults, 1 child														
Number of households					18	51	61	87	75	56	21	10		
Original income					521	625	746	903	1,093	1,317	1,572	1,954		
Income after direct taxes and benefits					604	654	757	898	1,055	1,251	1,415	1,728		
Income after all taxes and benefits					502	551	635	759	884	1,048	1,217	1,463		
2 adults, 2 children														
Number of households					16	40	58	72	78	48	23	11		
Original income					525	618	746	902	1,079	1,301	1,571	1,926		
Income after direct taxes and benefits					635	723	844	973	1,124	1,354	1,544	1,856		
Income after all taxes and benefits					534	625	701	826	956	1,142	1,362	1,658		
2 adults, 3 children														
Number of households						11	30	35	28	16				
Original income						617	736	898	1,089	1,297				
Income after direct taxes and benefits						784	973	1,092	1,295	1,409				
Income after all taxes and benefits						671	842	944	1,127	1,188				

X

Average incomes before and after taxes and benefits

1962

£ per year

TABLE 1b

	Range of original income											£2,566- £3,104				
	£216-	£260-	£315-	£382-	£460-	£559-	£676-	£816-	£988-	£1,196-	£1,448-		£1,752-	£2,122-		
1 adult																
Number of households	25	16	24	17	32	24	26	25								
Original income	239	277	350	420	509	617	744	900								
Income after direct taxes and benefits	320	362	405	444	480	559	636	787								
Income after all taxes and benefits	284	315	323	367	393	483	533	644								
2 adults																
Number of households	23	22	30	30	58	79	130	129	116	107	75	32	13	12		
Original income	237	285	344	424	515	622	747	899	1,088	1,303	1,568	1,906	2,249	2,808		
Income after direct taxes and benefits	539	552	538	606	618	632	730	828	968	1,154	1,371	1,594	1,879	2,051		
Income after all taxes and benefits	426	470	454	475	524	514	608	670	781	961	1,159	1,324	1,565	1,844		
2 adults, 1 child																
Number of households					11	40	56	102	90	56	21					
Original income					510	622	757	897	1,084	1,324	1,572					
Income after direct taxes and benefits					700	655	763	890	1,039	1,231	1,479					
Income after all taxes and benefits					601	549	634	757	886	1,026	1,240					
2 adults, 2 children																
Number of households						32	64	80	82	41	28	16				
Original income						626	757	900	1,089	1,315	1,605	1,930				
Income after direct taxes and benefits						773	854	979	1,162	1,356	1,621	1,819				
Income after all taxes and benefits						662	730	835	1,009	1,178	1,395	1,627				
2 adults, 3 children																
Number of households						11	36	34	41	23						
Original income						631	745	893	1,073	1,302	1,605	1,930				
Income after direct taxes and benefits						854	940	1,086	1,300	1,480	1,621	1,819				
Income after all taxes and benefits						729	810	933	1,100	1,299	1,395	1,627				

Average incomes before and after taxes and benefits

1963

TABLE 1c £ per year

	Range of original income											£2,566- £3,104		
	£216-	£260-	£315-	£382-	£460-	£559-	£676-	£816-	£988-	£1,196-	£1,448-		£1,752-	£2,122-
1 adult														
Number of households	15	15	18	24	25	29	23	26	14					
Original income	238	285	350	426	501	619	735	884	1,080					
Income after direct taxes and benefits	407	383	488	447	486	555	638	762	870					
Income after all taxes and benefits	356	325	427	384	402	461	510	625	730					
2 adults														
Number of households	12	19	24	30	36	66	92	106	128	116	72	36	15	13
Original income	238	285	352	425	509	619	745	896	1,082	1,321	1,583	1,904	2,288	2,786
Income after direct taxes and benefits	538	528	591	580	620	651	746	842	958	1,164	1,354	1,591	1,856	2,266
Income after all taxes and benefits	460	429	505	480	525	538	612	681	779	953	1,132	1,337	1,593	1,992
2 adults, 1 child														
Number of households						29	58	79	100	60	41	18		
Original income						627	753	897	1,092	1,306	1,588	1,929		
Income after direct taxes and benefits						680	794	895	1,061	1,220	1,488	1,750		
Income after all taxes and benefits						574	670	749	891	1,023	1,279	1,548		
2 adults, 2 children														
Number of households					10	23	42	72	64	55	46	16		
Original income					514	617	739	901	1,089	1,312	1,546	1,933		
Income after direct taxes and benefits					702	782	854	968	1,163	1,368	1,556	1,893		
Income after all taxes and benefits					580	669	715	817	1,002	1,178	1,309	1,662		
2 adults, 3 children														
Number of households							16	38	34	22				
Original income							754	901	1,102	1,291				
Income after direct taxes and benefits							970	1,112	1,299	1,488				
Income after all taxes and benefits							832	968	1,113	1,299				

Average incomes before and after taxes and benefits

1964

£ per year

TABLE 1d

	Range of original income											£2,566- £3,104		
	£216-	£260-	£315-	£382-	£460-	£559-	£676-	£816-	£988-	£1,196-	£1,448-		£1,752-	£2,122-
1 adult														
Number of households	12	20	10	10	20	19	27	25	17	11	11			
Original income	234	278	340	417	513	629	728	900	1,076	1,287	1,567			
Income after direct taxes and benefits	378	389	386	400	490	559	620	744	891	1,076	1,283			
Income after all taxes and benefits	305	315	310	315	426	435	503	577	748	893	1,041			
2 adults														
Number of households	17	17	10	11	20	59	77	112	96	99	74	59	23	
Original income	236	288	342	422	506	626	750	904	1,100	1,323	1,581	1,931	2,348	
Income after direct taxes and benefits	565	649	656	622	625	679	764	843	972	1,156	1,360	1,636	1,929	
Income after all taxes and benefits	467	551	567	507	487	555	628	687	789	931	1,134	1,375	1,672	
2 adults, 1 child														
Number of households						17	46	72	77	72	40	10		
Original income						627	753	912	1,075	1,315	1,575	1,903		
Income after direct taxes and benefits						713	796	918	1,061	1,252	1,455	1,644		
Income after all taxes and benefits						585	653	759	871	1,048	1,211	1,320		
2 adults, 2 children														
Number of households						12	30	60	80	45	42	16	10	
Original income						623	766	905	1,089	1,304	1,574	1,891	2,289	
Income after direct taxes and benefits						750	875	1,015	1,151	1,327	1,600	1,843	2,223	
Income after all taxes and benefits						612	727	844	961	1,130	1,361	1,575	1,877	
2 adults, 3 children														
Number of households						13	32	32	23	28	16			
Original income						755	907	907	1,075	1,299	1,570	1,705		
Income after direct taxes and benefits						1,006	1,112	1,112	1,280	1,475	1,705	1,705		
Income after all taxes and benefits						851	960	960	1,097	1,267	1,509	1,509		

TABLE 2a

	Range of original income										£2,566- £3,104			
	£216-	£260-	£315-	£382-	£460-	£559-	£676-	£816-	£988-	£1,196-		£1,448-	£1,752-	£2,122-
1 adult														
Direct benefits:														
cash benefits	166.5	101.0	100.8	64.4	31.7	34.5	19.0	31.1	23.9					
benefits in kind	22.7	21.9	69.6	16.5	15.5	15.0	16.7	16.7	12.8					
Direct taxes:														
national insurance contributions	3.9	13.3	10.7	26.5	27.5	43.2	56.0	49.8	65.1					
income tax and surtax	16.7	12.5	21.8	33.6	34.4	70.3	76.9	120.0	181.7					
indirect benefits	8.3	6.2	3.4	2.6	5.0	4.3	5.4	6.0	4.4					
Indirect taxes:														
on final goods and services	46.6	50.3	49.7	49.6	71.4	82.5	111.9	115.9	120.1					
on intermediate products	12.4	13.7	14.2	15.5	17.7	15.8	21.1	26.8	23.5					
2 adults														
Direct benefits:														
cash benefits	256.6	221.2	224.1	163.5	134.8	68.2	74.6	48.5	18.5	32.9	21.5	12.4	27.8	4.5
benefits in kind	53.3	48.3	46.8	43.1	39.2	50.8	34.6	29.3	27.0	28.4	28.0	25.3	27.5	23.8
Direct taxes:														
national insurance contributions	4.8	11.1	16.8	25.2	38.5	50.4	55.1	67.2	78.9	81.8	85.2	90.2	94.5	98.5
income tax and surtax	5.6	14.8	24.7	26.3	24.3	36.7	53.1	65.4	90.1	135.7	192.5	261.0	392.4	449.5
indirect benefits	7.7	6.5	5.2	4.1	7.7	9.4	5.4	6.4	6.1	4.3	3.9	1.7	—	—
Indirect taxes:														
on final goods and services	62.9	84.4	61.7	81.7	81.0	96.5	112.9	137.8	153.4	179.0	182.7	199.7	194.5	209.2
on intermediate products	22.3	20.9	19.6	23.3	22.1	25.6	26.1	29.0	31.4	36.7	43.9	55.8	68.5	65.2
2 adults, 1 child														
Direct benefits:														
cash benefits														
benefits in kind														
Direct taxes:														
national insurance contributions														
income tax and surtax														
indirect benefits														
Indirect taxes:														
on final goods and services														
on intermediate products														
2 adults, 2 children														
Direct benefits:														
cash benefits														
benefits in kind														
Direct taxes:														
national insurance contributions														
income tax and surtax														
indirect benefits														
Indirect taxes:														
on final goods and services														
on intermediate products														
2 adults, 3 children														
Direct benefits:														
cash benefits														
benefits in kind														
Direct taxes:														
national insurance contributions														
income tax and surtax														
indirect benefits														
Indirect taxes:														
on final goods and services														
on intermediate products														

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

1964

£ per year

	Range of original income													
	£216-	£260-	£315-	£382-	£460-	£559-	£676-	£816-	£988-	£1,196-	£1,448-	£1,752-	£2,122-	£2,566- £3,104
1 adult														
Direct benefits:														
cash benefits	139.3	105.8	67.4	36.5	38.5	15.3	10.2	8.6	21.6	13.9	6.4			
benefits in kind	24.9	25.0	21.6	18.0	19.1	15.8	14.0	12.9	14.8	12.8	13.9			
Direct taxes:														
national insurance contributions	6.0	6.0	12.5	38.6	37.5	50.7	67.0	67.9	55.7	73.4	49.5			
income tax and surtax	13.9	13.5	30.5	33.1	43.4	52.8	65.0	109.7	166.1	164.3	255.6			
Indirect benefits	3.9	9.4	0.9	5.8	6.6	4.0	9.9	—	—	—	—			
Indirect taxes:														
on final goods and services	65.2	68.7	63.9	74.7	56.6	107.6	109.6	142.6	121.8	160.3	191.7			
on intermediate products	11.4	15.3	12.6	15.9	14.0	18.3	17.6	24.8	20.5	22.3	49.8			
2 adults														
Direct benefits:														
cash benefits	284.3	292.5	293.7	215.8	136.1	103.6	83.1	43.8	26.5	13.5	9.8	22.2	19.8	
benefits in kind	57.4	76.3	54.3	43.4	39.4	37.4	48.0	34.3	30.8	30.0	27.8	30.0	30.6	
Direct taxes:														
national insurance contributions	6.5	3.8	13.1	36.2	36.9	55.4	67.9	74.1	83.6	93.0	101.1	98.6	88.3	
income tax and surtax	6.1	4.5	20.4	23.2	19.8	32.1	49.4	65.2	101.6	117.2	158.3	248.2	381.6	
Indirect benefits	10.3	1.6	5.2	17.3	9.7	7.2	5.9	9.8	5.0	5.7	3.4	5.0	2.0	
Indirect taxes:														
on final goods and services	88.0	76.8	73.8	108.8	119.0	105.0	115.5	137.5	159.0	188.5	208.3	219.4	209.2	
on intermediate products	19.8	23.2	20.5	23.7	28.3	26.0	26.2	25.6	32.4	33.9	37.6	41.1	42.8	
X														
2 adults, 1 child														
Direct benefits:														
cash benefits						71.0	32.4	21.6	X	10.2	9.7	1.3		
benefits in kind						85.2	106.8	107.8	106.8	104.4	116.7	105.4		
Direct taxes:														
national insurance contributions						56.9	72.5	76.7	81.7	86.0	88.5	88.5		
income tax and surtax						12.8	23.9	47.2	63.2	91.8	157.2	277.6		
Indirect benefits						4.8	6.1	4.5	2.3	5.9	9.8	1.0		
Indirect taxes:														
on final goods and services						109.5	124.0	132.1	160.2	173.4	207.2	265.2		
on intermediate products						23.9	25.2	30.9	32.7	36.3	46.7	59.9		
2 adults, 2 children														
Direct benefits:														
cash benefits						50.1	28.9	34.0	31.9	27.9	25.5	25.9	25.6	
benefits in kind						142.2	161.1	164.1	155.2	153.2	201.2	222.7	197.3	
Direct taxes:														
national insurance contributions						58.8	70.7	76.3	82.3	82.3	82.4	86.7	68.5	
income tax and surtax						7.2	10.1	11.7	42.7	76.2	117.5	209.9	219.9	
Indirect benefits						3.9	8.6	6.8	11.4	6.1	8.5	6.8	—	
Indirect taxes:														
on final goods and services						117.8	129.2	145.5	165.6	162.8	201.4	213.3	280.3	
on intermediate products						24.1	27.7	32.0	35.6	40.5	46.8	61.1	66.6	
2 adults, 3 children														
Direct benefits:														
cash benefits						69.4	61.7	59.5	59.5	76.2	50.1			
benefits in kind						249.2	228.5	228.5	252.7	231.6	260.2			
Direct taxes:														
national insurance contributions						67.2	76.1	87.2	87.2	81.4	93.8			
income tax and surtax						—	9.9	19.6	19.6	51.1	81.6			
Indirect benefits						7.6	15.0	9.9	9.9	4.6	10.8			
Indirect taxes:														
on final goods and services						131.1	133.6	154.3	154.3	170.7	162.6			
on intermediate products						31.6	31.2	38.2	38.2	42.0	43.6			

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

1963

Percentages

TABLE 3a

	Range of original income per year											£2,566- £3,104		
	£216-	£260-	£315-	£382-	£460-	£559-	£676-	£816-	£988-	£1,196-	£1,448-		£1,752-	£2,122-
Local rates														
1 adult	4.0	4.9	3.5	4.3	4.6	4.6	4.3	4.1	3.1	2.6	2.2	2.3	2.8	2.0
2 adults	3.8	4.5	3.8	4.3	3.0	3.6	3.1	2.8	2.6	2.4	2.5	2.4		
2 adults, 1 child					3.6	2.5	2.8	2.5	2.3	2.0	2.2	1.9		
2 adults, 2 children						2.1	2.8	2.5	2.3	2.0				
2 adults, 3 children						2.3	2.3	2.1	2.2	1.9				
Drink														
1 adult	0.8	2.5	1.1	1.4	1.9	2.3	6.0	2.5	2.0	3.0	2.6	2.4	0.7	1.9
2 adults	0.5	1.1	0.7	1.0	1.4	2.2	2.5	3.2	2.9	1.3	1.2	0.9		
2 adults, 1 child					0.3	1.0	1.7	1.4	1.8	1.9	2.2	1.2		
2 adults, 2 children						0.9	2.3	1.9	1.1	1.9				
2 adults, 3 children						1.4	1.4	1.1	1.2	1.0				
Tobacco														
1 adult	4.1	2.8	3.1	2.3	4.1	5.5	4.0	2.7	3.9	4.1	3.3	2.6	2.5	0.9
2 adults	4.4	7.5	3.2	4.0	5.5	5.6	5.5	6.2	5.7	4.0	3.0	2.1		
2 adults, 1 child					8.2	6.3	4.8	5.9	4.1	3.9	2.7	2.9		
2 adults, 2 children						6.2	4.5	4.8	4.5	3.7				
2 adults, 3 children						5.1	5.1	3.8	4.8					
Purchase tax														
1 adult	1.1	1.1	1.3	1.2	1.7	1.1	1.1	3.3	1.7	2.7	2.5	2.5	1.6	1.6
2 adults	1.5	1.0	0.8	1.1	1.3	1.4	1.5	1.6	2.2	3.1	2.4	1.4		
2 adults, 1 child					1.3	1.3	1.3	1.7	2.8	1.9	2.5	1.8		
2 adults, 2 children					1.3	1.6	2.1	1.9	1.6	1.9	2.5			
2 adults, 3 children						1.6	1.2	1.4	1.5	1.3				
Oil														
1 adult	0.2	0.4	0.4	0.8	0.9	0.3	0.8	1.4	1.8	1.4	1.6	1.5	1.8	2.0
2 adults	0.3	0.9	0.7	1.7	0.6	0.9	1.1	1.1	1.3	1.4	1.4	1.1		
2 adults, 1 child					0.8	0.8	1.0	1.2	1.3	1.4	1.4	1.1		
2 adults, 2 children					0.8	1.0	1.1	1.2	1.0	1.1	1.5	1.3		
2 adults, 3 children						0.9	0.9	1.0	1.3	1.4				
Intermediate taxes														
1 adult	3.0	3.6	2.9	3.5	3.6	2.8	3.3	3.5	2.7	3.2	3.2	3.5	3.7	2.9
2 adults	4.2	4.0	3.4	4.0	3.6	3.9	3.5	3.5	3.3	3.4	2.7	2.6		
2 adults, 1 child					3.4	3.4	3.4	3.4	3.0	2.7	3.0	2.3		
2 adults, 2 children					3.4	3.3	3.8	3.1	3.0	2.7				
2 adults, 3 children						3.3	3.5	3.1	3.1	2.6				

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

1964

Percentages

TABLE 3b

	Range of original income per year											£2,566- £3,104		
	£216-	£260-	£315-	£382-	£460-	£559-	£676-	£816-	£988-	£1,196-	£1,448-		£1,752-	£2,122-
Local rates														
1 adult	4.8	6.6	6.6	5.1	4.4	4.0	4.0	4.9	3.7	2.8	3.1	2.3	2.3	
2 adults	4.7	3.9	3.3	4.0	3.7	3.4	3.1	3.0	2.7	2.4	2.4	2.1	2.1	
2 adults, 1 child						2.8	2.5	2.4	2.4	2.2	2.3	2.3	2.3	
2 adults, 2 children						2.6	2.4	2.4	2.5	2.5	2.4	2.3	2.3	
2 adults, 3 children						2.0	2.0	2.4	2.1	2.1	1.8			
Drink														
1 adult	2.7	2.6	1.7	1.1	0.3	6.4	3.9	4.2	1.9	6.4	4.3	2.5	2.7	
2 adults	2.4	0.9	2.5	3.1	4.8	2.3	2.4	3.1	2.6	4.3	2.4	2.6	2.6	
2 adults, 1 child						2.0	1.8	1.8	3.1	2.4	2.5	1.9	1.9	
2 adults, 2 children						2.6	2.0	2.4	1.6	2.1	2.1	1.9	1.9	
2 adults, 3 children						1.2	1.2	2.0	1.5	1.5	1.0			
Tobacco														
1 adult	7.7	4.8	6.3	8.7	3.8	5.2	5.8	5.9	4.2	2.8	0.8	3.3	2.6	
2 adults	5.7	4.4	2.7	5.7	5.7	5.2	5.2	6.6	5.3	4.7	4.3	4.4	4.4	
2 adults, 1 child						5.8	7.5	5.2	5.4	4.7	4.0	2.4	2.4	
2 adults, 2 children						6.7	6.1	5.2	5.3	3.5	3.3	2.4	2.4	
2 adults, 3 children						6.3	6.3	4.4	4.2	4.1	3.5			
Purchase tax														
1 adult	0.8	1.2	0.4	1.7	1.0	1.7	1.6	1.8	1.4	0.8	3.6	2.4	1.6	
2 adults	1.2	1.3	1.2	1.9	2.2	1.8	1.6	1.7	2.7	2.5	2.3	2.4	2.5	
2 adults, 1 child						1.9	1.7	2.0	1.9	1.7	2.5	2.5	2.5	
2 adults, 2 children						1.3	1.7	1.6	2.0	2.2	1.8	1.9	1.5	
2 adults, 3 children						1.4	1.4	1.4	2.4	1.5	1.2			
Oil														
1 adult	0.2	0.7	0.6	0.9	0.6	0.6	1.0	1.0	0.6	1.2	1.7	1.8	1.1	
2 adults	0.3	0.3	0.6	1.0	0.9	1.2	1.2	0.9	1.2	1.6	1.3	3.0	1.5	
2 adults, 1 child						1.0	0.7	1.5	1.0	1.5	1.5	1.4	1.5	
2 adults, 2 children						1.0	1.0	1.1	1.1	1.3	1.5	1.4	1.5	
2 adults, 3 children						0.7	0.7	0.9	0.7	1.1	1.1			
Intermediate taxes														
1 adult	3.0	3.9	3.3	4.0	2.9	3.3	2.8	3.3	2.3	2.1	3.9	2.5	2.2	
2 adults	3.5	3.6	3.1	3.8	4.5	3.8	3.4	3.0	3.3	2.9	2.8	3.6	3.0	
2 adults, 1 child						3.3	3.2	3.4	3.1	2.9	3.2	3.3	3.3	
2 adults, 2 children						3.2	3.2	3.1	3.1	3.1	2.9	3.3	3.3	
2 adults, 3 children						3.1	3.1	2.8	3.0	2.9	2.6			

Distribution of households co-operating in the Family Expenditure Survey, 1963

Range of original income £ per year	Number													
	Pensioner households		Non-pensioner households							All house-holds				
	1 adult	2 adults	1 adult	2 adults	2 adults 1 child	2 adults 2 children	2 adults 3 children	2 adults 4 children	3 adults	3 adults 1 child	3 adults 2 children	4 adults	Others	
At least	168	118	85	90	4	6	2	1	6	1	1	1	19	499
Less than														
216 ..	1		15	12	2	1	1	1	1	1	1	1	4	34
260 ..			15	19	2	1	1	1	3	1	1	1	4	43
315 ..			18	24	2	1	1	1	6	1	1	1	3	52
382 ..			24	30	7	1	1	1	6	1	1	1	4	77
460 ..			25	36	9	10	6	4	12	3	1	1	8	114
559 ..			29	66	29	23	9	11	13	5	1	1	15	201
676 ..			23	92	58	42	16	18	22	5	4	5	13	288
816 ..			26	106	79	72	38	14	28	10	11	3	20	407
988 ..			14	128	100	64	34	9	53	13	10	9	27	461
1,196 ..			9	116	60	55	22	5	58	30	12	11	29	407
1,448 ..			7	72	41	46	7	6	73	30	15	29	31	357
1,752 ..			6	36	18	16	5	1	43	20	3	23	34	205
2,122 ..			2	15	7	6	2	1	17	12	5	23	27	117
2,566 ..			1	13	7	4	1	2	12	2	4	9	13	68
3,104 ..			1	7	2	1	1	1	6	1	1	5	9	34
3,770 ..			1	7	1	1	3	1	1	1	1	1	6	21
4,545 ..			1	2	2	2	2	2	2	1	1	2	2	15
5,502 ..			2	2	1	1	1	1	1	1	1	1	1	5
6,656 ..			1	1	1	1	1	1	1	1	1	1	1	7
8,055 ..			1	1	1	1	1	1	1	1	1	1	1	2
9,745 ..														
11,791 ..														
14,266 ..														
17,264 ..														
All income ranges	168	119	302	875	428	352	150	64	359	136	70	123	269	3,415

Distribution of households co-operating in the Family Expenditure Survey, 1964

Range of original income £ per year	Number											
	Pensioner households		Non-pensioner households							All house-holds		
	1 adult	2 adults	1 adult	2 adults	2 adults 1 child	2 adults 2 children	2 adults 3 children	2 adults 4 children	3 adults 1 child	3 adults 2 children	4 adults	Others
At least	167	87	87	61	6	5	3	1	16	1	17	451
Less than												
216	12	17	1	..	..	..	1	..	5	36
260	20	17	..	..	..	..	..	..	2	39
315	10	10	..	..	..	..	4	1	3	28
382	10	11	4	2	1	..	5	1	2	38
460
559	..	1	20	20	4	8	3	..	6	..	5	67
676	19	59	17	12	7	2	9	1	12	144
816	27	77	46	30	13	10	16	6	2	235
988	25	112	72	60	32	16	22	13	4	388
1,196	17	96	77	80	23	14	41	13	3	402
1,448	11	99	72	45	28	4	61	29	7	405
1,752	11	74	40	42	16	..	65	33	12	354
2,122	2	59	10	16	9	1	52	26	19	243
2,566	2	23	9	10	3	1	32	11	5	138
3,104	9	6	8	2	..	11	3	2	72
3,770	1	4	2	6	1	1	2	2	2	33
4,545	1	5	..	1	..	2	3	1	4	16
5,502	1	..	1	1	..	1	..	1	8
6,656	1	..	..	..	..	..	..	..	6
8,055	1
9,745	2	..	..	..	..	1	1	..	2
11,791	3
14,266	1	1	..	2
17,264	1	1	..	..	..	..	..	..	1	3
20,888
All income ranges	167	88	276	759	366	326	142	52	350	142	84	3,114

CHART 1 Original income and income after direct taxes and benefits

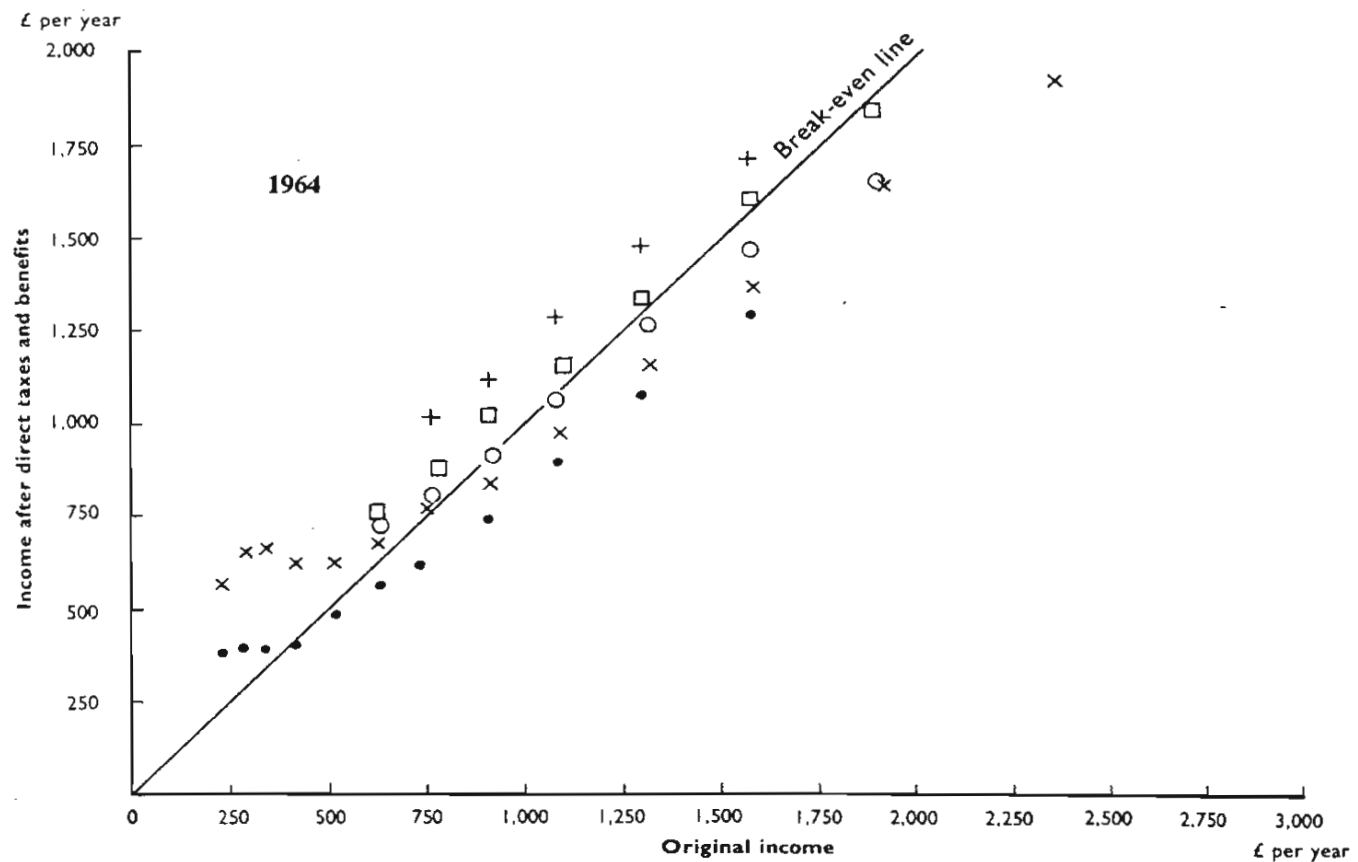
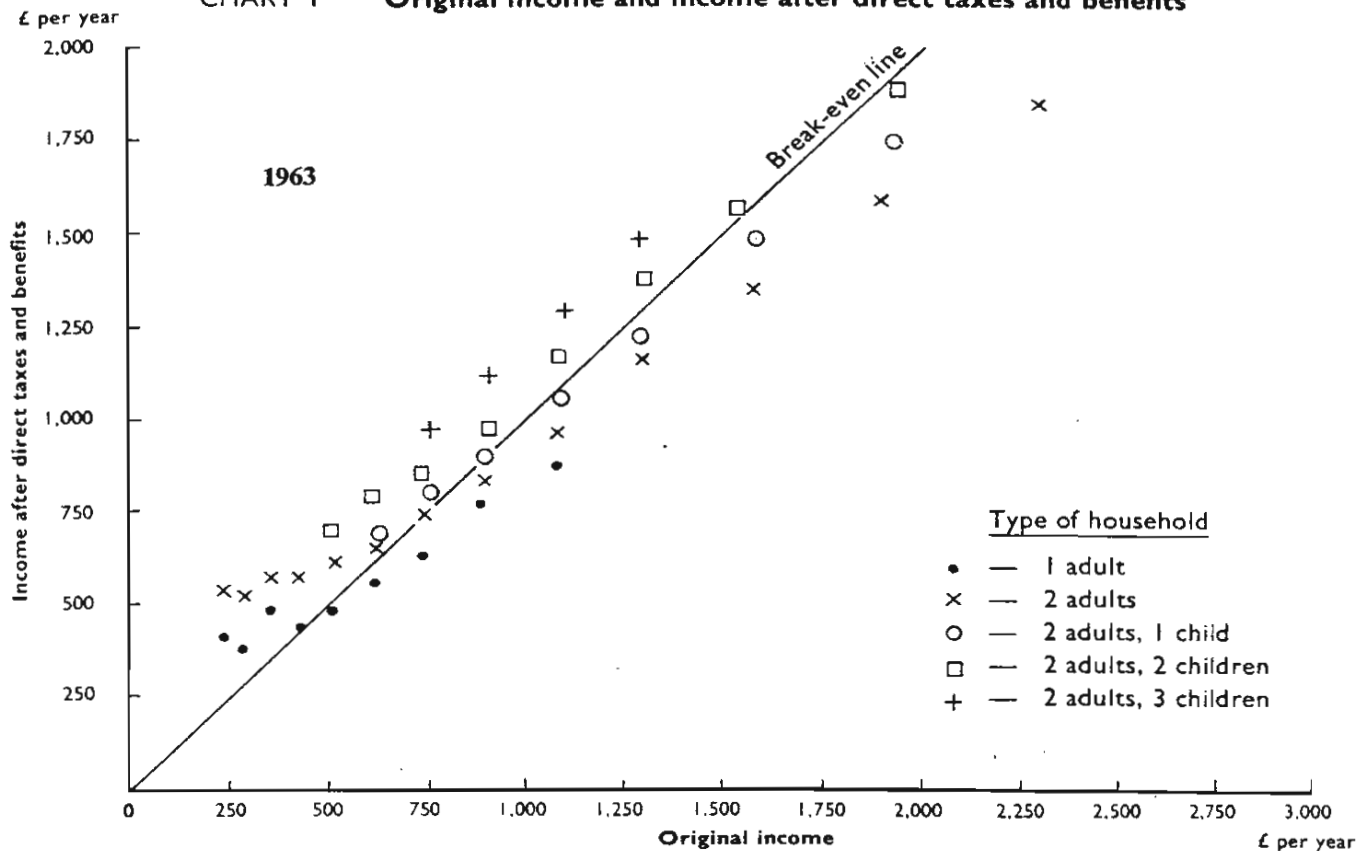


CHART 2 Original income and income after all taxes and benefits

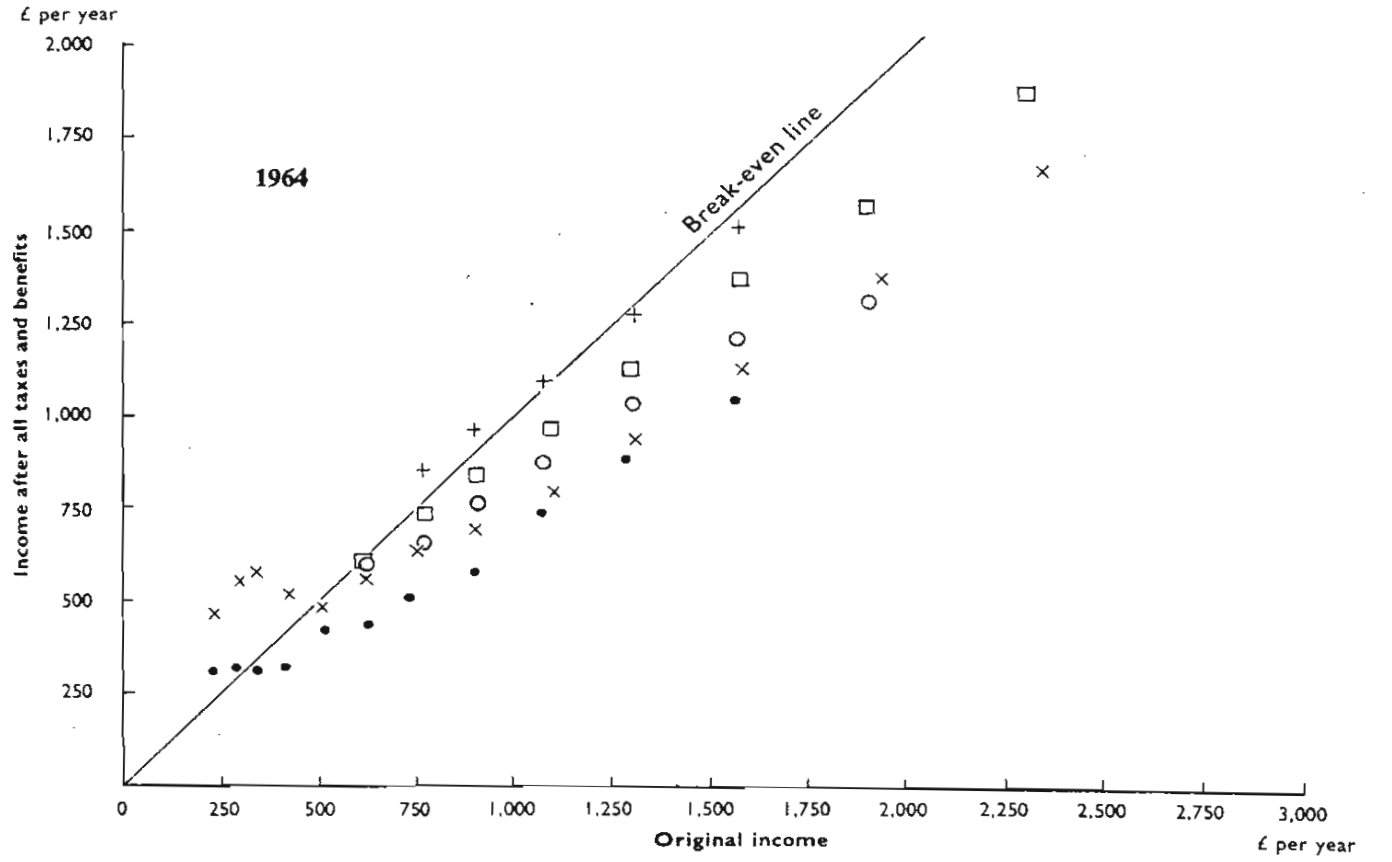
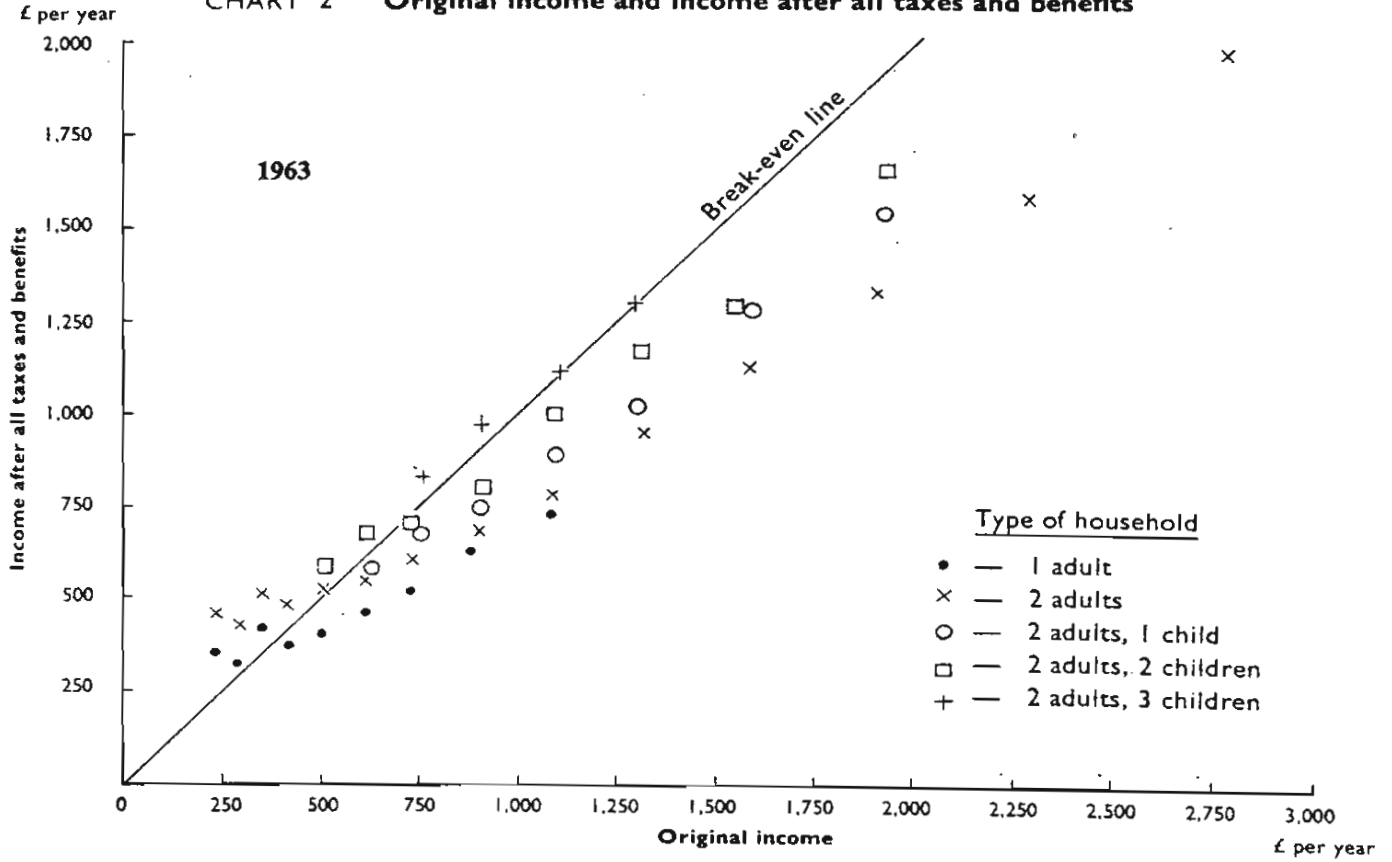


CHART 3
Taxes paid and benefits received by households in different income ranges

