

**The incidence of taxes and social
service benefits in 1965 and 1966**

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I. Introduction

Each year, the central government and local authorities raise large sums of money in various forms of taxes from individuals and families according to their circumstances (level of income, number of children, etc.) and depending also how much they spend on goods and services which attract Customs and Excise duties, purchase tax, and so on. Much of the money collected in taxes is handed back in cash to the same or different families according to other circumstances (family allowances, national insurance benefits, etc.), or is used to provide benefits in kind (e.g. state education, national health services), the costs of which are known or can be estimated. Other sums are spent on services (such as police, libraries, roads, etc.) for the community as a whole, providing benefits which are not readily measurable for different types of household. The purpose of this article is to assess and compare the impact of the taxes and social service benefits which can be allocated to different families, and to see how much families in different circumstances gain or lose on balance.

The article is the fourth of a series⁽¹⁾ and contains detailed estimates of the incidence of taxes and social service benefits in 1965 and 1966 (Tables 1-4), as well as summarising the main results for the four years 1963-1966 (Tables A-E). The results shown here are confined to the six main types of family (those consisting of 1 adult and 2 adults with 0-4 children). Results are not shown for 'pensioner' households, so defined if at least three-quarters of the household income is derived from old age or national insurance pensions and national assistance since all such households have very small original incomes and pay next to nothing in direct taxes and thus fall into a category of their own.

The results may be very briefly summarised as follows. As might be expected, the general incidence of taxes and benefits was broadly the same in 1965 and 1966 as in the earlier years covered by the previous articles. In all years families in the lower income ranges gained much more from benefits than they paid in taxes and families in the higher ranges paid much more in taxes than they received in benefits. Within each income range, the combined effect of all taxes and benefits favours the larger families. In each year, for each main type of family, direct and indirect taxes combined form a remarkably stable proportion of income over a wide range of incomes. While national insurance contributions are regressive, all direct taxes combined are progressive (with respect to incomes and size of family), but social service benefits as a whole are even more progressive, having a much greater proportional influence at the lower income levels than at the higher income levels. Indirect taxes as a whole are regressive, although

some of them are mildly progressive. A comparison of the results for the four years 1963 to 1966 (and for the earlier years⁽¹⁾ when allowance is made for changes in the definition of some of the taxes and benefits) shows that for each type of household at each level of income the proportion of income taken in taxation has been slowly increasing; but since, over the same period, benefits have shown proportionately larger increases, the break-even levels of income have tended to rise.

The estimates are based on detailed information obtained from the Family Expenditure Survey⁽²⁾ which has been carried out by the Ministry of Labour each year since 1957. This is a sample survey in which some 3,000 households co-operate each year.⁽²⁾ 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. The intention is to show the broad picture of the incidence of taxes and benefits and too much attention should not be paid to results which 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.

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.

⁽¹⁾ The earlier articles, containing estimates for 1957 and 1959, 1961 and 1962, 1963 and 1964, were published in *Economic Trends* in November 1962, February 1964 and August 1966.

⁽²⁾ For a description of these surveys and the general results, see *Family Expenditure Survey — Report for 1966* and similar reports for earlier years, published for the Ministry of Labour by H.M.S.O.

⁽²⁾ Since the beginning of 1967 the sample has been doubled.

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 the eight main types of educational establishment (see Section IV), 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 (see Section IV).

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.

Indirect benefits (housing subsidies) are defined as current expenditure by public authorities on housing less the rents paid by tenants of local authority dwellings. They are estimated separately for each local authority dwelling in the sample, 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 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, 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 input-output tables.

Three general qualifications which affect the accuracy of the estimates should be borne in mind, in addition to those already mentioned. 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 this 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 known to be 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 between 70 and 75 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 1957-59); 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 years before 1963, the sample was re-weighted to allow for apparent variations in the proportions of families of different types and in different income ranges co-operating in the survey. Since the results thus obtained were not altogether satisfactory, adjustments of this kind have not been made from 1963 onwards and all the estimates shown in the tables published here are un-weighted averages.

III. Results

The main tables and charts give the results for each of the 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 and, for the sake of comparison, results for all households combined(*), classified by ranges of original income(**), are given in the summary Tables A to F. In

* Including households for which results are not shown separately in this article.

** See definition in Section IV below.

each of the years 1965 and 1966, the six types of household for which figures are given in Tables A to F formed about two-thirds of the sample. Separate 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. As mentioned above, results are not shown for households consisting of one or two pensioners, since their original income must be small and their main income consists of pensions or national assistance at standard rates. The results for other households with an original income of less than £260 a year are also omitted because many of them consist of one or two adults, a large proportion of whom receive retirement or similar pensions, and their circumstances resemble those of 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. Results are shown where there are at least 10 households in the income range, but it must be remembered that results referring to small

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

TABLE A	Percentages												
	Range of original income per year												
	£260-	£315-	£382-	£460-	£559-	£676-	£816-	£988+	£1,196-	£1,448-	£1,752-	£2,122-	£2,566 and above
1963													
1 adult	114	122	90	80	74	69	71	68					
2 adults	151	144	113	103	87	82	76	72	72	72	70	70	68
2 adults, 1 child					91	89	84	82	78	81	80		69
2 adults, 2 children				113	108	97	91	92	90	85	86		83
2 adults, 3 children						110	107	101	101				
2 adults, 4 children					133		126						
All households in the sample	142	145	113	110	99	94	90	86	82	79	78	75	73
1964													
1 adult	116	90	84	84	72	73	65	76	70	68			
2 adults	190	164	127	101	93	85	77	73	71	72	71	72	58
2 adults, 1 child					93	87	83	81	80	77	69		
2 adults, 2 children					98	95	94	88	87	86	83	82	74
2 adults, 3 children						113	106	102	97	96			
2 adults, 4 children						123	120	108					
All households in the sample	159	147	131	106	100	94	91	87	83	81	78	75	68
1965													
1 adult	122	115	104	85	84	73	72	68	66	69			
2 adults	196	164	130	109	92	84	79	74	71	70	69	67	67
2 adults, 1 child					101	102	84	80	77	79	77	67	69
2 adults, 2 children					117	105	92	89	86	85	84	76	
2 adults, 3 children						112	98	103	96	96			
2 adults, 4 children							119	108	109				
All households in the sample	157	141	135	110	109	95	91	85	83	81	77	74	73
1966													
1 adult	145	128	109	95	73	75	70	69	66	68			
2 adults	179	168	144	128	98	88	81	73	70	70	68	68	64
2 adults, 1 child						89	79	82	77	76	76	77	71
2 adults, 2 children						109	93	89	86	83	80	83	74
2 adults, 3 children							111	101	98	94	91		
2 adults, 4 children								116	108				
All households in the sample	173	155	161	121	97	100	91	86	83	81	76	74	71

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

TABLE B

Percentages

	Range of original income per year													
	£260-	£315-	£382-	£460-	£559-	£676-	£816-	£988-	£1,196-	£1,448-	£1,752-	£2,122-	£2,566 and above	
1963														
1 adult	134	139	105	97	90	87	86	81						
2 adults	186	165	136	122	105	100	94	89	88	86	84	81	76	
2 adults, 1 child					108	105	100	97	93	94	91		78	
2 adults, 2 children				137	127	116	108	107	104	101	98		91	
2 adults, 3 children						129	123	118	115					
2 adults, 4 children					155		142							
All households in the sample ..	174	166	135	130	118	112	107	102	98	95	92	90	83	
1964														
1 adult	139	111	104	99	90	89	83	88	84	82				
2 adults	224	194	164	127	114	103	94	89	88	86	84	82	66	
2 adults, 1 child					114	106	101	99	95	92	86		89	
2 adults, 2 children					120	114	113	106	102	102	97	97	89	
2 adults, 3 children						133	123	119	113	109				
2 adults, 4 children						146	138	130						
All households in the sample ..	188	176	162	127	121	113	109	105	99	96	94	89	79	
1965														
1 adult	147	134	128	107	99	92	86	82	80	80				
2 adults	240	204	170	140	119	104	98	92	88	85	85	80	78	
2 adults, 1 child					124	122	103	98	94	95	91	86	78	
2 adults, 2 children					136	125	112	106	104	102	100	92		
2 adults, 3 children						132	121	119	114	111				
2 adults, 4 children							140	128	126					
All households in the sample ..	190	166	167	138	131	115	111	103	100	97	94	91	86	
1966														
1 adult	171	145	126	108	91	90	82	84	81	79				
2 adults	226	210	176	157	118	109	101	91	88	86	83	81	75	
2 adults, 1 child						111	103	100	95	92	90	90	80	
2 adults, 2 children						128	112	107	104	101	97	95	84	
2 adults, 3 children							131	120	116	110	103			
2 adults, 4 children								138	128					
All households in the sample ..	212	184	189	144	119	121	112	105	101	98	93	90	84	

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. As already mentioned, the intention is to present a general view of the incidence of taxes and benefits, rather than to study the particular circumstances of small groups of households.

It was discovered after the publication of the last article in this series (August 1966) that 130 households of the 1964 sample had been omitted when the results were processed by the computer. The present article includes revised figures for 1964 in Tables A to E and Table 4a.

Tables A to E summarise the main results for each of the years 1963 to 1966 in the form of percentages. Income after all taxes and benefits and income after all direct taxes and benefits are expressed as percentages of original income in Tables A and B. Total taxes and total benefits, are expressed as percentages of original income in Tables D and E, while all indirect taxes combined are

shown as a proportion of disposable income (i.e. income after direct taxes and benefits) in Table C. Table F shows each of the main groups of direct taxes and benefits as percentages of original income in 1965 and 1966.

Tables 1-3 set out the absolute figures—the average incomes at different stages, the average amounts paid in each main form of tax and the average amounts received in each main form of benefit by families of each main type, in each income range. Tables 4a, 4b and 4c give the distribution of the households co-operating in the Family Expenditure Surveys in the years 1964 (revised), 1965 and 1966. A general picture of the incidence of taxes and benefits in 1966 is presented in Chart 1.

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

Direct taxes and benefits, as shown in Table B, 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 after direct taxes and benefits, do not vary

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

TABLE C

Percentages

	Range of original income per year												
	£260-	£315-	£382-	£460-	£559-	£676-	£816-	£988-	£1,196-	£1,448-	£1,752-	£2,122-	£2,566 and above
1963													
adult	17	13	15	18	18	21	19	17					
adults	20	14	18	17	19	19	20	19	19	17	16	14	10
adults, 1 child					17	16	17	17	17	14	12		11
adults, 2 children				19	16	18	17	15	15	16	13		9
adults, 3 children						16	14	15	13				
adults, 4 children					16		13						
All households in the sample	20	14	17	16	17	17	17	16	17	17	16	17	12
1964													
adult	19	19	20	16	21	19	23	14	16	18			
adults	15	16	24	22	19	18	19	19	20	17	16	13	12
adults, 1 child					19	19	18	18	17	17	20		
adults, 2 children					19	18	17	17	15	16	15	16	16
adults, 3 children						16	15	15	14	12			
adults, 4 children						17	14	18					
All households in the sample	17	17	20	18	18	18	18	17	18	17	17	17	14
1965													
adult	18	15	20	21	16	21	19	18	18	15			
adults	18	21	25	22	23	21	21	21	19	18	19	17	14
adults, 1 child					19	17	19	19	19	17	15	22	13
adults, 2 children					15	17	19	17	18	18	16	17	
adults, 3 children						15	19	16	16	14			
adults, 4 children							17	17	15				
All households in the sample	18	17	20	21	18	19	19	18	18	17	19	20	15
1966													
1 adult	18	14	15	14	20	17	17	18	18	15			
2 adults	22	20	18	19	19	20	21	20	21	20	18	17	14
2 adults, 1 child						22	24	19	20	18	17	14	11
2 adults, 2 children						16	19	18	18	18	18	14	18
2 adults, 3 children							17	16	16	16	12		
2 adults, 4 children								18	17				
All households in the sample	20	17	16	17	20	18	20	19	18	18	18	18	16

much as between different sized families in the same income range; the proportion declines somewhat as income increases, so that indirect taxes as a whole are regressive. 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).

Table D, which shows all taxes combined expressed as a percentage of original income, displays several interesting features. First, there is a remarkable similarity in the proportion of income taken in taxation from all the main types of family, at all income levels, and in each of the four years, the main exceptions being a few high percentages of (mainly indirect) taxes among two-adult households in the lowest ranges of income (below £460 a year), which are known to contain a fair proportion of retired persons. On a closer look, the figures for different households in any single year show that, although for the same type of family there is little variation between the percentages at different income levels, the percentages for one and two-adult households tend to be consistently higher than the percentages for other types of household. Families within each of the income groups included here may of course show considerable variations depending, for example, on the proportion of their income which regularly goes on

heavily taxed goods, such as tobacco, alcoholic drink or petrol. Looking at changes over time, we find that, within the same income ranges, the percentages for each type of household show increases of about 13 per cent on average between 1963 and 1966.

It is clear from Table E, which shows direct and indirect benefits combined as a percentage of original income, that benefits are very progressive in two ways: for each type of family the percentages decrease markedly as income increases, and within the same income range the percentages increase with the number of children in the family. Over the four years, benefits have increased substantially, partly through increases in national insurance benefits (cash benefits) and partly because of the higher costs of providing state education and the national health services (benefits in kind).

Table F shows the separate effects of direct benefits in cash and in kind and of the two main forms of direct taxes in 1965 and 1966. All benefits in cash 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, but at given income levels are more favourable to the larger families 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 absorb only a small proportion of the income of one and two-person families in the lowest income ranges because these families include a fair number of retired persons.

Tables 3a and 3b show the payments of each main form of indirect tax in 1965 and 1966 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. Taxes on alcoholic drink as a whole are slightly regressive in both years (on beer they are clearly regressive, on spirits almost neutral, and on wines if anything progressive). Taxes on intermediate products are regressive, and purchase tax as a whole is slightly regressive for most types of family. Oil duties, on the other hand, are mildly progressive. 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.

Charts 2 and 3 show, for 1965 and 1966, 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; 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, as it happens, in most cases 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 narrow angle. It is then difficult to determine the break-even level of income.

Total taxes as a proportion of original income

TABLE D	Percentages												
	Range of original income per year												
	£260-	£315-	£382-	£460-	£559-	£676-	£816-	£988-	£1,196-	£1,448-	£1,752-	£2,122-	£2,566 and above
1963													
1 adult	31	28	29	30	34	36	35	36					
2 adults	46	35	37	33	34	33	33	33	33	32	32	33	33
2 adults, 1 child					30	30	30	30	30	28	26		34
2 adults, 2 children				36	32	31	29	27	28	29	27		23
2 adults, 3 children						29	27	28	25				
2 adults, 4 children					36		27						
All households in the sample ..	44	35	35	32	33	32	31	30	31	32	30	33	31
1964													
1 adult	33	35	37	31	35	35	39	32	34	35			
2 adults	37	41	55	40	35	35	34	34	33	31	33	31	43
2 adults, 1 child					32	33	31	31	29	32	36		
2 adults, 2 children					33	31	29	30	28	28	30	28	32
2 adults, 3 children						30	28	28	27	24			
2 adults, 4 children						33	29	32					
All households in the sample ..	37	40	46	34	34	33	32	32	31	31	32	32	37
1965													
1 adult	35	32	35	38	33	38	37	37	40	34			
2 adults	51	47	51	45	42	38	38	37	35	34	35	36	36
2 adults, 1 child					35	32	32	33	33	32	30	38	35
2 adults, 2 children					32	31	33	30	32	31	31	34	
2 adults, 3 children						32	35	30	31	27			
2 adults, 4 children							33	33	30				
All households in the sample ..	42	37	42	43	37	36	35	34	34	33	35	36	34
1966													
1 adult	39	31	31	33	36	35	38	38	39	36			
2 adults	56	52	43	45	40	39	39	37	37	36	35	35	38
2 adults, 1 child						38	38	35	34	33	31	28	34
2 adults, 2 children						32	33	33	33	33	35	29	32
2 adults, 3 children							33	30	30	29	28		
2 adults, 4 children								36	31				
All households in the sample ..	49	41	42	39	40	37	38	36	34	34	35	35	37

Total benefits as a proportion of original income

Percentages

TABLE E

	Range of original income per year												
	£260-	£315-	£382-	£460-	£559-	£676-	£816-	£988-	£1,196-	£1,448-	£1,752-	£2,122-	£2,566 and above
1963													
1 adult	45	50	20	10	9	6	6	4					
2 adults	97	78	50	36	21	15	9	5	5	3	2	2	1
2 adults, 1 child					21	19	14	12	8	9	6		3
2 adults, 2 children				49	40	28	20	19	17	14	13		6
2 adults, 3 children						39	34	29	26				
2 adults, 4 children					69		53						
All households in the sample ..	86	79	48	43	32	26	21	16	13	11	9	8	4
1964													
1 adult	48	25	21	16	8	8	3	7	4	2			
2 adults	127	106	82	40	28	19	11	7	4	3	4	3	2
2 adults, 1 child					26	19	15	12	9	9	6		
2 adults, 2 children					31	26	23	18	14	15	14	10	6
2 adults, 3 children						43	34	30	24	20			
2 adults, 4 children						56	49	40					
All households in the sample ..	96	87	78	40	34	27	23	19	14	12	11	7	5
1965													
1 adult	56	47	39	23	17	12	9	4	6	4			
2 adults	147	112	82	54	33	22	17	11	6	3	4	3	2
2 adults, 1 child					36	34	16	13	10	11	8	5	4
2 adults, 2 children					48	37	25	19	18	15	15	10	
2 adults, 3 children						44	33	33	27	23			
2 adults, 4 children							52	41	38				
All households in the sample ..	99	77	78	53	46	31	26	20	16	13	12	10	7
1966													
1 adult	84	59	40	27	9	10	7	7	5	4			
2 adults	135	120	88	73	38	27	20	10	7	6	3	3	3
2 adults, 1 child						27	17	17	10	9	7	5	5
2 adults, 2 children						41	26	22	19	16	15	12	6
2 adults, 3 children							44	32	28	23	19		
2 adults, 4 children								52	39				
All households in the sample ..	122	96	103	60	37	37	29	22	18	15	11	9	7

It is also important to keep in mind the number of families (see Table I) represented by each point on these charts. An unusually large amount of taxes 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.

For households with children it is sometimes possible to estimate the approximate break-even levels of income from the charts. But even in these cases it is impossible to avoid some subjective judgment in assessing the relative importance of plotted points lying near the break-even line.

Table G sets out the apparent break-even levels of income (i) after direct taxes and benefits, and (ii) after all taxes and benefits for households consisting of two adults with 1, 2 and 3 children, for the years 1963 to 1966.

The impression given by these rough estimates is that the break-even levels of income were rising steadily over the period. It is important to bear in mind that substantial benefits have been excluded from this analysis (benefits from public expenditure on law and order, libraries, museums, parks, roads, etc.) and that, if it had been possible to allocate these benefits, the break-even levels of income of each type of family would have been higher in all years.

The foregoing estimates are, of course, affected by changes in rates of tax and benefit. Over the period 1963-1966, the most important changes in direct taxes and benefits were the increase in the standard rate of income tax (from 7/9 to 8/3 in the £) in 1965, the increase in the exemption limit (from £257 to £283) also in 1965 and the increases in national insurance contributions and benefits in 1965 and 1966. Among taxes on expenditure, the main changes in this period were the increase of 25 per cent in the cost of radio and television licences in August 1965, and the 10 per cent surcharge on purchase tax introduced in July 1966. The introduction of Selective Employment Tax in September 1966 had only a slight effect on the results for 1966 as a whole.

Direct benefits and taxes as proportions of original income

TABLE F.

Percentages

	Range of original income per year												
	£260-	£315-	£382-	£460-	£559-	£676-	£816-	£988-	£1,196-	£1,448-	£1,752-	£2,122-	£2,566 and above
1965													
Cash benefits													
1 adult	47	38	31	18	9	8	5	2	4	2			
2 adults	123	91	64	44	25	14	10	6	3	1	2	1	1
2 adults, 1 child					14	11	3	2	1	2	1	—	—
2 adults, 2 children					17	9	5	3	2	2	2	1	—
2 adults, 3 children						9	8	6	4	3			
2 adults, 4 children							13	8	6				
All households in the sample ..	81	59	53	36	21	13	9	6	4	3	3	2	1
Benefits in kind													
1 adult	9	8	6	5	7	3	2	2	2	1			
2 adults	24	19	15	9	8	6	5	4	3	2	2	1	1
2 adults, 1 child					21	23	13	10	9	9	6	5	3
2 adults, 2 children					30	26	19	15	15	13	13	9	
2 adults, 3 children						34	25	25	22	19			
2 adults, 4 children							37	31	30				
All households in the sample ..	17	16	23	16	23	16	16	12	11	10	8	8	5
Income tax and surtax													
1 adult	6	8	8	10	11	12	14	16	21	18			
2 adults	3	4	7	7	6	7	9	10	10	11	13	18	22
2 adults, 1 child					2	3	4	6	8	9	12	14	23
2 adults, 2 children					—	1	2	4	6	7	10	15	
2 adults, 3 children						1	2	3	5	6			
2 adults, 4 children							1	2	4				
All households in the sample ..	4	6	6	7	6	6	6	7	8	9	10	12	17
National insurance contributions													
1 adult	3	4	2	5	7	7	7	6	4	4			
2 adults	3	1	3	7	8	9	8	8	7	7	6	5	2
2 adults, 1 child					9	9	9	8	7	6	5	5	2
2 adults, 2 children					10	9	9	8	7	6	5	3	
2 adults, 3 children						10	9	9	7	6			
2 adults, 4 children							9	9	7				
All households in the sample ..	4	3	3	6	8	9	9	8	8	7	7	6	4
1966													
Cash benefits													
1 adult	66	47	31	21	5	7	4	5	3	2			
2 adults	111	100	71	59	27	19	13	6	4	3			2
2 adults, 1 child						4	4	4	1	1	—	—	1
2 adults, 2 children						14	4	4	3	2	1	1	1
2 adults, 3 children							11	7	4	4	3		
2 adults, 4 children								9	7				
All households in the sample ..	96	73	59	43	22	18	12	7	5	4	2	2	1
Benefits in kind													
1 adult	12	9	7	5	3	3	2	2	1	1			
2 adults	22	15	16	13	8	7	6	4	3	2	2	2	1
2 adults, 1 child						21	12	11	8	8	6	5	5
2 adults, 2 children						25	20	17	16	14	13	11	5
2 adults, 3 children							32	24	24	19	16		
2 adults, 4 children								40	31				
All households in the sample ..	22	21	42	16	13	18	16	14	12	11	8	7	6
Income tax and surtax													
1 adult	6	8	8	12	9	12	17	17	19	20			
2 adults	4	6	5	10	9	10	9	10	11	12	13	16	26
2 adults, 1 child						3	4	7	8	10	11	11	22
2 adults, 2 children						1	1	5	7	9	12	12	19
2 adults, 3 children							2	2	4	6	10		
2 adults, 4 children								3	2				
All households in the sample ..	4	6	6	9	8	7	7	7	8	9	11	12	18
National insurance contributions													
1 adult	1	3	4	6	8	8	7	6	5	4			
2 adults	3	4	6	5	9	8	9	9	8	7	6	5	2
2 adults, 1 child						11	10	9	7	7	6	4	3
2 adults, 2 children						10	10	9	7	6	5	4	2
2 adults, 3 children							9	9	7	6	5		
2 adults, 4 children								8	7				
All households in the sample ..	2	4	5	6	8	8	9	9	8	7	7	6	5

Approximate break-even levels of income

TABLE G	£ per year			
	1963	1964	1965	1966
Direct taxes and benefits				
adults, 1 child	900	1,000	1,000	1,050-1,150
adults, 2 children ..	1,700	1,750	1,750	1,750
	Over	Over	Over	Over
adults, 3 children ..	2,000	2,000	2,000	2,000
All taxes and benefits				
adults, 1 child	500	550	650-700	*
adults, 2 children ..	660-680	*	800	850
	Over			Over
adults, 3 children ..	1,100	1,150	1,200	1,150-1,250

* indicates that the figure is indeterminate.

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 and 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 in 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 those 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 in ranges of original income as defined below. The income ranges are marked off by equal intervals on a logarithmic scale, thus providing wider intervals at the top of the scale where the households are few in number but have more widely dispersed incomes. The use of a logarithmic scale also facilitates comparisons over time when prices are rising.

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

DIRECT TAXES

Income tax and surtax

The estimates 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, and on tax payments in the previous twelve months in respect of investment income and income from self-employment.

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 (see below)
- scholarships and education grants
- school meals, milk and other welfare foods
- national health services (see below)

The social service benefits are the amounts stated to have been received in the twelve months prior to the time of the survey, or estimated as described below.

INDIRECT BENEFITS

Housing subsidies

These are defined, for each local authority dwelling separately, as the excess of the estimated economic rent, calculated on the basis of the rateable value of the dwelling, over the actual rent paid by the tenant.

INDIRECT TAXES ON FINAL CONSUMER GOODS AND SERVICES

Local rates on dwellings

Customs and Excise duties on beer, wines, spirits, tobacco, oil, entertainment, betting, etc.

Purchase tax

Purchase tax on motor vehicles (see below) is applied to purchases of new and second-hand vehicles and (negatively) to sales of second-hand vehicles.

Motor vehicle and driving licences

Radio and television licences

Stamp duties (other than on the transfer of property).

Selective Employment Tax

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 on other goods and services purchased by industry

Selective Employment Tax

ORIGINAL INCOME

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

The figures of income are the estimated normal annual income at the rate current at the time of the survey or, in the case 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 the 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 in the recent past (if the last payment is stated to be abnormal), (iii) occasional bonus payments and (iv) periods of absence from work through illness or unemployment during the previous twelve months.

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. 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 on the averages of attributing a benefit to children at private schools was measured for one year and found to be very small.

National health service

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 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.

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 purchase. 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 seldom large. In such cases, therefore, the payment of purchase tax on motor vehicles is spread (proportionately to income after direct taxes and benefits) over all households in the same income range *plus* a sufficient number of adjacent income ranges to make up at least 150 households or at least 30 per cent of the households of that type.

Central Statistical Office

APPENDIX

Average incomes before and after taxes and benefits

1965

£ per year

TABLE 1a

	Range of original income											£2,566 and above	
	£260-	£315-	£382-	£460-	£559-	£676-	£816-	£988-	£1,196-	£1,448-	£1,752-		£2,122-
1 adult													
Number of households	26	28	25	30	32	32	31	29	17	11			
Original income	290	350	419	517	620	743	884	1,094	1,313	1,499			
Income after direct taxes and benefits	425	467	536	555	611	684	764	894	1,051	1,204			
Income after all taxes and benefits	352	403	436	442	501	544	633	739	862	1,039			
2 adults													
Number of households	18	17	26	22	48	77	97	123	167	94	63	24	34
Original income	284	344	414	515	623	750	902	1,082	1,312	1,594	1,930	2,281	4,032
Income after direct taxes and benefits	682	702	704	721	741	782	881	993	1,153	1,351	1,632	1,832	3,133
Income after all taxes and benefits	558	566	540	564	572	628	712	796	935	1,110	1,328	1,521	2,692
2 adults, 1 child													
Number of households					11	23	52	65	75	51	22	13	12
Original income					633	755	893	1,091	1,321	1,558	1,884	2,308	4,159
Income after direct taxes and benefits					786	921	923	1,071	1,247	1,477	1,711	1,987	3,264
Income after all taxes and benefits					638	769	750	869	1,017	1,225	1,454	1,551	2,853
2 adults, 2 children													
Number of households					14	21	61	65	74	53	27	16	
Original income					623	747	894	1,082	1,317	1,585	1,900	2,303	
Income after direct taxes and benefits					849	933	1,004	1,151	1,375	1,622	1,906	2,116	
Income after all taxes and benefits					729	786	824	960	1,136	1,342	1,593	1,762	
2 adults, 3 children													
Number of households						13	25	32	40	25			
Original income						762	915	1,079	1,307	1,581			
Income after direct taxes and benefits						1,003	1,106	1,289	1,486	1,754			
Income after all taxes and benefits						853	893	1,107	1,261	1,511			

Average incomes before and after taxes and benefits in 1966

1966
1 adult

£ per year

TABLE 1b

	Range of original income												
	£260-	£315-	£382-	£460-	£559-	£676-	£816-	£988-	£1,196-	£1,448-	£1,752-	£2,122-	£2,566 and above
1 adult													
Number of households	16	28	16	25	27	24	23	27	13	15			
Original income	279	348	412	507	624	743	904	1,087	1,282	1,570			
Income after direct taxes and benefits	477	506	518	548	568	671	745	913	1,033	1,248			
Income after all taxes and benefits	405	447	448	479	455	561	629	751	843	1,063			
2 adults													
Number of households	25	22	20	27	48	55	91	101	130	115	81	53	44
Original income	287	347	424	510	621	759	901	1,091	1,314	1,600	1,912	2,319	3,945
Income after direct taxes and benefits	649	729	747	799	732	823	909	994	1,152	1,377	1,585	1,889	2,943
Income after all taxes and benefits	513	583	611	633	607	669	727	798	923	1,112	1,306	1,571	2,540
2 adults, 1 child													
Number of households						15	40	74	71	67	31	21	17
Original income						753	891	1,102	1,328	1,598	1,922	2,321	3,550
Income after direct taxes and benefits						838	915	1,107	1,258	1,478	1,731	2,081	2,855
Income after all taxes and benefits						668	701	902	1,018	1,220	1,454	1,796	2,533
2 adults, 2 children													
Number of households						13	39	62	87	66	32	19	22
Original income						766	903	1,096	1,326	1,596	1,918	2,341	3,744
Income after direct taxes and benefits						979	1,014	1,171	1,381	1,606	1,855	2,235	3,160
Income after all taxes and benefits						836	843	976	1,142	1,330	1,538	1,934	2,788
2 adults, 3 children													
Number of households							13	28	36	34	14		
Original income							891	1,102	1,310	1,619	1,899		
Income after direct taxes and benefits							1,168	1,319	1,525	1,783	1,964		
Income after all taxes and benefits							987	1,116	1,285	1,521	1,725		

TABLE 2a

	Range of original income										£2,566 and above		
	£260-	£315-	£382-	£460-	£559-	£676-	£816-	£988-	£1,196-	£1,448-		£1,752-	£2,122-
1 adult													
Direct benefits:													
cash benefits	135	133	131	92	56	62	46	27	52	24			
benefits in kind .. .	26	26	27	25	45	20	19	17	20	19			
Direct taxes:													
national insurance contributions	9	13	8	28	44	51	63	67	52	64			
income tax and surtax ..	16	29	32	51	66	90	122	177	281	275			
Indirect benefits .. .	2	6	6	3	5	4	11	5	3	10			
Indirect taxes:													
on final goods and services ..	58	54	84	96	78	119	120	128	158	144			
on intermediate products ..	18	17	23	21	18	25	22	32	35	31			
2 adults													
Direct benefits:													
cash benefits	349	313	266	229	154	105	94	64	37	18	40	32	46
benefits in kind .. .	67	61	63	47	51	45	42	41	36	32	39	32	49
Direct taxes:													
national insurance contributions	10	4	12	34	48	65	72	86	97	117	116	108	97
income tax and surtax ..	9	13	27	35	39	54	85	108	134	176	260	405	898
Indirect benefits .. .	1	10	10	3	3	12	15	9	4	5	3	—	—
Indirect taxes:													
on final goods and services ..	95	118	141	126	133	132	144	168	179	199	255	247	363
on intermediate products ..	31	28	32	35	40	34	40	37	43	46	51	61	78
2 adults, 1 child													
Direct benefits:													
cash benefits					87	83	31	24	12	26	24	3	18
benefits in kind .. .					135	171	112	111	116	135	120	118	136
Direct taxes:													
national insurance contributions					56	67	81	92	97	95	87	108	74
income tax and surtax ..					13	21	32	64	105	147	230	334	975
Indirect benefits .. .					4	2	3	5	5	5	—	—	—
Indirect taxes:													
on final goods and services ..					123	120	139	165	191	204	204	330	328
on intermediate products ..					30	34	38	43	44	54	52	106	83
2 adults, 2 children													
Direct benefits:													
cash benefits					107	67	40	35	30	28	42	24	
benefits in kind .. .					186	194	172	161	195	213	243	209	
Direct taxes:													
national insurance contributions					65	68	84	88	90	97	91	78	
income tax and surtax ..					3	7	18	39	76	107	187	342	
Indirect benefits .. .					9	12	11	10	11	5	1	—	
Indirect taxes:													
on final goods and services ..					98	121	149	157	204	225	247	285	
on intermediate products ..					31	39	43	43	47	60	67	69	
2 adults, 3 children													
Direct benefits:													
cash benefits						72	70	69	56	52			
benefits in kind .. .						259	226	267	290	302			
Direct taxes:													
national insurance contributions						80	85	95	96	91			
income tax and surtax ..						10	19	31	71	89			
Indirect benefits .. .						3	2	18	11	2			
Indirect taxes:													
on final goods and services ..						121	173	155	182	192			
on intermediate products ..						32	42	45	55	54			

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

1965

Percentages

TABLE 3a

	Range of original income per year											£2,566 and above	
	£260-	£315-	£382-	£460-	£559-	£676-	£816-	£988-	£1,196-	£1,448-	£1,752-		£2,122-
Local rates													
1 adult	7.4	5.4	6.4	5.2	4.0	4.8	4.5	3.9	5.4	3.2	2.6	2.5	2.3
2 adults	4.8	4.3	3.9	3.2	2.6	3.3	3.6	3.1	2.7	2.5	2.4	2.7	2.4
2 adults, 1 child ..					2.7	2.5	2.8	2.4	2.5	2.3	2.5	2.6	
2 adults, 2 children ..					2.4	2.4	2.4	2.3	2.3	2.0			
2 adults, 3 children ..													
Drink													
1 adult	1.8	0.4	1.6	3.7	0.8	4.2	2.0	2.1	3.6	2.1	3.3	2.0	4.3
2 adults	2.1	2.0	3.9	3.0	2.9	2.6	2.8	3.2	2.5	2.4	1.2	2.4	2.1
2 adults, 1 child ..					2.1	1.9	1.9	2.2	2.8	1.8	2.5	2.6	
2 adults, 2 children ..					0.8	1.3	2.2	2.1	2.3	2.2			
2 adults, 3 children ..						1.3	3.0	1.4	1.8	0.9			
Tobacco													
1 adult	2.0	2.3	2.8	4.6	4.9	4.8	4.1	3.4	1.6	3.5	3.9	3.5	1.4
2 adults	3.4	7.4	7.3	5.2	5.2	5.5	4.8	5.9	5.4	4.3	2.0	2.6	1.9
2 adults, 1 child ..					7.1	4.7	5.5	5.0	3.9	3.2	3.0	3.0	
2 adults, 2 children ..					4.3	4.7	4.6	4.8	4.3	3.7			
2 adults, 3 children ..						6.0	5.5	3.3	3.8	3.6			
Purchase tax													
1 adult	1.1	1.7	1.5	1.9	1.1	1.7	1.4	2.6	1.5	0.8	2.4	2.1	1.4
2 adults	1.2	1.4	2.7	2.9	3.2	3.2	2.2	1.6	1.7	2.4	2.8	4.5	1.4
2 adults, 1 child ..					1.7	1.4	1.9	2.1	2.9	3.1	2.5	2.1	
2 adults, 2 children ..					1.7	1.6	2.4	1.9	2.8	2.9			
2 adults, 3 children ..						1.0	1.6	1.7	1.9	1.5			
Oil													
1 adult	0.3	0.5	1.7	0.5	0.9	0.7	2.2	1.1	1.5	1.3	2.2	2.0	1.1
2 adults	1.0	0.4	0.9	0.8	1.3	0.9	1.3	1.5	1.8	1.8	2.0	1.8	1.3
2 adults, 1 child ..					0.7	1.1	1.4	1.7	1.8	1.7	2.0	2.0	
2 adults, 2 children ..					0.7	1.4	1.2	1.1	1.5	1.4	1.1	2.0	
2 adults, 3 children ..						0.5	1.6	1.8	1.3	1.7			
Intermediate taxes													
1 adult	4.1	3.7	4.2	3.7	2.9	3.6	2.9	3.6	3.3	2.6	3.1	3.3	2.5
2 adults	4.5	4.0	4.5	4.8	5.4	4.4	4.5	3.7	3.7	3.4	3.1	5.3	2.6
2 adults, 1 child ..					3.8	3.7	4.1	4.0	3.6	3.7	3.1	3.1	
2 adults, 2 children ..					3.6	4.1	4.2	3.8	3.4	3.7	3.5	3.3	
2 adults, 3 children ..						3.2	3.8	3.5	3.7	3.1			

XXX

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

1966

TABLE 3b

Percentages

	Range of original income per year											£2,566 and above	
	£260-	£315-	£382-	£460-	£559-	£676-	£816-	£988-	£1,196-	£1,448-	£1,752-		£2,122-
Local rates													
1 adult	6.3	6.0	5.7	5.3	4.9	4.1	3.8	5.3	3.0	3.3	2.8	2.5	2.3
2 adults	4.8	4.5	3.7	3.6	4.0	3.8	3.3	3.2	2.9	2.9	2.4	2.9	2.2
2 adults, 1 child ..						2.7	2.4	2.8	2.6	2.4	2.4	2.9	2.2
2 adults, 2 children ..						2.9	2.6	2.7	2.8	2.6	2.5	2.2	2.2
2 adults, 3 children ..						2.3	2.3	2.6	2.4	2.6	2.5		
Drink													
1 adult	3.1	0.5	1.9	0.6	2.0	2.5	3.4	2.0	4.8	1.2	2.6	3.0	3.3
2 adults	1.4	1.8	1.4	2.4	1.7	1.6	2.7	2.7	3.4	3.7	1.7	0.9	1.5
2 adults, 1 child ..						1.3	4.1	2.0	2.9	2.8	4.4	1.8	1.8
2 adults, 2 children ..							2.4	2.0	2.7	2.6	4.4		
2 adults, 3 children ..							1.5	1.7	1.9	1.7	0.8		
Tobacco													
1 adult	2.0	1.6	1.5	1.6	4.0	2.1	4.2	5.2	2.3	2.3	3.5	3.3	2.3
2 adults	6.1	5.7	5.9	4.7	5.3	5.4	6.3	5.7	5.2	4.3	4.1	2.8	1.1
2 adults, 1 child ..						4.9	6.3	4.6	4.6	4.0	2.8	2.5	1.4
2 adults, 2 children ..							5.4	4.2	4.0	3.8	2.8		
2 adults, 3 children ..							5.1	4.4	4.0	2.6	2.3		
Purchase tax													
1 adult	0.8	1.0	0.8	1.1	2.1	1.8	1.0	0.8	2.2	1.4	2.1	1.9	1.0
2 adults	2.4	1.3	0.8	0.9	1.2	1.4	1.5	1.6	1.8	1.9	1.9	1.2	1.4
2 adults, 1 child ..						2.2	2.8	2.2	2.4	1.8	1.9	1.2	1.4
2 adults, 2 children ..						1.5	1.9	2.0	1.6	1.8	1.7	1.3	1.1
2 adults, 3 children ..							1.2	1.7	1.3	1.9	1.3		
Oil													
1 adult	0.9	0.4	0.4	0.6	1.4	0.9	0.5	1.1	1.1	1.8	1.9	1.9	1.3
2 adults	1.1	0.6	1.3	1.3	1.3	1.5	1.4	1.6	1.7	1.6	1.7	2.0	1.4
2 adults, 1 child ..						1.2	1.8	2.0	1.6	1.6	1.7	1.8	1.4
2 adults, 2 children ..						1.1	1.1	1.3	1.9	1.7	1.7	1.8	1.4
2 adults, 3 children ..							1.5	0.6	1.4	1.9	1.4		
Intermediate taxes													
1 adult	3.4	3.1	3.3	3.5	4.3	4.1	2.8	2.6	3.5	2.9	3.2	2.9	2.3
2 adults	3.9	4.8	3.5	3.9	3.8	3.9	3.8	3.7	3.7	3.4	3.0	2.7	2.5
2 adults, 1 child ..						4.2	4.2	3.9	3.8	3.3	3.1	2.6	2.4
2 adults, 2 children ..						3.4	3.8	3.7	3.3	3.6	2.6		
2 adults, 3 children ..							3.5	3.5	3.3	3.1			

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

TABLE 4a

Range of original income £ per year	Pensioner households		Non-pensioner households										All house- holds Number	
	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	167	87	88	63	6	5	4	1	16	1	1	1	19	457
Less than	12	17	2	..	..	..	1	..	..	..	5	37
216	26	18	..	..	..	..	..	..	..	..	2	46
260	13	18	..	..	..	..	5	1	..	1	3	41
315	12	22	4	2	1	..	5	1	1	1	4	53
382
460	24	22	4	8	3	..	7	..	..	..	8	77
559	29	67	17	12	7	2	10	1	5	1	14	160
676	29	81	46	30	13	10	17	7	7	2	9	244
816	26	116	72	61	32	16	23	13	3	4	32	398
988	19	102	77	80	23	14	43	13	12	3	27	413
1,196
1,448	13	104	72	45	28	4	63	29	13	7	37	415
1,752	12	75	41	42	16	..	66	33	19	12	42	358
2,122	4	63	10	16	9	1	53	26	14	19	35	250
2,566	2	24	9	10	3	1	32	11	5	12	31	140
3,104	1	11	6	8	2	..	11	3	2	15	16	75
3,770	2	4	2	6	1	1	2	2	1	2	11	34
4,545	2	5	1	1	1	2	3	1	..	4	3	17
5,502	2	2	..	..	2	1	..	..	1	1	10
6,656	2	2	..	1	1	2	..	..	1	2	8
8,055	1	1	..	..	..	..	..	..	..	..	1
9,745	2	..	..	..	..	..	..	..	..	..	2
11,791	1	1	..	..	1	3
14,266	1	..	1	..	..	2
17,264	1	1	..	..	..	..	..	..	..	..	1	3
20,888
All income ranges	167	88	310	820	368	327	143	52	362	143	76	85	303	3,244

**Distribution of households co-operating in the Family Expenditure Survey
1965**

Range of original income £ per year	Non-pensioner households										All house- holds				
	Pensioner households		Non-pensioner households									Others			
	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					
At least	187	116	77	55	7	3	1	1	1	1	9	1	1	13	469
Less than	14	21	1	..	..	..	..	..	1	1	1	1	37
216	26	18	1	..	..	..	..	..	1	1	1	1	47
260	28	17	1	1	1	1	1	1	1	1	1	3	52
315	25	26	2	3	3	3	3	3	2	1	1	7	69
382	30	22	1	5	3	3	3	3	6	2	2	5	75
460	32	48	11	14	3	3	3	3	7	3	3	8	131
559	32	77	23	21	13	6	6	6	4	2	2	15	202
676	31	97	52	61	25	12	17	17	6	4	4	17	323
816	29	123	65	65	32	10	27	27	15	5	5	23	397
988	17	167	75	74	40	11	52	52	23	12	12	27	509
1,196	11	94	51	53	25	8	75	75	35	16	16	22	402
1,448	3	63	22	27	8	6	69	69	22	15	15	33	297
1,752	5	24	13	16	4	1	34	34	13	7	7	33	172
2,122	5	17	5	5	3	3	20	20	4	4	4	29	118
2,566	1	6	3	3	3	1	5	5	2	1	1	7	43
3,104	1	4	2	1	1	1	1	1	1	1	1	12	25
3,770	1	2	1	1	1	1	4	4	1	1	1	3	11
4,545	3	3	1	1	3	3	3	3	1	1	1	3	11
5,502	5	3	1	1	3	3	1	1	1	1	1	8	8
6,656	1	1	1	1	1	1	1	1	1	1	1	2	2
8,055
9,745
11,791
14,266
17,264
20,888
All income ranges	187	116	367	886	336	352	161	62	336	134	68	120	267	3,392	

TABLE 4b

**Distribution of households co-operating in the Family Expenditure Survey
1966**

TABLE 4c

Range of original income £ per year	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	
	Number	Number	Number	Number	Number	Number	Number	Number	Number	Number	Number	Number	Number	
At least	144	116	77	52	5	1	1	11	1	1	1	1	16	425
216	13	15	1	..	..	1	..	..	..	..	1	30
260	16	25	1	..	..	1	..	..	..	..	1	44
315	28	22	2	1	..	3	1	2	..	..	1	57
382	16	20	1	..	..	3	..	..	1	..	5	47
460
559	25	27	2	3	..	4	1	1	..	..	6	68
676	27	48	3	4	..	6	1	1	..	..	6	98
816	24	55	15	13	2	11	3	3	..	..	13	140
988	23	91	40	39	5	13	4	4	1	..	18	253
1,196	27	101	74	62	28	32	7	7	6	..	17	375
1,448	13	130	71	87	36	40	17	13	10	..	22	456
1,752	15	115	67	66	34	53	27	17	10	..	40	449
2,122	1	81	31	32	14	57	35	10	15	..	30	310
2,566	4	53	21	19	7	49	19	5	29	..	32	239
3,104	3	21	9	7	3	28	10	8	21	..	27	139
3,770	2	9	4	5	1	16	3	1	15	..	19	74
4,545	1	4	3	4	1	3	2	2	6	..	5	29
5,502	4	..	5	..	..	3	3	1	..	8	21
6,656	3	..	1	..	3	1	1	1	..	3	12
8,055	1	1	..	..	..	..	..	..	..	..	2
9,745	1	1	..	..	..	..	..	1	..	1	4
11,791
14,266
17,264
20,888
All income ranges	144	116	315	879	350	348	143	52	136	70	118	272	3,274	

CHART 1 Average taxes paid and benefits received by households in different income ranges 1966

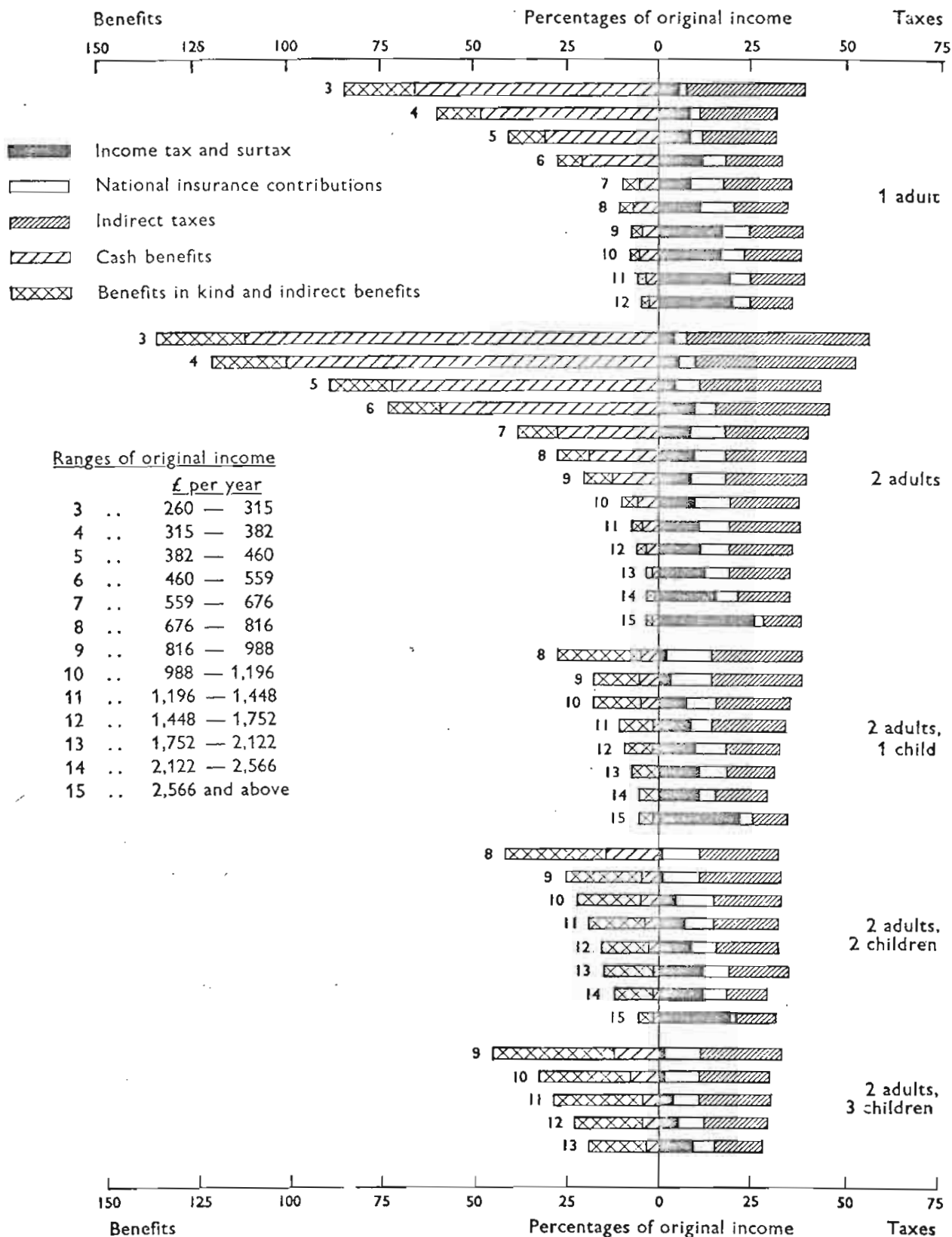


CHART 2 Original income and income after direct taxes and benefits

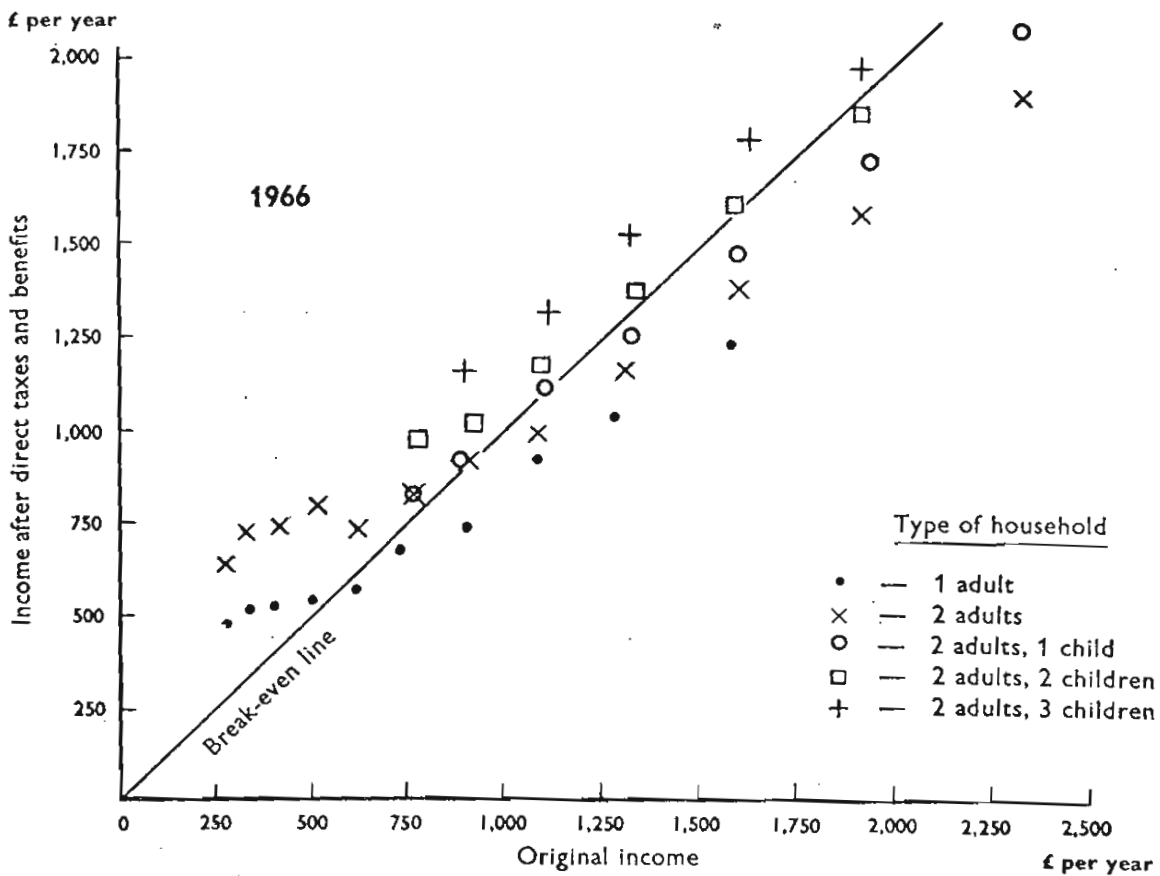
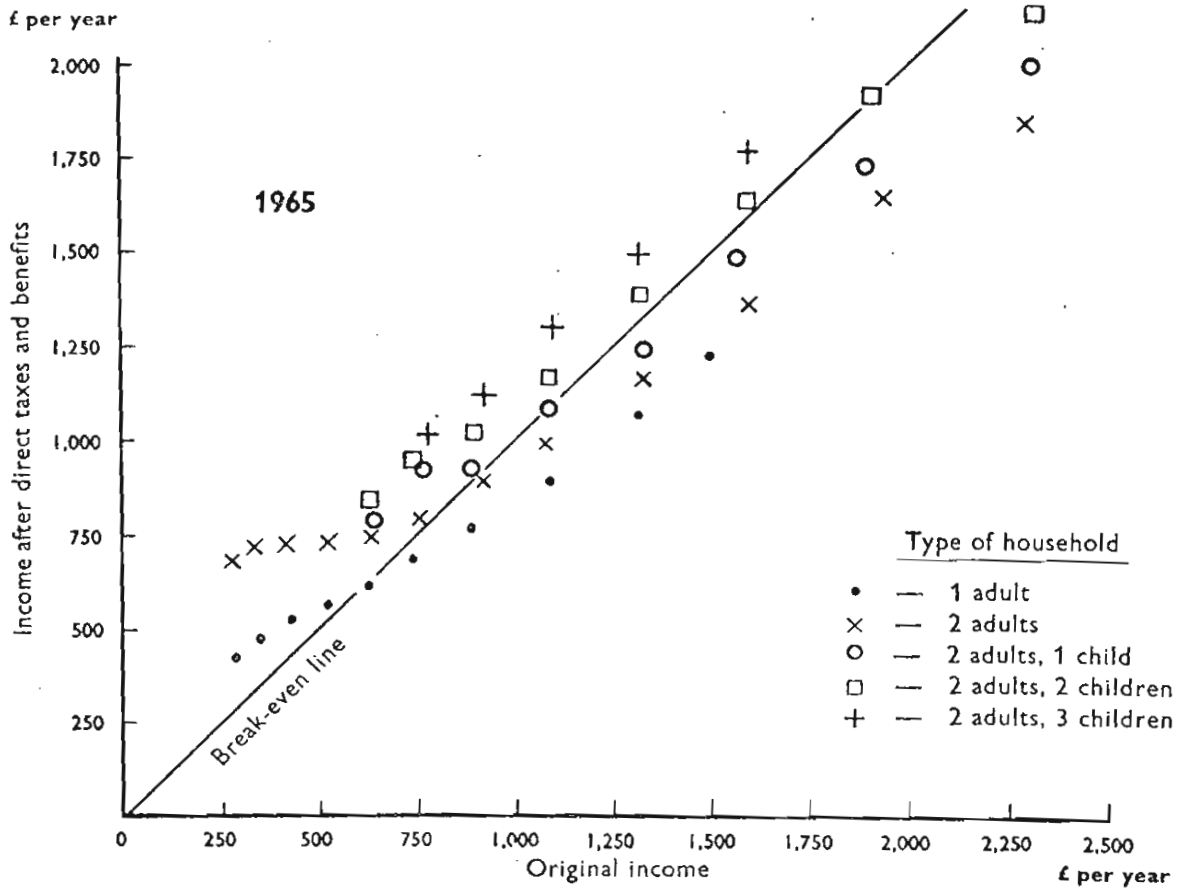


CHART 3 Original income and income after all taxes and benefits

