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# **The incidence of taxes and social service benefits in 1970**



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## I. Introduction

All households pay taxes of one kind or another, either directly in the form of income tax, surtax and national insurance contributions or indirectly through local rates and the taxes falling on the goods and services they buy. Much of the revenue from general taxation is used to finance the various social services, including State education, the national health services and housing subsidies, as well as payments in cash, from which practically all of us benefit at some stage in our lives. In general, these benefits can be valued in money terms and apportioned to individual households. But there are other services also paid for out of general taxation for which this cannot usefully be done, such as defence, administration, the maintenance of law and order and various environmental services. While few would dispute that the community as a whole is better off with than without these services, most people would probably not consider that they personally derive benefits from them that can be valued in money terms. There is, none the less, considerable interest in estimating and comparing the amounts which different households pay in contributions and taxes of various kinds and the values of the benefits they derive, personally and collectively, from the various social services.

The estimates presented in this article are based on detailed information obtained from the Family Expendi-

ture Survey<sup>(2)</sup> and comprise the incomes received, the direct and indirect taxes paid, and the benefits received in cash and in kind by various types of household in different income ranges. It should be borne in mind, however, first, that the estimates are derived from a sample of households and are thus subject to the inevitable limitations of a relatively small survey. Secondly, the survey can only provide information about the effect of taxes and benefits on the income and expenditure of private households (it does not cover persons living in institutions); thirdly, the estimates cover only those taxes and benefits which can usefully be allocated to individual households. This article, the eighth of a series, presents results for 1970.

## II. General notes on the estimates

The Family Expenditure Survey is a sample survey which has been carried out by the Department of Employment, with the assistance of the Social Survey Division of the Office of Population Censuses and Surveys, on a continuous basis since 1957. In each year up to 1966, about 3,000 households co-operated; from 1967, when the size of the sample was increased, the number co-operating in a year has been about 7,000. (The figure of 6,393 in 1970 is abnormally low because survey work was suspended

<sup>(1)</sup> Estimates for 1957 and 1959, 1961 and 1962, 1963 and 1964, 1965 and 1966, 1967, 1968 and 1969, were published in *Economic Trends* in November 1962, February 1964, August 1966, February 1968, February 1969, February 1970 and February 1971, and additional estimates for low income households in July 1968.

<sup>(2)</sup> For a description of these surveys and the general results, see *Family Expenditure Survey Report for 1970* and similar reports for earlier years, published for the Department of Employment by HMSO, and *Family Expenditure Survey—Handbook on the sample, fieldwork and coding procedures* by W. F. F. Kemsley, published for the Government Social Survey (now the Social Survey Division of the Office of Population Censuses and Surveys) by HMSO.

for a few weeks at the time of the General Election.) Every household is asked to give detailed information about 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 household is also asked to provide details of regular items of expenditure, such as rent and rates, gas, electricity and telephone accounts, etc.; goods bought on hire purchase during the last three months; purchases of cars during the last twelve months; and to keep a full record of all expenditure incurred during fourteen consecutive days.

On the basis of this information estimates are made of the taxes paid and benefits received by each household, some of these estimates depending on the income, size and circumstances of the household, others (indirect taxes) depending on its pattern of expenditure. Households are then classified by size-type and by range of original income, and average taxes and benefits are calculated for households falling in different income ranges. Definitions of households, income, and the taxes and benefits covered, are given in Appendix I.

#### ACCURACY OF THE DATA

##### (i) *The size of the sample*

The sample is carefully designed to be as representative as possible of all private households in the United Kingdom but the results are, of course, subject to sampling errors. Moreover, despite the increase in the size of the sample from 1967 onwards, there are still many cases where the number of households of a given type in a given income range is small and the averages may therefore be misleading. For this reason, except in Tables 5-7 where the full household distributions are shown, results are not given where there are fewer than 10 households in any range of income.

##### (ii) *Differential response*

The Family Expenditure Survey is conducted on a voluntary basis and in recent years just under 70 per cent of the households approached have co-operated fully by providing all the information requested. Households which do not co-operate may differ in important respects from those which do. For instance, even among households of a given type in a given income range, co-operating and non-co-operating households may differ in the amounts they pay in direct taxes, in the benefits they receive in cash and kind, and in their purchases of tax-bearing items. It is known that there are regional variations in response levels; there is also some evidence for believing that the response rate is below the average for households in the higher ranges of income and for households without children. However, since it has not so far been possible to develop a satisfactory basis for re-weighting the sample to allow for such variations in response rates, the tables which follow show only averages weighted by the actual numbers of households in the sample.

##### (iii) *Estimates of income*

A comparison of grossed-up Family Expenditure Survey results with the corresponding figures in the national accounts suggests under-estimation of income from investment and self-employment. As it is not known whether this is attributable to understatement by respondents or to the differential response mentioned in the preceding paragraph there is no basis for making adjustments to the recorded figures.

##### (iv) *Estimates of expenditure*

The average expenditure on both alcoholic drink and tobacco recorded by households in the sample is well below the level which would be expected from the known total yields of duties on these items. Even after allowing for expenditure by residents in hotels, boarding houses, hospitals and other institutions not covered by the survey, and also for business expenditure, roughly half the taxes

### Income after all taxes and benefits as a percentage of original income 1970

TABLE A

Percentages

	Range of original income: £ per year															Average over all income ranges
	Under 260	260-	315-	382-	460-	559-	676-	816-	988-	1,196-	1,448-	1,752-	2,122-	2,566-	3,104 and above	
All households in the sample	726	227	189	178	141	130	113	104	89	86	81	78	78	74	70	84
Retired households																
1 adult .. .. .	775	159	150	133	114	108	97	80								219
2 adults .. .. .	693	243	216	176	144	137	129	108	90		79	74	72			150
Non-retired households																
1 adult .. .. .	398	178	133	123	110	84	77	70	68	60	61	56	65		65	74
2 adults .. .. .	409	245	190	184	129	124	97	91	78	72	69	68	66	66	63	71
2 adults, 1 child ..							116	92	90	81	75	73	75	72	70	77
2 adults, 2 children ..								117	93	89	83	81	81	77	73	83
2 adults, 3 children ..								128	112	104	98	90	90	83	74	92
2 adults, 4 children ..										120	105	102				108

**Income after direct taxes and benefits as a percentage of original income  
1970**

**TABLE B** Percentages

	Range of original income: £ per year															Average over all income ranges
	Under 260	260-	315-	382-	460-	559-	676-	816-	988-	1,196-	1,448-	1,752-	2,122-	2,566-	3,104 and above	
All households in the sample	879	282	233	217	178	160	144	131	114	109	104	99	97	93	86	105
Retired households																
1 adult .. .. .	912	204	180	164	135	128	118	108								263
2 adults .. .. .	857	294	265	225	188	164	162	135	130		101	104	90			188
Non-retired households																
1 adult .. .. .	500	221	169	141	128	108	100	91	87	80	81	78	79		75	94
2 adults .. .. .	530	305	245	222	173	155	128	116	101	94	91	88	85	83	77	90
2 adults, 1 child .. .. .							150	125	115	103	97	93	92	89	84	97
2 adults, 2 children .. .. .								144	119	111	105	100	99	94	89	102
2 adults, 3 children .. .. .								160	139	127	121	111	109	102	90	113
2 adults, 4 children .. .. .										142	128	123				130

on drink and a quarter of the taxes on tobacco remain unaccounted for. This is a common feature of expenditure surveys both in the United Kingdom and elsewhere. To compensate for the deficiencies in taxes on drink and tobacco uniform proportional adjustments have been made to all the recorded figures of expenditure by each group of households on all forms of drink and on all forms of tobacco, to bring average expenditure into line with the known yields of the duties. This procedure may well introduce some bias into the results because the amount of under-reporting of such expenditure may not be proportional to the expenditure actually reported. But at present these simple pro rata adjustments to the reported data are the only practicable procedures. Similar but smaller adjustments have been made to the recorded figures of expenditure on confectionery, ice-cream and soft drinks to make the average expenditure consistent with the yields of purchase tax on these items.

**III. Problems of interpretation**

The present estimates of the incidence of taxes and benefits are derived as straightforwardly as possible from the data on income and expenditure recorded in the Family Expenditure Survey. The amounts of income tax and surtax paid by each household are recorded and it is assumed that the full amount of indirect taxes (including those on intermediate products) falling on the goods and services bought by households are included in their prices. State benefits in cash are taken to increase a household's income by the amount of cash received; the costs of administration are not counted as part of the benefit. Benefits in kind provided by the State, e.g. the national health services and state education, are measured by their net cost to public authorities (i.e. excluding charges for prescriptions, spectacles, etc.). This is consistent with the treatment of taxes and cash benefits which are measured in terms of actual additions to, or deductions from, household income. It is also the only practicable method. A possibly more important limitation is the absence, at present, of detailed information about the extent to which each household makes use of the various national health services, and of some forms of state education.

Allocation of the whole of the government budget is not attempted, and the dividing line between those taxes and benefits which are taken into account and those which are not is to some extent arbitrary. Capital gains tax and corporation tax are not taken into account because the definition of household income, broadly following national accounting conventions, excludes capital gains and undistributed profits, and also because in the case of corporation tax the extent to which it falls on dividends or is passed on in higher prices is not known.

Government expenditure which is not allocated falls into three broad categories. The first includes expenditure on defence, police, prisons and the unavoidable costs of administration, such as tax collection. There is good reason to exclude these items since they are not immediately thought of as conferring benefits on individual households. The second category consists of expenditure on items such as roads, research and investment grants, which are part of regional or industrial development programmes and cannot be allocated because it is impossible to assess the extent to which households rather than other sectors benefit from such expenditure. Although some at least of the benefits to other sectors will eventually be passed on to households—through, for instance, improvements in the quality of goods and services provided, reductions in prices or increased employment—there is no way of assessing the benefit nor of allocating it between households. The third category includes expenditure on environmental services such as museums, libraries and parks which, although directly benefiting individuals and households, cannot be allocated because not enough is known about variations in the accessibility of these amenities or the extent to which different individuals use them.

The procedures adopted in these estimates give a straightforward picture of the varying incidence of taxes and benefits on different types of household at different levels of income. The estimates cannot, and do not purport to, show the separate effect of each tax or benefit on its own. Nor do they purport to show even the direct effect alone of a change in a particular tax or benefit—still less of its abolition. To take income tax as an

example, it can reasonably be argued that the observed distribution of the tax gives no indication of what the pattern of taxes and benefits would look like in its absence; the effect of abolishing it would partly depend on what other changes, if any, were made at the same time—whether, for example, the tax was replaced by some other tax of equal yield or whether government expenditure was reduced by a similar amount. Any radical change of this kind is likely to cause shifts in the whole pattern of household incomes and expenditure so that a complete analysis would be a complex task. The same point applies to each form of tax and benefit considered separately and to the sum of all taxes and benefits.

The estimates depict the pattern of household incomes actually observed in a single year and the benefits received and taxes paid in that year. Because it can take several years for the effects of changes in taxes and benefits to work through, the observed pattern necessarily reflects the consequences of changes in incomes, benefits and taxes in earlier years. But, despite the assumptions and limitations of the estimates, they provide a broad picture of the combined effects of the major taxes and benefits on households of different types and at different levels of income. They also provide a useful framework for assessing the immediate effects of marginal changes in particular taxes or benefits. Finally, because the approach followed throughout the period since 1957 has been fundamentally the same, it is legitimate to compare the main results for successive years. Over the period as a whole it is interesting to note the consistency of these estimates of the distribution of income and the incidence of taxes and benefits, despite the quite substantial changes which have occurred in some taxes and benefits.

#### IV. Comments on the results

##### General

In the present article results are in general shown only for 1970. The figures are comparable with those for 1969, published last year, but not wholly so with those for earlier years because of the change in the definition of original income from 1969 which affects the income distribution of

households (see Appendix I). It has, however, been possible to give figures for some earlier years in Table 4 where only average incomes over all ranges are shown.

The set of tables and charts given in this article includes all the summary tables and the more important of the main tables published in previous years. In addition it includes some new tables and charts which highlight different aspects of income redistribution.

Tables A-F summarise the main results in percentage form for non-retired<sup>(3)</sup> households consisting of 1 adult and 2 adults with 0-4 children. Separate results are shown for retired<sup>(3)</sup> households consisting of 1 or 2 adults. In the main tables given in Appendix II detailed results are shown for the 10 main types of household (1 adult, 2 adults with 0-4 children, 3 adults with 0-2 children, and 4 adults). In some cases results are shown for retired and non-retired households separately. The 10 types of household between them account for over 90 per cent of the sample. Households containing 3 or 4 adults are more heterogeneous than the others; for example, a household consisting of three adults may contain a married couple with a son or daughter over 16 (and possibly still at school), a married couple plus a single man or woman, possibly an elderly dependant, or three single persons. The figures shown for all households combined cover the 10 types of household and also miscellaneous types of households for which separate results are not shown.

##### The summary tables

The relative incidence of taxes and benefits as a whole on households of different types and at different income levels follows the general pattern shown in the earlier years: households with low incomes on average gain much more from benefits than they pay in taxes and households with high incomes pay more in taxes than they receive in benefits. Within a given income range the largest households gain most and the smallest gain least

<sup>(3)</sup> A retired household is one in which the combined income of members who are at least 60 and retired amounts to at least half the total income of the household. (See Appendix I.)

Total taxes as a percentage of original income plus cash benefits  
1970

	Range of original income: £ per year															Average over all income ranges
	Under 260	260-	315-	382-	460-	559-	676-	816-	988-	1,196-	1,448-	1,752-	2,122-	2,566-	3,104 and above	
All households in the sample	25	27	26	26	31	30	33	34	36	37	38	37	36	38	38	36
Retired households .. ..																
1 adult .. ..	21	26	24	28	26	27	33	42								27
2 adults .. ..	26	21	23	28	34	28	30	34	44		40	44	39			33
Non-retired households																
1 adult .. ..	31	33	28	25	27	36	35	39	39	43	42	46	38		36	38
2 adults .. ..	34	23	28	24	36	29	36	35	36	39	39	38	38	37	39	38
2 adults, 1 child ..							41	33	35	36	38	37	35	35	34	36
2 adults, 2 children ..								29	34	35	36	35	33	35	35	35
2 adults, 3 children ..									34	35	36	37	33	35	35	35
2 adults, 4 children ..										35	35	36				34

**Total benefits as a percentage of original income plus cash benefits  
1970**

TABLE D

Percentages

	Range of original income: £ per year															Average over all income ranges
	Under 260	260-	315-	382-	460-	559-	676-	816-	988-	1,196-	1,448-	1,752-	2,122-	2,566-	3,104 and above	
All households in the sample	114	81	69	67	57	51	43	37	26	23	20	16	14	12	8	21
Retired households																
1 adult .. .. .	105	57	54	48	36	33	30	26								73
2 adults .. .. .	107	76	72	65	58	50	47	40	37		22	22	14			60
Non-retired households																
1 adult .. .. .	116	77	48	41	35	23	14	12	7	4	4	3	3		2	15
2 adults .. .. .	110	77	68	67	53	46	33	27	17	13	10	6	5	3	2	10
2 adults, 1 child ..							54	26	26	17	14	10	10	7	4	14
2 adults, 2 children ..								43	27	25	20	17	15	13	8	18
2 adults, 3 children ..								56	45	36	34	27	24	18	9	28
2 adults, 4 children ..										52	39	37				42

(or lose most) on balance from all taxes and benefits combined. These effects are shown in Tables A and B which give respectively income after all taxes and benefits and income after direct taxes and benefits as percentages of original income. The percentages for non-retired households are in general lower than those for the corresponding retired households.

By convention, a tax is termed progressive if, in general, it absorbs a larger proportion of high than of low incomes, and regressive if it absorbs a smaller proportion of high than of low incomes. Similarly, a benefit is termed progressive if, in general, it forms a larger proportion of low than of high incomes (this is true of all benefits included in these estimates). All taxes and benefits combined are progressive in the sense just defined, and also in the sense of favouring large as against small households. (See Tables A and B.)

Table C shows direct and indirect taxes combined as a percentage of original income *plus* cash benefits (this denominator is chosen because some cash benefits are taxable). All taxes combined are seen to be only slightly progressive: indeed over a wide range of income the percentages are remarkably constant for the same type of household and do not show very much variation even between households of different types. The explanation is that while income tax and surtax are progressive (Table F) the present national insurance employees' contributions (particularly the flat rate contributions) are mildly regressive and indirect taxes as a whole (shown as percentages of income after direct taxes and benefits in Table E) are also if anything mildly regressive. The substantially smaller percentages shown in Table C for the households without children in the lowest ranges of income may be partly explained by the fact that these groups of households, even when not classified as retired, contain large numbers of retired persons who are not liable for national insurance contributions. It is worth mentioning that, while for the groups of households for which estimates are shown in Table C total taxes as a proportion of income show comparatively small variations, the proportions of income paid in taxes by individual households in each of these groups often show wide

variations. In particular, the proportion paid in indirect taxes is likely to vary according to how much the household spends on alcoholic drink, tobacco and petrol.

Social service benefits as a whole are very progressive and each of the benefits included in these estimates is progressive, favouring both households with low incomes much more than those with high incomes and larger households more than smaller households. It is mainly because flat rate benefits form a much larger proportion of low than of high incomes that benefits as a whole are much more progressive than taxes as a whole (Table D).

Benefits in cash, as a proportion of income, decline markedly as income rises and so are very progressive (see Table F). The proportion of cash benefits to income also increases as the number of children in the household increases and so they are progressive in this sense as well. (The high proportions of income shown for 1 and 2 adult non-retired households in the lower income ranges are partly explained by the presence of some retired people in many of these households.) Benefits in kind, as a proportion of income, decline (though less markedly than cash benefits) with increasing income and are progressive both in this sense and (more so than cash benefits) in the sense of forming a higher proportion of the income of large than of small households. A substantial proportion of benefits in kind (health services) can only be allocated on a rough basis, in the absence of detailed information about the extent to which different people make use of these services (see Appendix I).

*The main tables*

Table 1 shows estimates of the average incomes at different stages and the average amounts of taxes paid and benefits received by each of the 10 types of household, and by all households combined, in different income ranges. The number of households of each type in each income range is also shown. The separate figures shown for retired and non-retired households consisting of 1, 2 and 3 adults<sup>(4)</sup> emphasise the differences between both direct taxes and

<sup>(4)</sup> There were not enough 3 adult retired households to be shown separately.

benefits for the two classes, because of the circumstances of the households, and indirect taxes, because of the differences in their expenditure patterns. The only indirect benefits taken into account are housing subsidies, which are small in comparison with other benefits. These subsidies form a declining proportion of increasing income and are thus progressive. The largest proportionate gains from all taxes and benefits occur among the households without children, mainly because these households predominate in the lowest income ranges. The sample includes very few households with children with an average original income of less than £600 a year. The only such households occurring in sufficient numbers to be shown here (at least 10 households in an income range) are those consisting of 2 adults with 1 or 2 children with incomes under £260.

It must be remembered that results referring to a small number of households may not be very representative and even those referring to larger numbers may be considerably influenced by one or two, possibly untypical, households. For instance, one household containing a student with a large educational grant may considerably influence the average benefits received; another may have bought an expensive durable item in the survey period and the purchase tax included in the price, when converted to an annual rate of payment, may be very large. It is always advisable, therefore, to look at the general run of figures for families in several adjacent income ranges.

Table 2 shows the estimated amounts paid under the main headings of indirect taxes expressed as percentages of income after direct taxes and benefits (broadly equivalent to disposable income *plus* benefits in kind).

Both local rates and duties on tobacco absorb a larger proportion of income at the lower than at the higher income levels and so are clearly regressive. The proportion of income paid in taxes on alcoholic drink fluctuates between different income ranges; if differential instead of pro rata adjustments had been made to these taxes their incidence might have appeared different so that it cannot definitely be said that these taxes as a whole are either progressive or regressive. A more detailed analysis

reveals, however, that duties on beer are slightly regressive. The incidence of purchase tax seems, on the whole, to be more or less neutral. Indirect taxes on intermediate products, are, in general, mildly regressive. Within a given income range, indirect taxes as a whole generally form a lower proportion of the income of larger households than of smaller households (Table E); the corresponding proportions of income are noticeably smaller for local rates and drink over most income ranges.

A comparison of the figures for retired and non-retired households shows that in most ranges of income the proportions of income paid in local rates tend to be slightly higher for the retired households. On the other hand, purchase tax and duties on tobacco generally form larger proportions of the income of non-retired households. The proportions paid in intermediate taxes, which fall on expenditure as a whole, show little difference as between the two classes of household.

Table 3 shows the values of the first and fourth quintile and median incomes at four stages of income viz. original income, original income *plus* cash benefits, income after direct taxes and benefits and income after all taxes and benefits, separately for each of the 10 types of household and for all households (retired and non-retired combined), and for the non-retired households consisting of 1, 2 and 3 adults in 1970. The lowest (highest) quintile is the income such that one-fifth of the households in question have lower (higher) incomes; the median is the income such that one half of the households in question have lower (higher) incomes. Quintiles and medians are shown in absolute terms in columns 1-3 and as percentages of original income in columns 4-6 of the table. In general, the median is reduced after all taxes and benefits. A comparison of the medians at the stages of original income and income after all taxes and benefits for households consisting of 2 adults (non-retired) and 2 adults with varying numbers of children shows that the reductions caused by all taxes and benefits become progressively smaller as the size of the family increases (for 2 adults 4 children the median shows an increase after taxes and benefits). This pattern is repeated for the 3 adult households with varying numbers of children. The lowest and highest quintiles of income are

**Indirect taxes as a percentage of income after direct taxes and benefits**  
1970

	Range of original income: £ per year															Average over all income ranges
	Under 260	260-	315-	382-	460-	559-	676-	816-	988-	1,196-	1,448-	1,752-	2,122-	2,566-	3,104 and above	
All households in the sample	20	21	20	19	22	20	22	22	23	22	23	22	21	21	19	21
Retired households																
1 adult .. .. .	18	22	19	21	16	16	18	26								19
2 adults .. .. .	21	17	20	22	24	17	21	21	32		22	29	20			22
Non-retired households																
1 adult .. .. .	22	22	23	14	17	23	24	23	24	25	26	28	18		13	22
2 adults .. .. .	25	20	23	19	28	22	25	23	24	24	25	24	23	21	18	22
2 adults, 1 child ..								27	22	23	23	22	20	19	16	21
2 adults, 2 children ..								21	23	21	21	21	19	18	18	20
2 adults, 3 children ..								22	21	19	20	20	17	19	18	19
2 adults, 4 children ..										19	19	19				19



in general much closer to the medians after allowing for benefits and taxes: this is illustrated in percentage terms by the changes shown in the seventh and eighth columns of the table. The raising of the lowest quintile and the lowering of the highest quintile relative to the median illustrates the extent of redistribution at each stage of income. For each type of household, direct benefits, particularly cash benefits, have the greatest influence on the distribution of income at the lower levels of income, and for non-retired households, income tax and surtax at the higher levels.

A comparison of the effects of all benefits and taxes at each end of the distribution for each of the 10 types of household shows that the greatest effect in absolute terms occurs at the lower end of the distribution of the 2 adult households (the difference between the first quintile and the median is reduced by £631). This is partly because of the large number of retired households of this type. The corresponding difference for the 2 adult non-retired households is only £322. In percentage terms the effects of taxes and benefits shown in the seventh and eighth columns of the table are very large at the lower end of the distribution of the 2 adult households and at both ends of the distribution of the 1 adult households, in each case taking retired and non-retired households combined. The corresponding effects for the non-retired households alone are much smaller. Apart from the 1 adult and 2 adult households already mentioned, it cannot be said that for households in general the proportionate changes are substantially larger at one end of the distribution than at the other.

Table 4 compares the changes which have occurred between 1961 and 1970 in the average incomes before and after taxes and benefits of all households of each of the 10 main types, and of all households combined. Additional figures are shown for non-pensioner households<sup>(5)</sup> consisting of 1 and 2 adults. (It is not possible to show figures for non-retired households alone over the whole period because the classification into retired/non-retired is not available for years before 1967.)

Direct benefits, particularly national insurance benefits, have increased substantially over this period; taxes, particularly national insurance contributions and various kinds of indirect taxes, have increased also but to a lesser extent, so that, on balance, the changes will have favoured households with relatively low compared with those with relatively high incomes.

The averages for original income and income after all taxes and benefits have been shown under both old and new definitions. For the two earlier years (1961 and 1965) figures for income after all taxes and benefits under the new definition were estimated roughly and are shown in brackets. The difference between old and new figures for average original income represents the average amounts of employers' contributions to national insurance and national health services (corresponding directly with the employees' contributions paid) for that type of household. The difference between old and new figures for income after all taxes and benefits represents the average amount of employers' contributions now included in the

<sup>(5)</sup> i.e. retired and non-retired but excluding pensioner households. (See Appendix I.)

intermediate indirect taxes allocated to that type of household, together with the (very small) reduction in benefits now that education benefit is no longer attributed to children in private schools.

From the results shown for the four years in columns 5-8 of the table it is apparent that for most types of household both income after direct taxes and benefits and income after all taxes and benefits declined as percentages of original income between 1961 and 1970. The corresponding percentages of original income shown for 1965 are sometimes intermediate between those for 1961 and 1969 and sometimes higher than those for 1961. The figures in the last four columns of the table show the combined effect of the changes in original income and the impact of taxes and benefits since 1961, and can be derived from the figures shown in columns 5-8 and 9-11<sup>(6)</sup>. It will be seen that single adult households of all types combined and households with 3 or 4 children showed very substantial gains compared with the gains for the other types of household.

Tables 5, 6 and 7 show the distribution of households co-operating in the Family Expenditure Survey in 1970 classified respectively by original income, income after direct taxes and benefits and income after all taxes and benefits. A comparison of the three tables shows the extent of the redistribution of income which takes place within each type of household as a result of direct taxes and benefits and all taxes and benefits. (See Charts 2 and 3 below.)

*The tables published in this article present a selection of the material which is analysed each year. Readers who are interested in further analyses, e.g. for households classified by ranges of net household income (Tables 6-8 in the corresponding article for 1969) are invited to write to the Press and Information Service of the Central Statistical Office.*

#### Charts 1, 2 and 3

Chart 1 shows the broad effects on the main types of household of the main groups of taxes and benefits expressed as percentages of original income *plus* cash benefits. In part (i) the households (all non-retired) are arranged so as to highlight the effect of each additional child. In part (ii) results are shown for households without children so that comparisons can be made between (a) non-retired households with 1, 2 or 3 adults (b) retired households consisting of 1 or 2 adults. The diagram for 2 adult non-retired households is shown for convenience in both parts of the chart.

Chart 2 shows the distributions of several types of household classified by original income superimposed on the corresponding distributions classified by (i) income after direct taxes and benefits and (ii) income after all taxes and benefits. The diagrams illustrate the extent to which taxes and benefits reduce the inequality in the distributions of original income.

<sup>(6)</sup> See also the footnote to Table 4.

**Direct benefits and taxes as percentages of original income plus cash benefits  
1970**

TABLE F

Percentages

	Range of original income: £ per year															Average over all income ranges
	Under 260	260-	315-	382-	460-	559-	676-	816-	988-	1,196-	1,448-	1,752-	2,122-	2,566-	3,104 and above	
<b>Cash benefits</b>																
All households in the sample	86	58	51	47	38	32	25	20	11	8	6	4	3	3	2	9
Retired households																
1 adult .. .. .	88	47	42	38	28	26	25	21								61
2 adults .. .. .	86	62	58	52	46	40	39	30	29		17	18	11			48
Non-retired households ..																
1 adult .. .. .	72	44	40	32	21	12	10	7	3	1	1	1	2		1	9
2 adults .. .. .	75	63	55	48	39	32	21	18	9	6	4	2	2		1	5
2 adults, 1 child .. .. .							16	10	8	3	2	2	1			3
2 adults, 2 children .. .. .								20	8	6	4	3	2		1	4
2 adults, 3 children .. .. .								22	10	11	8	6	4		2	7
2 adults, 4 children .. .. .										11	10	8		4		12
<b>Benefits in kind</b>																
All households in the sample	25	22	16	19	18	17	17	16	14	14	13	11	10	9	6	11
Retired households																
1 adult .. .. .	14	11	9	8	8	6	6	5								10
2 adults .. .. .	18	15	13	13	12	10	9	8	7		5	4	4			11
Non-retired households																
1 adult .. .. .	42	30	6	7	10	9	4	3	3	2	2	1	1		1	5
2 adults .. .. .	31	14	13	16	12	12	11	8	7	6	4	4	3		2	4
2 adults, 1 child .. .. .							36	15	17	13	11	8	8		7	10
2 adults, 2 children .. .. .								21	18	18	15	12	12		11	13
2 adults, 3 children .. .. .								31	33	24	25	20	19		14	20
2 adults, 4 children .. .. .										38	29	28			7	28
<b>Income tax and surtax</b>																
All households in the sample	—	2	3	3	5	7	6	7	8	10	11	12	13	15	19	13
Retired households																
1 adult .. .. .	—	2	5	7	10	12	17	19								7
2 adults .. .. .	—	2	1	4	10	11	9	14	14		21	19	23			12
Non-retired households																
1 adult .. .. .	—	5	5	10	7	10	9	15	14	18	17	21	21		25	16
2 adults .. .. .	—	1	1	1	2	4	6	8	10	13	12	13	15		23	15
2 adults, 1 child .. .. .							5	—	6	8	11	13	13		15	12
2 adults, 2 children .. .. .								1	3	8	10	11	12		16	12
2 adults, 3 children .. .. .								3	4	7	10	12	12		13	11
2 adults, 4 children .. .. .										6	9	11			17	10
<b>National insurance contributions</b>																
All households in the sample	—	—	—	1	2	2	3	4	4	5	4	4	4	4	3	3
Retired households																
1 adult .. .. .	—	—	—	—	—	—	—	—	—							—
2 adults .. .. .	—	—	—	—	—	—	—	—	—		1	—	1			—
Non-retired households																
1 adult .. .. .	1	1	—	2	3	4	4	5	5	5	4	4	3		1	3
2 adults .. .. .	1	—	—	1	4	3	4	4	5	5	4	4	4		2	4
2 adults, 1 child .. .. .							5	5	5	5	5	4	4		3	4
2 adults, 2 children .. .. .								4	5	5	4	4	3		3	4
2 adults, 3 children .. .. .								4	5	4	4	4	3		2	3
2 adults, 4 children .. .. .										5	4	4			2	3

Chart 3 shows the cumulative distributions of income before and after all taxes and benefits for six types of non-retired households. In these diagrams the total income accruing to households with incomes above a certain level is expressed as a percentage of the total income of all households of the same type and plotted against the percentage of the total number of households receiving these incomes. In each case the nearer the resultant curve is to the diagonal in the diagram the more equal the income distribution. It will be seen that the

distributions of original income for the households consisting of 1 adult or 2 adults alone are much more unequal than those for the households with children. However, taxes and benefits reduce substantially the inequality in the incomes of the households without children; the effects of taxes and benefits on households with children are less dramatic but the reductions in inequality get progressively larger as the number of children in the household increases.

*Central Statistical Office and  
Department of Health and Social Security*

## APPENDIX I

### Definitions of households, incomes, taxes and benefits used in the estimates

#### HOUSEHOLDS: DEFINITION AND CLASSIFICATION

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. Young persons aged 16 and over are counted as adults even if they are still at school. The survey does not include residents in hotels, boarding houses and other institutions, or members of the armed forces and the merchant navy who are not living in private households.

The estimates shown in most of the tables represent averages for households grouped by ranges of original income (see below). The income ranges are marked off by equal intervals on a logarithmic scale, thus providing wider intervals for the higher incomes where the households are fewer and their incomes more widely dispersed. The use of a logarithmic scale also facilitates comparisons over time when incomes are rising.

Retired and non-retired households of various sizes and types have been classified separately. A retired household is defined as one in which the combined income of members who are at least 60 and describe themselves as retired or unoccupied amounts to at least half the total gross income of the household. In previous articles a further classification was made separating the retired households into pensioner households (so defined if at least three-quarters of their income is derived from national insurance retirement and similar pensions and/or benefits paid in supplementation) and other retired households. As there is very little difference between these groups at the lowest levels of original income (where the pensioner households occur), in general, in this article results are shown only for both groups combined.

#### INCOME

The original income of a household is defined as the sum of the incomes in cash and kind (as measured in the

survey) of all members of the household before the deduction of taxes and before the addition of the State benefits included in this analysis. Original income differs from the term *gross income* as used by the Department of Employment in the published reports of the Family Expenditure Surveys, since the latter includes national insurance and other cash benefits and excludes most forms of income in kind.

The figures of income are the estimated normal annual income at the rate current at the time the household is interviewed. For wage and salary earners the normal current rate of annual earnings 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. In the case of investment income and the income of self-employed persons, the income is taken to be the amount received in the latest twelve-month period for which the information is available. Households living in owner-occupied or rent-free dwellings are assigned an imputed income based on the rateable value of the dwelling.

In the years up to and including 1968 original income was defined to include employers' contributions to national insurance and national health services, following conventions used in the national accounts, even though households do not generally regard such contributions as part of their incomes. As from 1969, it was decided to exclude these contributions from original income, on the grounds that, for the purpose of this analysis, employers' contributions are more appropriately regarded as a form of indirect tax on intermediate goods and services, to be treated in the same way as the selective employment tax (see below). Thus it is no longer possible to make full

comparisons between the results for 1970 and those for years earlier than 1969. For households which include no employees, original income is unaffected by the change of definition. For other households, original income on the new definition is lower than on the old definition. The difference on average over all households combined is about £60 for 1970 (see Table 4). The effect on income after all taxes and benefits is smaller because only part of the employers' contribution is included in indirect taxes on consumers' expenditure, the rest falling on government expenditure, investment and exports. Income after direct taxes and benefits is unaffected.

#### DIRECT TAXES

##### *Income tax*

##### *Surtax*

##### *Employees' contributions to national insurance and national health services*

The estimates of income tax are based mainly on the amounts stated to have been deducted from the most recent payments of wages and salaries, and the recorded tax payments in the previous twelve months in respect of surtax, or, in the case of investment income and income from self-employment, the latest twelve-month period for which the information is available. Death duties, being taxes on capital rather than income, are not included. Nor are taxes on undistributed profits; although undistributed profits belong in a sense to shareholders, they are not treated as part of personal income for purposes of income tax and they are not part of a household's disposable income. Capital gains, in accordance with national income conventions, are also excluded from income, and so taxes on capital gains are likewise omitted.

#### DIRECT BENEFITS IN CASH

##### *Family allowances*

##### *National insurance benefits (pensions, sickness, unemployment, industrial injury, maternity benefits, etc.; death grants)*

##### *Non-contributory old age pensions*

##### *Supplementary pensions and allowances*

##### *War pensions, service grants and allowances*

The value of each form of cash benefit (and of scholarships and education grants from public funds) is the amount stated to have been received by the household during the twelve months prior to the interview.

#### DIRECT BENEFITS IN KIND

##### *National health services*

##### *State education*

##### *School health services*

##### *Scholarships and education grants from public funds*

##### *School meals, milk and other welfare foods*

*National health services.* Households are not asked about the extent to which they use the various national health services. The values of the benefits assumed to be received were therefore 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 mater-

nity 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 were used by (i) children, (ii) adults below normal retirement age (65 for men and 60 for women), and (iii) adults above normal retirement age, in each case separate estimates being available for males and females. The value of benefit assigned to each household is the average net cost to the State of providing the services, i.e. after allowing for prescription charges and payments made for dental, ophthalmic and other services. It has not been possible to distinguish cases where, because of special circumstances, patients receive drugs and other goods and services free of charge.

*Education.* Information is provided in the schedules about the type of full-time education being received by each member of the household. The benefit of State education is taken to be the estimated average net cost per child to public authorities of providing tuition (and in the case of schools, school health services) under each of the following headings: special schools, primary, secondary and direct grant schools, universities and teachers' training colleges. The value of the benefit is taken to be the same for all children attending any one of these types of educational establishment (except that for children at secondary or direct grant schools larger benefits are assigned to children over 16 than to children under 16). From 1969, no benefit is attributed to children attending private schools. (Previously they were allocated the same benefit as children attending State schools.) In the case of fee-paying students at universities the gross maintenance grants received are abated by the fees and contributions paid by parents.

*School meals, milk and welfare foods.* The value of each of these benefits is taken to be the net cost to public authorities, after allowing for the contributions from households themselves.

#### INDIRECT BENEFITS

##### *Housing subsidies*

*Housing subsidies* are defined as the difference between current account expenditure by public authorities on housing and the rents paid by tenants of local authority dwellings. The subsidy is estimated separately for each local authority dwelling in the sample and is taken to be the excess of the estimated economic rent over the actual rent paid by the tenant. The subsidy therefore includes any *rent rebates* which the tenant may be allowed. The economic rent is calculated by marking up the rateable value of the dwelling in the ratio of the total current account expenditure on all dwellings owned by the local authority to the total rateable value of these dwellings. The housing subsidy estimated for a particular household can (exceptionally) be negative. (Agricultural subsidies are not treated as benefits to consumers since they merely have the effect of keeping the prices of domestic produce down to the same level as the prices of imported foods which are unrestricted. The subsidies are included in the original income of farmers, and not treated as benefits, since they form part of the earnings of farmers who could otherwise earn comparable incomes in other employment.)

## INDIRECT TAXES

### (i) *On final consumer goods and services*

*Local rates on dwellings (after deduction of rebates)*  
*Customs and Excise duties on beer, wines, spirits, tobacco, hydrocarbon oils, betting, etc.*  
*Purchase tax*  
*Motor vehicle duties*  
*Driving licences*  
*Radio and television licences*  
*Stamp duties*

*Indirect taxes*, or taxes on expenditure, are either paid separately by consumers, e.g. local rates, motor vehicle duties, or assumed to be fully reflected in the prices paid by consumers when buying commodities which are subject to tax, e.g. purchase tax, Customs and Excise duties. Payments of indirect taxes which are levied directly on consumer goods are estimated from the details of expenditure given by households 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 to form part of expenditure on second-hand cars and receipts from sales of second-hand cars, as well as being included in the prices of new cars.

### (ii) *On intermediate goods and services*

*Local rates on commercial and industrial property*  
*Vehicle licences*  
*Customs and Excise duties on hydrocarbon oils*  
*Purchase tax and other revenue duties*  
*Import duties on raw materials and on other goods and services used by industry*  
*Stamp duties*  
*Selective employment tax (after deduction of refunds)*  
*Employers' contributions to national insurance and national health services*

*Indirect taxes* on intermediate products are defined as taxes falling on goods and services purchased by industry and used in the production of goods and services bought by consumers. It is assumed that these indirect taxes are fully reflected in the prices of goods and services produced and therefore passed on at each stage of production. Their allocation between different headings of consumers' expenditure is based on input-output tables and, apart from the treatment of employers' contributions to national insurance and national health services, is consistent with estimates included in the National Income Blue Book.

APPENDIX II

Average incomes before and after taxes and benefits  
1970

TABLE 1

	£ per year											Aver- age over all income ranges			
	Range of original income: £ per year														
	Under 260	260-	315-	382-	460-	559-	676-	816-	988-	1,196-	1,448-	1,752-	2,122-	2,566-	3,104 and above
<b>(i) Retired and non-retired households 1 adult</b>															
Number of households	538	33	44	30	40	49	42	59	66	45	43	34	19	13	1,061
Original income	56	288	350	423	508	627	746	901	1,091	1,311	1,575	1,935	2,326	4,965	560
Direct benefits in cash:															
family allowances															
pensions <sup>(1)</sup>	243	221	228	239	141	115	104	107	50	23	47	31	56	46	176
other cash benefits <sup>(2)</sup>	92	19	17	2	21	15	14	4	8	7	6	2	4		52
Direct benefits in kind:															
education	15	52			19	22			4						11
national health service	52	51	48	51	43	39	38	37	33	29	32	30	32	36	45
welfare foods															
Direct taxes:															
national insurance, employees' contributions		2		4	11	22	26	34	46	59	55	64	55	52	16
income tax and surtax	1	18	29	53	55	81	98	161	171	252	294	428	529	1,279	99
Income after direct taxes and benefits	458	609	613	658	665	716	778	854	969	1,058	1,312	1,505	1,835	3,716	729
Indirect taxes:															
on final goods and services	56	98	83	86	75	103	127	156	164	202	254	306	228	356	108
on intermediate products	30	36	43	36	35	47	46	52	62	68	80	97	84	139	44
Income after all taxes and benefits	386	483	500	546	567	574	609	655	759	798	982	1,108	1,523	3,221	588
<b>2 adults</b>															
Number of households	319	28	34	51	43	49	77	105	135	179	218	245	172	155	1,926
Original income	89	293	351	417	510	619	745	911	1,088	1,329	1,600	1,921	2,342	4,427	1,500
Direct benefits in cash:															
family allowances															
pensions <sup>(1)</sup>	405	471	434	362	342	296	217	196	107	84	53	45	42	34	161
other cash benefits <sup>(2)</sup>	113	13	23	58	32	41	48	47	33	21	26	13	8	6	38
Direct benefits in kind:															
education	11	110	107	16	9	15	18	7	5	14	8	13	8	11	10
national health service	107	110	107	102	96	92	84	83	75	72	67	62	59	62	77
welfare foods															
Direct taxes:															
national insurance, employees' contributions	1	1	1	4	17	16	31	37	51	63	70	83	92	96	54
income tax and surtax	2	10	11	20	54	67	69	109	126	188	215	268	367	459	246
Income after direct taxes and benefits	722	876	902	932	918	980	1,012	1,098	1,132	1,270	1,468	1,704	2,000	2,303	1,486
Indirect taxes:															
on final goods and services	106	115	131	139	169	129	173	182	192	226	273	304	333	433	239
on intermediate products	50	47	58	57	68	63	71	68	87	86	96	103	117	127	91
Income after all taxes and benefits	581	715	720	749	692	799	777	866	865	972	1,119	1,306	1,556	1,826	1,168

See footnotes on page xxiv

**Average incomes before and after taxes and benefits**  
**1970**

TABLE 1

	Range of original income: £ per year											Average over all income ranges			
	Under 260	260-	315-	382-	460-	559-	676-	816-	988-	1,196-	1,448-		1,752-	2,122-	2,566-
<b>(i) Retired and non-retired households (continued)</b>															
2 adults, 1 child															
Number of households	11						13	36	58	99	122	118	83	36	38
Original income	140						761	904	1,106	1,321	1,600	1,920	2,315	2,800	4,502
Direct benefits in cash:							4	3	—	1	1	—	1	—	4
family allowances							76	10	46	10	11	5	4	—	6
pensions <sup>(1)</sup>							63	88	45	32	25	25	14	14	4
other cash benefits <sup>(2)</sup>															
Direct benefits in kind:							167	38	89	60	70	67	99	87	78
education							155	108	108	106	100	88	87	90	79
national health service							7	9	9	8	8	9	10	9	8
welfare foods															
Direct taxes:							47	49	61	70	75	77	84	83	83
national insurance, employees' contributions							48	—14 <sup>(3)</sup>	74	105	186	246	314	432	830
income tax and surtax							1,138	1,125	1,269	1,363	1,555	1,789	2,133	2,484	3,768
Income after direct taxes and benefits	1,268						19	8	11	18	12	9	15	7	20
Indirect benefits:															
on final goods and services	172						197	212	203	228	259	290	300	350	409
on intermediate products	101						81	87	80	89	100	112	118	134	208
Income after all taxes and benefits	1,060						879	834	998	1,065	1,208	1,395	1,729	2,008	3,171
2 adults, 2 children															
Number of households	10							25	66	127	162	142	116	57	66
Original income	70						899	899	1,118	1,326	1,604	1,938	2,322	2,790	4,121
Direct benefits in cash:								43	48	46	46	47	45	47	45
family allowances								72	5	1	2	3	—	—	—
pensions <sup>(1)</sup>								107	38	31	27	18	7	8	17
other cash benefits <sup>(2)</sup>															
Direct benefits in kind:								103	99	134	132	134	173	197	166
education								103	104	101	97	98	88	94	91
national health service								25	17	18	17	18	18	18	17
welfare foods															
Direct taxes:								41	62	66	75	79	80	83	79
national insurance, employees' contributions								14	39	113	170	229	290	448	719
income tax and surtax							1,297	1,329	1,478	1,680	1,947	2,289	2,623	3,659	4,944
Income after direct taxes and benefits	6						25	17	18	18	18	16	9	8	—
Indirect benefits:															
on final goods and services	223						192	220	220	219	254	281	291	339	439
on intermediate products	124						77	90	92	92	105	119	132	140	212
Income after all taxes and benefits	550						1,053	1,036	1,186	1,339	1,564	1,875	2,152	3,008	4,121

See footnotes on page xxiv

**Average incomes before and after taxes and benefits**  
**1970**

TABLE 1

	Range of original income: £ per year										Aver- age over all and income ranges			
	Under 260	260- 315-	382-	460-	559-	676-	816-	988-	1,196-	1,448-		1,752-	2,122-	2,566-
<b>(i) Retired and non-retired households (continued)</b>														
2 adults, 3 children														
Number of households	..	..	..	..	..	..	..	..	..	..	..	..	..	..
<b>Original income</b>	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Direct benefits in cash:														
family allowances	..	..	..	..	..	..	..	..	..	..	..	..	..	..
pensions <sup>(1)</sup>	..	..	..	..	..	..	..	..	..	..	..	..	..	..
other cash benefits <sup>(2)</sup>	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Direct benefits in kind:														
education	..	..	..	..	..	..	..	..	..	..	..	..	..	..
national health service	..	..	..	..	..	..	..	..	..	..	..	..	..	..
welfare foods	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Direct taxes:														
national insurance, employees' contributions	..	..	..	..	..	..	..	..	..	..	..	..	..	..
income tax and surtax	..	..	..	..	..	..	..	..	..	..	..	..	..	..
<b>Income after direct taxes and benefits</b>	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Indirect benefits	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Indirect taxes:														
on final goods and services	..	..	..	..	..	..	..	..	..	..	..	..	..	..
on intermediate products	..	..	..	..	..	..	..	..	..	..	..	..	..	..
<b>Income after all taxes and benefits</b>	..	..	..	..	..	..	..	..	..	..	..	..	..	..
2 adults, 4 children														
Number of households	..	..	..	..	..	..	..	..	..	..	..	..	..	..
<b>Original income</b>	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Direct benefits in cash:														
family allowances	..	..	..	..	..	..	..	..	..	..	..	..	..	..
pensions <sup>(1)</sup>	..	..	..	..	..	..	..	..	..	..	..	..	..	..
other cash benefits <sup>(2)</sup>	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Direct benefits in kind:														
education	..	..	..	..	..	..	..	..	..	..	..	..	..	..
national health service	..	..	..	..	..	..	..	..	..	..	..	..	..	..
welfare foods	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Direct taxes:														
national insurance, employees' contributions	..	..	..	..	..	..	..	..	..	..	..	..	..	..
income tax and surtax	..	..	..	..	..	..	..	..	..	..	..	..	..	..
<b>Income after direct taxes and benefits</b>	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Indirect benefits	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Indirect taxes:														
on final goods and services	..	..	..	..	..	..	..	..	..	..	..	..	..	..
on intermediate products	..	..	..	..	..	..	..	..	..	..	..	..	..	..
<b>Income after all taxes and benefits</b>	..	..	..	..	..	..	..	..	..	..	..	..	..	..

See footnotes on page xxiv



**Average incomes before and after taxes and benefits**  
**1970**

TABLE 1

	£ per year											Average over all income ranges				
	Under 260	260-	315-	382-	460-	559-	676-	816-	988-	1,196-	1,448-		1,752-	2,122-	2,566-	3,104 and above
<b>(i) Retired and non-retired households (continued)</b>																
3 adults																
Number of households																
<b>Original income</b>																
Direct benefits in cash:																
family allowances																
pensions <sup>(1)</sup>																
other cash benefits <sup>(2)</sup>																
Direct benefits in kind:																
education																
national health service																
welfare foods																
Direct taxes:																
national insurance, employees' contributions																
income tax and surtax																
<b>Income after direct taxes and benefits</b>																
Indirect benefits:																
on final goods and services																
on intermediate products																
<b>Income after all taxes and benefits</b>																
3 adults, 1 child																
Number of households																
<b>Original income</b>																
Direct benefits in cash:																
family allowances																
pensions <sup>(1)</sup>																
other cash benefits <sup>(2)</sup>																
Direct benefits in kind:																
education																
national health service																
welfare foods																
Direct taxes:																
national insurance, employees' contributions																
income tax and surtax																
<b>Income after direct taxes and benefits</b>																
Indirect benefits:																
on final goods and services																
on intermediate products																
<b>Income after all taxes and benefits</b>																

**Average incomes before and after taxes and benefits**  
**1970**

TABLE 1

£ per year

	Range of original income: £ per year										Aver- age over all and income ranges				
	Under 260	260-	315-	382-	460-	559-	676-	816-	988-	1,196-		1,448-	1,752-	2,122-	2,566-
<b>(i) Retired and non-retired households (continued)</b>															
3 adults, 2 children															
Number of households															
Original income															
Direct benefits in cash:															
family allowances															
pensions <sup>(1)</sup>															
other cash benefits <sup>(2)</sup>															
Direct benefits in kind:															
education															
national health service															
welfare foods															
Direct taxes:															
national insurance, employees' contributions															
income tax and surtax															
Income after direct taxes and benefits															
Indirect taxes:															
on final goods and services															
on intermediate products															
Income after all taxes and benefits															
4 adults															
Number of households															
Original income															
Direct benefits in cash:															
family allowances															
pensions <sup>(1)</sup>															
other cash benefits <sup>(2)</sup>															
Direct benefits in kind:															
education															
national health service															
welfare foods															
Direct taxes:															
national insurance, employees' contributions															
income tax and surtax															
Income after direct taxes and benefits															
Indirect taxes:															
on final goods and services															
on intermediate products															
Income after all taxes and benefits															

See footnotes on page xxiv

**Average incomes before and after taxes and benefits  
1970**

TABLE 1

	Range of original income: £ per year											Average over all income ranges			
	Under 260	260-	315-	382-	460-	559-	676-	816-	988-	1,196-	1,448-		1,752-	2,122-	2,566-
<b>(i) Retired and non-retired households (continued)</b>															
All households in the sample	944	73	89	101	116	146	182	300	404	606	777	829	694	470	662
Number of households	69	289	349	419	510	620	749	905	1,094	1,327	1,603	1,927	2,328	2,801	4,306
<b>Original income</b>															
Direct benefits in cash:	5	12	9	11	16	14	19	19	22	29	29	29	27	23	22
family allowances	291	316	304	275	215	204	162	132	68	53	37	32	35	35	33
pensions <sup>(1)</sup>	123	64	52	88	77	80	69	72	45	35	37	28	20	20	17
other cash benefits <sup>(2)</sup>															
Direct benefits in kind:	42	61	33	55	58	66	70	80	75	100	117	125	147	145	158
education	75	83	77	89	82	80	89	87	85	93	92	89	90	94	99
national health service	3	6	7	4	6	9	10	10	9	11	10	11	10	9	8
welfare foods															
Direct taxes:															
national insurance, employees' contributions	1	2	2	5	15	22	31	40	54	65	74	82	93	106	119
income tax and surtax	2	12	19	27	40	60	58	81	99	139	189	243	311	420	826
<b>Income after direct taxes and benefits</b>	605	816	812	909	907	991	1,079	1,184	1,245	1,443	1,662	1,916	2,252	2,601	3,698
Indirect benefits	16	7	11	12	14	12	10	18	16	19	17	14	15	17	11
Indirect taxes:															
on final goods and services	80	121	111	125	140	130	172	189	205	233	273	301	333	405	511
on intermediate products	41	47	52	53	62	65	71	74	84	91	105	117	129	150	201
<b>Income after all taxes and benefits</b>	500	656	660	744	718	809	847	939	971	1,137	1,301	1,511	1,805	2,063	2,997

See footnotes on page xxiv

**Average incomes before and after taxes and benefits  
1970**

TABLE 1

£ per year

	Range of original income: £ per year											Average age over all income ranges				
	Under 260	260-	315-	382-	460-	559-	676-	816-	988-	1,196-	1,448-		1,752-	2,122-	2,566-	3,040 and above
<b>(ii) Retired households</b>																
1 adult																
Number of households .. .. .	471	18	26	19	16	15	10	14								615
<b>Original income</b> .. .. .	49	286	350	418	503	625	723	920								207
Direct benefits in cash:																
family allowances .. .. .																
pensions <sup>(1)</sup> .. .. .	257	223	233	260	166	222	239	249								250
other cash benefits <sup>(2)</sup> .. .. .	88	28	19		29	2										70
Direct benefits in kind:																
education .. .. .																
national health service .. .. .	54	58	55	55	53	54	54	54								54
welfare foods .. .. .																
Direct taxes:																
national insurance, employees' contributions ..																
income tax and surtax .. .. .	1	13	28	46	70	102	164	227								38
<b>Income after direct taxes and benefits</b> .. .. .	448	582	629	687	681	802	851	996								543
Indirect taxes:																
on final goods and services .. .. .	54	94	79	102	75	89	106	201								70
on intermediate products .. .. .	29	31	40	40	34	41	45	61								34
<b>Income after all taxes and benefits</b> .. .. .	380	455	525	556	572	676	701	734								452
2 adults																
Number of households .. .. .	290	15	20	28	20	19	18	24	13							499
<b>Original income</b> .. .. .	84	290	353	419	509	622	739	918	1,057							529
Direct benefits in cash:																
family allowances .. .. .																
pensions <sup>(1)</sup> .. .. .	424	464	473	392	427	401	433	364	394							412
other cash benefits <sup>(2)</sup> .. .. .	104	1	12	54	5	13	31	33	32							70
Direct benefits in kind:																
education .. .. .	4															
national health service .. .. .	109	110	110	109	110	106	106	106	105							2
welfare foods .. .. .																108
Direct taxes:																
national insurance, employees' contributions ..																
income tax and surtax .. .. .	3	14	11	31	92	119	110	182	213	9	5	17				1
<b>Income after direct taxes and benefits</b> .. .. .	721	851	937	942	956	1,023	1,197	1,235	1,376	399	442	587				122
Indirect taxes:																
on final goods and services .. .. .	104	101	125	150	162	107	172	199	254	1,606	2,019	2,075				997
on intermediate products .. .. .	49	46	58	61	62	66	76	61	188							11
<b>Income after all taxes and benefits</b> .. .. .	582	703	764	737	733	851	950	996	955	253	451	314				150
										95	135	104				64
										1,257	1,433	1,657				793

See footnotes on page xxiv

**Average incomes before and after taxes and benefits**  
**1970**

	£ per year											Average over all income ranges			
	Range of original income: £ per year														
	Under 260	260-	315-	382-	460-	559-	676-	816-	988-	1,196-	1,448-		1,752-	2,122-	2,566-
<b>(iii) Non-retired households</b>															
1 adult															
Number of households	67	15	18	11	24	34	32	45	58	42	36	31	17	12	446
Original income	106	290	349	431	511	628	753	895	1,093	1,310	1,567	1,934	2,323	5,063	1,048
Direct benefits in cash:															
family allowances	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
pensions <sup>(1)</sup>	145	218	220	201	124	68	62	62	19	6	12	25	32	50	74
other cash benefits <sup>(2)</sup>	122	8	14	6	15	20	19	5	9	7	7	2	5	—	26
Direct benefits in kind:															
education	123	114	—	—	32	32	—	—	4	—	—	—	—	—	27
national health service	36	42	37	44	36	33	33	32	30	27	29	28	30	35	32
welfare foods	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Direct taxes:															
national insurance, employees' contributions	2	5	1	10	19	31	35	45	52	63	65	69	61	56	38
income tax and surtax	1	25	29	64	45	72	78	140	154	242	274	418	501	1,284	184
Income after direct taxes and benefits	530	642	590	608	655	678	755	810	949	1,045	1,276	1,503	1,827	3,808	985
Indirect benefits	6	17	9	9	20	9	5	11	20	11	8	5	—	—	10
Indirect taxes:															
on final goods and services	76	102	89	57	75	109	134	142	168	198	249	324	239	359	161
on intermediate products	38	41	46	30	36	49	46	49	58	68	79	94	87	142	59
Income after all taxes and benefits	422	516	464	530	563	529	580	631	743	790	956	1,090	1,501	3,307	775
2 adults															
Number of households	29	13	14	23	23	30	59	81	122	170	207	235	162	146	1,427
Original income	138	297	347	415	510	616	747	909	1,091	1,332	1,600	1,920	2,345	2,757	1,839
Direct benefits in cash:															
family allowances	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
pensions <sup>(1)</sup>	222	479	377	327	268	230	151	147	77	63	39	29	27	17	73
other cash benefits <sup>(2)</sup>	201	27	38	63	55	60	53	51	33	22	27	14	9	10	27
Direct benefits in kind:															
education	85	—	—	36	18	25	24	9	6	15	8	14	8	12	12
national health service	88	109	102	93	84	83	77	76	72	70	65	60	57	56	67
welfare foods	1	—	—	—	—	—	—	—	—	—	1	—	—	—	—
Direct taxes:															
national insurance, employees' contributions	4	1	2	6	30	26	40	47	56	66	73	86	96	98	72
income tax and surtax	— <sup>(3)</sup>	6	11	6	20	35	56	88	117	180	206	261	354	450	289
Income after direct taxes and benefits	731	904	852	920	885	953	955	1,058	1,106	1,257	1,461	1,691	1,996	2,292	1,658
Indirect benefits	18	3	4	21	19	18	12	17	11	15	21	10	7	3	12
Indirect taxes:															
on final goods and services	126	130	138	126	175	144	173	177	185	221	274	298	335	352	270
on intermediate products	59	49	59	52	72	61	70	70	77	85	96	102	118	124	100
Income after all taxes and benefits	565	728	658	763	656	766	724	827	855	966	1,112	1,301	1,550	1,819	1,299

See footnotes on page xxiv

**Average incomes before and after taxes and benefits  
1970**

TABLE 1

	Range of original income: £ per year											Average age over all income ranges			
	Under 260	260-	315-	382-	460-	559-	676-	816-	988-	1,196-	1,448-		1,752-	2,122-	2,566-
<b>(ii) Non-retired households (continued)</b>															
3 adults															
Number of households						11	19	14	42	62	68	101	86	102	521
Original income						753	905	1,068	1,352	1,626	1,929	2,323	2,815	4,126	2,368
Direct benefits in cash:															
family allowances						4	2	—	—	—	—	—	—	—	—
pensions <sup>(1)</sup>						332	236	279	224	114	74	76	32	—	—
other cash benefits <sup>(2)</sup>						107	159	81	84	80	37	36	27	19	53
Direct benefits in kind:															
education						103	89	21	46	50	52	48	102	123	80
national health service						122	111	116	108	96	92	93	87	89	95
welfare foods						2	1	—	—	—	—	—	—	—	—
Direct taxes:															
national insurance, employees' contributions						47	52	57	66	86	95	106	119	138	100
income tax and surtax						44	78	107	122	194	232	318	418	783	356
Income after direct taxes and benefits						1,332	1,373	1,401	1,626	1,687	1,859	2,152	2,526	3,476	2,245
Indirect benefits						13	33	3	22	16	24	17	23	17	19
Indirect taxes:															
on final goods and services						173	204	303	306	319	317	405	416	543	382
on intermediate products						72	82	108	111	118	120	136	150	194	138
Income after all taxes and benefits						1,100	1,121	993	1,230	1,265	1,446	1,628	1,983	2,757	1,744

<sup>(1)</sup> National insurance, retirement and widows' pensions, including supplementary allowances where these are not separately distinguished, war and disability pensions.

<sup>(2)</sup> Including supplementary allowances where separately distinguished.

<sup>(3)</sup> Several households falling within this range recorded substantial refunds of income tax.

**Average payments of indirect taxes as percentages of income after direct taxes and benefits**  
**1970**

	Range of original income: £ per year													Percentages				
														3,104 and above				
	Under 260	260-	315-	382-	460-	559-	676-	816-	988-	1,196-	1,448-	1,752-	2,122-	2,566-	3,104 and above	Aver- age over all income ranges		
<b>Local rates</b>																		
All households in the sample .. .. .	4.7	3.8	4.0	3.9	3.7	3.8	3.4	3.0	2.8	2.6	2.5	2.3	2.1	2.0	1.8	2.4		
<b>Retired households</b>																		
1 adult .. .. .	6.1	5.2	5.2	5.9	5.7	5.8	5.8	4.8								5.8		
2 adults .. .. .	4.0	3.7	4.2	4.6	4.8	4.2	5.1	4.0	4.3			3.0	3.2			3.8		
<b>Non-retired households</b>																		
1 adult .. .. .	4.5	3.9	4.8	4.7	4.0	5.1	3.9	4.3	3.4	3.3	3.1	2.8	2.6		2.1	3.5		
2 adults .. .. .	4.1	3.2	2.7	3.4	3.1	3.7	3.2	3.1	2.8	2.8	2.7	2.5	2.4	2.2	2.0	2.5		
2 adults, 1 child .. .. .							2.7	2.4	2.4	2.7	2.6	2.5	2.4	2.3	2.1	2.5		
2 adults, 2 children .. .. .								2.9	2.4	2.5	2.7	2.4	2.3	2.5	2.2	2.4		
2 adults, 3 children .. .. .								2.6	2.4	2.3	2.3	2.1	2.0	2.2	2.1	2.2		
2 adults, 4 children .. .. .									2.4	2.0	1.9	1.9	1.9	2.2	2.1	2.0		
3 adults .. .. .							2.3	2.2	2.7	2.1	2.1	2.4	2.1	1.9	1.8	2.0		
3 adults, 1 child .. .. .									2.1	2.3	2.0	2.0	1.9	1.7	1.8	1.9		
3 adults, 2 children .. .. .										2.1	2.0	2.0	1.9	1.9	1.8	1.9		
4 adults .. .. .										1.5	1.5	1.5	1.4	1.8	1.6	1.6		
<b>Drink</b>																		
All households in the sample .. .. .	1.5	2.5	1.7	1.7	2.1	1.0	2.4	2.6	2.5	2.6	2.6	2.9	2.7	3.1	3.3	2.8		
<b>Retired households</b>																		
1 adult .. .. .	1.0	2.6	1.1	0.6	1.5	—	1.2	6.1	4.2							1.5		
2 adults .. .. .	2.0	1.1	1.7	3.0	2.0	0.4	1.0	4.1				8.1	3.4			2.9		
<b>Non-retired households</b>																		
1 adult .. .. .	2.2	4.8	4.1	0.4	1.5	1.9	4.1	2.4	3.0	4.2	4.7	8.3	2.5		3.6	3.7		
2 adults .. .. .	1.9	2.1	1.6	1.8	3.8	1.2	2.7	3.2	2.8	3.0	3.4	3.5	3.7	2.6	2.7	3.1		
2 adults, 1 child .. .. .							1.7	2.1	2.3	2.6	2.5	2.7	1.9	1.8	2.3	2.3		
2 adults, 2 children .. .. .								2.0	2.0	1.5	2.1	2.0	1.5	2.4	2.3	2.0		
2 adults, 3 children .. .. .								2.1	2.4	1.5	1.5	2.1	2.1	3.1	3.0	2.2		
2 adults, 4 children .. .. .									3.2	2.2	2.2	1.9	4.4	3.6	3.6	2.6		
3 adults .. .. .							2.6	1.6	3.4	4.4	3.4	3.6	4.4	3.6	3.6	3.7		
3 adults, 1 child .. .. .									1.8	1.9	2.9	1.9	1.8	3.5	3.1	2.6		
3 adults, 2 children .. .. .										1.7	1.7	1.9	1.9	3.9	6.1	3.0		
4 adults .. .. .										2.8	4.8	2.3	2.3	3.0	3.7	3.4		

**Average payments of indirect taxes as percentages of income after direct taxes and benefits  
1970**

TABLE 2 (continued)

	Range of original income: £ per year											Percentages				
	Under 260	260-	315-	382-	460-	559-	676-	816-	988-	1,196-	1,448-	1,752-	2,122-	2,566-	3,104 and above	Average over all income ranges
	260	260-	315-	382-	460-	559-	676-	816-	988-	1,196-	1,448-	1,752-	2,122-	2,566-	3,104 and above	
<b>Tobacco</b>																
All households in the sample .. .. .	3.3	4.5	4.0	3.7	4.6	3.7	4.6	5.0	4.9	4.5	4.2	3.8	3.3	3.3	2.4	3.6
Retired households																
1 adult .. .. .	1.9	5.0	3.2	1.7	1.6	0.7	2.2	3.8								2.0
2 adults .. .. .	4.4	3.2	3.6	2.9	4.2	1.5	2.5	3.6	2.5		3.6	3.1	1.1			3.3
Non-retired households																
1 adult .. .. .	3.3	3.4	2.1	2.0	2.5	4.2	5.3	5.3	4.1	4.9	3.9	2.6	1.3		0.9	3.4
2 adults .. .. .	5.3	5.7	5.7	4.4	6.8	5.6	4.6	6.0	5.3	4.8	4.9	4.0	3.4	2.9	1.8	3.7
2 adults, 1 child .. .. .							7.0	4.8	4.8	4.8	3.9	3.7	2.7	2.2	1.0	3.4
2 adults, 2 children .. .. .								5.3	5.3	4.0	3.8	3.5	2.7	1.7	1.4	3.2
2 adults, 3 children .. .. .								4.7	4.6	4.4	4.0	3.6	2.3	1.9	1.6	3.3
2 adults, 4 children .. .. .										3.5	3.4	4.3	4.9	3.6	3.2	3.3
3 adults .. .. .							4.2	5.7	6.5	2.6	5.3	4.4	3.0	3.7	2.1	3.5
3 adults, 1 child .. .. .											4.3	4.4	3.8	3.6	2.9	3.8
3 adults, 2 children .. .. .												5.4	4.3	5.1	3.5	4.2
4 adults .. .. .																
<b>Purchase tax</b>																
All households in the sample .. .. .	1.7	1.7	1.7	1.9	2.0	2.0	2.4	2.4	2.5	2.7	3.0	2.8	2.9	3.2	3.0	2.8
Retired households																
1 adult .. .. .	1.3	1.0	1.4	3.4	0.7	2.0	1.2	2.1			2.0	4.2				1.5
2 adults .. .. .	1.7	1.2	1.6	2.0	1.5	1.4	2.0	1.4	1.8				3.5			2.0
Non-retired households																
1 adult .. .. .	1.9	1.5	1.3	0.8	1.6	2.5	1.6	2.6	2.8	3.0	2.7	3.7	2.2		1.3	2.4
2 adults .. .. .	1.8	1.4	2.2	1.7	3.0	1.9	3.0	2.5	2.2	2.9	3.2	3.2	3.2	3.4	2.9	3.0
2 adults, 1 child .. .. .											3.1	3.0	3.3	3.0	3.1	3.0
2 adults, 2 children .. .. .											2.9	2.6	2.6	2.8	3.4	2.9
2 adults, 3 children .. .. .											2.5	2.5	2.2	2.5	2.5	2.4
2 adults, 4 children .. .. .											2.5	2.1	3.3	3.2	3.0	2.5
3 adults .. .. .							1.4	2.2	4.0	1.8	3.5	3.1	3.0	3.2	3.0	3.1
3 adults, 1 child .. .. .										1.6	3.4	2.3	1.9	2.1	4.0	2.4
3 adults, 2 children .. .. .											4.0	2.5	2.5	2.1	2.1	2.4
4 adults .. .. .											4.0	2.3	2.7	3.9	3.1	3.2



**Average payments of indirect taxes as percentages of income after direct taxes and benefits  
1970**

	Range of original income: £ per year													Percentages		
	Under 260	260-	315-	382-	460-	559-	676-	816-	988-	1,196-	1,448-	1,752-	2,122-	2,566-	3,104 and above	Average overall income ranges
<b>Oil</b>																
All households in the sample .. .. .	0.6	0.8	0.7	1.0	1.3	1.1	1.5	1.4	2.0	2.0	2.3	2.2	2.1	2.4	2.0	2.0
Retired households																
1 adult .. .. .	0.3	0.8	0.2	1.5	0.2	0.8	0.5	1.4	3.2		1.7	2.2	2.1			0.6
2 adults .. .. .	0.7	0.8	0.8	1.4	2.1	1.2	1.6	1.4								1.2
Non-retired households																
1 adult .. .. .	0.9	0.9	1.3	0.4	0.6	0.8	1.3	1.3	2.7	1.8	3.2	2.3	2.9		0.9	1.8
2 adults .. .. .	1.7	0.3	1.4	0.9	1.2	1.2	2.3	1.4	1.9	2.1	2.5	2.5	2.3	2.7	2.1	2.2
2 adults, 1 child .. .. .							1.0	2.4	2.3	2.1	2.5	2.6	2.2	3.1	1.4	2.2
2 adults, 2 children .. .. .								1.2	1.9	2.0	2.0	2.2	2.0	2.1	1.6	2.0
2 adults, 3 children .. .. .								1.3	1.4	1.6	2.0	1.7	1.9	2.7	1.9	1.8
2 adults, 4 children .. .. .										1.8	1.8	1.5			1.5	1.5
3 adults .. .. .							1.2	1.4	2.7	1.8	2.8	2.2	2.2	2.5	2.6	2.4
3 adults, 1 child .. .. .										1.8	2.6	1.9	2.0	1.6	1.8	1.9
3 adults, 2 children .. .. .												1.8	1.7	2.2	1.5	1.7
4 adults .. .. .											2.1	1.6	2.8	3.0	2.8	2.8
<b>Intermediate taxes</b>																
All households in the sample .. .. .	6.7	5.7	6.4	5.8	6.9	6.6	6.5	6.3	6.8	6.3	6.3	6.1	5.7	5.8	5.4	6.0
Retired households																
1 adult .. .. .	6.4	5.4	6.4	5.8	5.0	5.1	5.2	6.1	13.6		5.9	6.7	5.0			6.2
2 adults .. .. .	6.8	5.4	6.2	6.5	6.5	6.4	6.4	5.0								6.5
Non-retired households																
1 adult .. .. .	7.2	6.4	7.9	5.0	5.5	7.3	6.1	6.0	6.1	6.5	6.2	6.3	4.8		3.7	5.9
2 adults .. .. .	8.1	5.4	7.0	5.6	8.2	6.4	7.3	6.6	6.9	6.8	6.6	6.0	5.9	5.4	5.0	6.0
2 adults, 1 child .. .. .							7.1	7.8	6.3	6.5	6.4	6.3	5.6	5.4	5.5	6.1
2 adults, 2 children .. .. .								5.9	6.8	6.2	6.3	6.1	5.8	5.3	5.8	6.1
2 adults, 3 children .. .. .								7.0	5.7	5.7	5.6	6.6	5.2	5.1	5.7	5.8
2 adults, 4 children .. .. .							5.4			5.4	6.0	5.5			5.5	5.5
3 adults .. .. .								5.9	7.7	6.8	7.0	6.5	6.3	5.9	5.6	6.1
3 adults, 1 child .. .. .										5.3	7.3	5.8	4.8	5.0	5.4	5.9
3 adults, 2 children .. .. .											7.2	5.6	4.8	5.0	5.4	5.4
4 adults .. .. .												6.6	6.0	7.1	6.2	6.1

**First and fourth quintile incomes compared with median incomes before and after taxes and benefits**

**1970**

**TABLE 3**

	1st quintile	Median	4th quintile	Percentage of original income			Percentage of median	
	£ per year			1st quintile	Median	4th quintile	1st quintile	4th quintile
<b>Retired and non-retired households</b>								
<b>1 adult</b>								
Original income .. .. .	90	248	1,031				36	416
Original income <i>plus</i> cash benefits ..	369	525	1,125	411	212	109	70	214
Income after direct taxes and benefits..	424	558	965	472	225	94	76	173
Income after all taxes and benefits ..	350	457	759	390	184	74	77	166
<b>2 adults</b>								
Original income .. .. .	388	1,368	2,271				28	166
Original income <i>plus</i> cash benefits ..	791	1,477	2,339	204	108	103	54	158
Income after direct taxes and benefits..	857	1,324	1,983	221	97	87	65	150
Income after all taxes and benefits ..	662	1,011	1,580	170	74	70	65	156
<b>2 adults, 1 child</b>								
Original income .. .. .	1,182	1,659	2,293				71	138
Original income <i>plus</i> cash benefits ..	1,231	1,705	2,317	104	103	101	72	136
Income after direct taxes and benefits..	1,248	1,628	2,097	106	98	91	77	129
Income after all taxes and benefits ..	928	1,285	1,727	79	77	75	72	134
<b>2 adults, 2 children</b>								
Original income .. .. .	1,256	1,716	2,424				73	141
Original income <i>plus</i> cash benefits ..	1,351	1,798	2,459	108	105	101	75	137
Income after direct taxes and benefits..	1,412	1,781	2,417	112	104	100	79	136
Income after all taxes and benefits ..	1,091	1,435	1,969	87	84	81	76	137
<b>2 adults, 3 children</b>								
Original income .. .. .	1,202	1,757	2,375				68	135
Original income <i>plus</i> cash benefits ..	1,343	1,878	2,452	112	107	103	72	131
Income after direct taxes and benefits..	1,563	1,995	2,559	130	114	108	78	128
Income after all taxes and benefits ..	1,229	1,631	2,143	102	93	90	75	131
<b>2 adults, 4 children</b>								
Original income .. .. .	1,108	1,589	2,021				70	127
Original income <i>plus</i> cash benefits ..	1,450	1,764	2,120	131	111	105	82	120
Income after direct taxes and benefits..	1,778	2,122	2,534	160	134	125	84	119
Income after all taxes and benefits ..	1,401	1,778	2,211	126	112	109	79	124
<b>3 adults</b>								
Original income .. .. .	1,355	2,190	3,054				62	139
Original income <i>plus</i> cash benefits ..	1,625	2,301	3,112	120	105	102	71	135
Income after direct taxes and benefits..	1,529	2,045	2,718	113	93	89	75	133
Income after all taxes and benefits ..	1,121	1,563	2,114	83	71	69	72	135
<b>3 adults, 1 child</b>								
Original income .. .. .	1,596	2,233	3,094				71	139
Original income <i>plus</i> cash benefits ..	1,726	2,340	3,202	108	105	104	74	137
Income after direct taxes and benefits..	1,797	2,344	2,984	113	105	96	77	127
Income after all taxes and benefits ..	1,390	1,863	2,468	87	83	80	75	132
<b>3 adults, 2 children</b>								
Original income .. .. .	1,576	2,226	2,901				71	130
Original income <i>plus</i> cash benefits ..	1,853	2,385	3,086	118	107	106	78	129
Income after direct taxes and benefits..	1,995	2,499	3,042	127	112	105	80	122
Income after all taxes and benefits ..	1,590	2,018	2,536	101	91	87	79	126

**First and fourth quintile incomes compared with median incomes before and after taxes and benefits  
1970**

TABLE 3 (continued)

	1st quintile	Median	4th quintile	Percentage of original income			Percentage of median	
	£ per year			1st quintile	Median	4th quintile	1st quintile	4th quintile
<b>Retired and non-retired households (cont.)</b>								
<b>4 adults</b>								
Original income .. .. .	2,088	3,012	3,933				69	131
Original income <i>plus</i> cash benefits ..	2,317	3,105	4,041	111	103	103	75	130
Income after direct taxes and benefits..	2,226	2,793	3,625	107	93	92	80	130
Income after all taxes and benefits ..	1,676	2,151	2,835	80	71	72	78	132
<b>All households in the sample</b>								
Original income .. .. .	521	1,540	2,472				34	161
Original income <i>plus</i> cash benefits ..	827	1,656	2,541	159	108	103	50	153
Income after direct taxes and benefits..	875	1,594	2,431	168	103	98	55	153
Income after all taxes and benefits ..	666	1,240	1,965	128	81	79	54	158
<b>Non-retired households</b>								
<b>1 adult</b>								
Original income .. .. .	342	900	1,539				38	171
Original income <i>plus</i> cash benefits ..	567	980	1,553	166	109	101	58	158
Income after direct taxes and benefits..	573	846	1,248	168	94	81	68	148
Income after all taxes and benefits ..	440	647	979	129	72	64	68	151
<b>2 adults</b>								
Original income .. .. .	1,011	1,668	2,494				61	150
Original income <i>plus</i> cash benefits ..	1,163	1,732	2,529	115	104	101	67	146
Income after direct taxes and benefits..	1,069	1,505	2,118	106	90	85	71	141
Income after all taxes and benefits ..	813	1,148	1,715	80	69	69	71	149
<b>3 adults</b>								
Original income .. .. .	1,459	2,247	3,090				65	138
Original income <i>plus</i> cash benefits ..	1,718	2,352	3,165	118	105	102	73	135
Income after direct taxes and benefits..	1,574	2,085	2,764	108	93	89	75	133
Income after all taxes and benefits ..	1,148	1,599	2,146	79	71	69	72	134

**Average incomes before and after taxes and benefits  
1961-1970**

TABLE 4

	Average incomes				Percentage of original income				Percentage of income in 1961			Percentage of original income in 1961, new basis <sup>(1)</sup>			
	1961	1965	1969	1970	1961	1965	1969	1970	1965	1969	1970	1961	1965	1969	1970
	£ per year				Percentages				1961=100			Percentages			
<b>Retired and non-retired households</b>															
<b>1 adult</b>															
<b>Old basis</b>															
Original income .. .. .	319	429	522	576	100	100	100	100	134	164	181				
Income after direct taxes and benefits .. ..	404	534	670	729	127	124	128	127	132	166	180				
Income after all taxes and benefits .. ..	346	446	555	601	108	104	106	104	129	160	174				
<b>New basis</b>															
Original income .. .. .	312	420	510	560	100	100	100	100	135	163	179	100	135	163	179
Income after direct taxes and benefits .. ..	404	534	670	729	129	127	131	130	132	166	180	129	171	215	234
Income after all taxes and benefits .. ..	(341)	(439)	546	588	(109)	(105)	107	105	(129)	160	172	(109)	(141)	175	188
<b>2 adults</b>															
<b>Old basis</b>															
Original income .. .. .	843	1,039	1,395	1,552	100	100	100	100	123	165	184				
Income after direct taxes and benefits .. ..	847	1,034	1,352	1,486	100	100	97	96	122	160	175				
Income after all taxes and benefits .. ..	707	844	1,074	1,194	84	81	77	77	119	152	169				
<b>New basis</b>															
Original income .. .. .	824	1,007	1,351	1,500	100	100	100	100	122	164	182	100	122	164	182
Income after direct taxes and benefits .. ..	847	1,034	1,352	1,486	103	103	100	99	122	160	175	103	125	164	180
Income after all taxes and benefits .. ..	(698)	(829)	1,054	1,168	(85)	(82)	78	78	(119)	151	167	(85)	(101)	128	142
<b>2 adults, 1 child</b>															
<b>Old basis</b>															
Original income .. .. .	1,041	1,322	1,643	1,878	100	100	100	100	127	158	180				
Income after direct taxes and benefits .. ..	1,005	1,275	1,559	1,758	97	96	95	94	127	155	175				
Income after all taxes and benefits .. ..	847	1,050	1,244	1,427	81	79	76	76	124	147	168				
<b>New basis</b>															
Original income .. .. .	1,016	1,281	1,586	1,810	100	100	100	100	126	156	178	100	126	156	178
Income after direct taxes and benefits .. ..	1,005	1,275	1,559	1,758	99	100	98	97	127	155	175	99	125	153	173
Income after all taxes and benefits .. ..	(836)	(1,032)	1,220	1,396	(82)	(81)	77	77	(123)	146	167	(82)	(102)	120	137
<b>2 adults, 2 children</b>															
<b>Old basis</b>															
Original income .. .. .	1,051	1,284	1,819	1,965	100	100	100	100	122	173	187				
Income after direct taxes and benefits .. ..	1,107	1,355	1,818	1,944	105	106	100	99	122	164	176				
Income after all taxes and benefits .. ..	948	1,132	1,498	1,603	90	88	82	82	119	158	169				
<b>New basis</b>															
Original income .. .. .	1,026	1,245	1,762	1,897	100	100	100	100	121	172	185	100	121	172	185
Income after direct taxes and benefits .. ..	1,107	1,355	1,818	1,944	108	109	103	102	122	164	176	108	132	177	189
Income after all taxes and benefits .. ..	(936)	(1,113)	1,473	1,568	(91)	(89)	84	83	(119)	157	168	(91)	(108)	144	153
<b>2 adults, 3 children</b>															
<b>Old basis</b>															
Original income .. .. .	991	1,333	1,762	1,982	100	100	100	100	135	178	200				
Income after direct taxes and benefits .. ..	1,187	1,505	1,971	2,166	120	113	112	109	127	166	182				
Income after all taxes and benefits .. ..	1,020	1,285	1,651	1,804	103	96	94	91	126	162	177				
<b>New basis</b>															
Original income .. .. .	967	1,289	1,705	1,915	100	100	100	100	133	176	198	100	133	176	198
Income after direct taxes and benefits .. ..	1,187	1,505	1,971	2,166	123	117	116	113	127	166	182	123	156	204	224
Income after all taxes and benefits .. ..	(1,008)	(1,263)	1,625	1,769	(104)	(98)	95	92	(125)	161	175	(104)	(131)	168	183

See footnotes on page xxxii.

**Average incomes before and after taxes and benefits  
1961-1970**

TABLE 4 (continued)

	Average incomes				Percentage of original income				Percentage of income in 1961			Percentage of original income in 1961, new basis <sup>(1)</sup>			
	1961	1965	1969	1970	1961	1965	1969	1970	1965	1969	1970	1961	1965	1969	1970
	£ per year				Percentages				1961=100			Percentages			
<b>Retired and non-retired households (continued)</b>															
<b>2 adults, 4 children</b>															
Old basis															
Original income .. .. .	1,053	1,259	1,692	1,791	100	100	100	100	120	161	170				
Income after direct taxes and benefits ..	1,283	1,600	2,121	2,248	122	127	125	126	125	165	175				
Income after all taxes and benefits .. ..	1,135	1,364	1,788	1,899	108	108	106	106	120	158	167				
New basis															
Original income .. .. .	1,030	1,219	1,638	1,724	100	100	100	100	118	159	167	100	118	159	167
Income after direct taxes and benefits ..	1,283	1,600	2,121	2,248	125	131	129	130	125	165	175	125	155	206	218
Income after all taxes and benefits .. ..	(1,123)	(1,343)	1,760	1,863	(109)	(110)	107	108	(120)	157	166	(109)	(130)	171	181
<b>3 adults</b>															
Old basis															
Original income .. .. .	1,318	1,672	2,221	2,381	100	100	100	100	127	169	181				
Income after direct taxes and benefits ..	1,258	1,569	2,065	2,202	95	94	93	92	125	164	175				
Income after all taxes and benefits .. ..	1,049	1,270	1,640	1,753	80	76	74	74	121	156	167				
New basis															
Original income .. .. .	1,282	1,616	2,140	2,285	100	100	100	100	126	167	178	100	126	167	178
Income after direct taxes and benefits ..	1,258	1,569	2,065	2,202	98	97	96	96	125	164	175	98	122	161	172
Income after all taxes and benefits .. ..	(1,035)	(1,248)	1,609	1,713	(81)	(77)	75	75	(121)	155	166	(81)	(97)	126	134
<b>3 adults, 1 child</b>															
Old basis															
Original income .. .. .	1,495	1,628	2,207	2,594	100	100	100	100	109	148	174				
Income after direct taxes and benefits ..	1,415	1,689	2,195	2,532	95	104	99	98	119	155	179				
Income after all taxes and benefits .. ..	1,198	1,411	1,776	2,081	80	87	80	80	118	148	174				
New basis															
Original income .. .. .	1,457	1,571	2,123	2,499	100	100	100	100	108	146	172	100	108	146	172
Income after direct taxes and benefits ..	1,415	1,689	2,195	2,532	97	108	103	101	119	155	179	97	116	151	174
Income after all taxes and benefits .. ..	(1,182)	(1,387)	1,743	2,036	(81)	(88)	82	81	(117)	147	172	(81)	(95)	120	140
<b>3 adults, 2 children</b>															
Old basis															
Original income .. .. .	1,326	1,721	2,307	2,348	100	100	100	100	130	174	177				
Income after direct taxes and benefits ..	1,426	1,918	2,491	2,573	108	111	108	110	135	175	180				
Income after all taxes and benefits .. ..	1,209	1,637	2,051	2,131	91	95	89	91	135	170	176				
New basis															
Original income .. .. .	1,289	1,661	2,232	2,258	100	100	100	100	129	173	175	100	129	173	175
Income after direct taxes and benefits ..	1,426	1,918	2,491	2,573	111	115	112	114	135	175	180	111	149	193	200
Income after all taxes and benefits .. ..	(1,190)	(1,607)	2,014	2,091	(92)	(97)	90	93	(135)	169	176	(92)	(125)	156	162
<b>4 adults</b>															
Old basis															
Original income .. .. .	1,797	2,147	2,914	3,299	100	100	100	100	119	162	184				
Income after direct taxes and benefits ..	1,629	2,027	2,698	2,924	91	94	93	89	124	166	179				
Income after all taxes and benefits .. ..	1,371	1,654	2,119	2,319	76	77	73	70	121	155	169				
New basis															
Original income .. .. .	1,742	2,064	2,789	3,158	100	100	100	100	118	160	181	100	118	160	181
Income after direct taxes and benefits ..	1,629	2,027	2,698	2,924	94	98	97	93	124	166	179	94	116	155	168
Income after all taxes and benefits .. ..	(1,352)	(1,625)	2,079	2,266	(78)	(79)	75	72	(120)	154	168	(78)	(93)	119	130

See footnotes on page xxxii.

**Average incomes before and after taxes and benefits  
1961-1970**

TABLE 4 (continued)

	Average incomes				Percentage of original income				Percentage of income in 1961			Percentage of original income in 1961, new basis <sup>(1)</sup>			
	1961	1965	1969	1970	1961	1965	1969	1970	1965	1969	1970	1961	1965	1969	1970
	£ per year				Percentages				1961=100			Percentages			
<b>Retired and non-retired households (continued)</b>															
All households in the sample															
Old basis															
Original income .. .. .	984	1,211	1,572	1,718	100	100	100	100	123	160	175				
Income after direct taxes and benefits .. ..	1,016	1,252	1,600	1,734	103	103	102	101	123	157	171				
Income after all taxes and benefits .. .. .	858	1,037	1,295	1,413	87	86	82	82	121	151	165				
New basis															
Original income .. .. .	960	1,172	1,519	1,656	100	100	100	100	122	158	173	100	122	158	173
Income after direct taxes and benefits .. ..	1,016	1,252	1,600	1,734	106	107	105	105	123	157	171	106	130	167	181
Income after all taxes and benefits .. .. .	(847)	(1,019)	1,271	1,383	(88)	(87)	84	84	(120)	150	163	(88)	(106)	132	144
<b>Retired and non-retired households (excluding pensioner households)</b>															
1 adult															
Old basis															
Original income .. .. .	467	639	787	884	100	100	100	100	137	169	189				
Income after direct taxes and benefits .. ..	485	653	805	890	104	102	102	101	135	166	184				
Income after all taxes and benefits .. .. .	412	540	659	721	88	85	84	82	131	160	175				
New basis															
Original income .. .. .	458	625	769	859	100	100	100	100	136	168	188	100	136	168	188
Income after direct taxes and benefits .. ..	485	653	805	890	106	104	105	104	135	166	184	106	143	176	194
Income after all taxes and benefits .. .. .	(406)	(531)	647	705	(89)	(85)	84	82	(131)	159	174	(89)	(116)	141	154
2 adults															
Old basis															
Original income .. .. .	926	1,169	1,565	1,733	100	100	100	100	126	169	187				
Income after direct taxes and benefits .. ..	895	1,104	1,441	1,580	97	94	92	91	123	161	177				
Income after all taxes and benefits .. .. .	747	900	1,141	1,266	81	77	73	73	120	153	169				
New basis															
Original income .. .. .	905	1,133	1,516	1,675	100	100	100	100	125	168	185	100	125	168	185
Income after direct taxes and benefits .. ..	895	1,104	1,441	1,580	99	97	95	94	123	161	177	99	122	159	175
Income after all taxes and benefits .. .. .	(737)	(883)	1,119	1,239	(81)	(78)	74	74	(120)	152	168	(81)	(98)	124	137

Note: Figures in brackets are estimated.

(<sup>1</sup>) The figures in these columns combine the effects of the changes within a year with the changes over time shown in the earlier columns and may be derived in two ways.

e.g. for 2 adults (non-pensioner households):

Combined effect of all taxes and benefits between 1961 and 1970, as a percentage of original income in 1961

$$\begin{aligned}
 &= \frac{\text{Income after all taxes and benefits in 1970}}{\text{Income after all taxes and benefits in 1961}} \times \frac{\text{Income after all taxes and benefits in 1961}}{\text{Original income in 1961}} \times 100 = \frac{1239}{737} \times \frac{737}{905} \times 100 = 137 \\
 \text{or} &= \frac{\text{Original income in 1970}}{\text{Original income in 1961}} \times \frac{\text{Income after all taxes and benefits in 1970}}{\text{Original income in 1970}} \times 100 = \frac{1675}{905} \times \frac{1239}{1675} \times 100 = 137
 \end{aligned}$$

**Distribution of households co-operating in the Family Expenditure Survey  
by range of original income  
1970**

Range of original income £ per year	1 adult		2 adults		3 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	All house- holds		
	retired		non- retired		retired											non- retired	
	retired	non- retired	retired	non- retired	retired	non- retired										retired	non- retired
At least	471	67	290	29	5	4	11	10	3	3	—	2	—	49	944		
Less than	18	15	15	13	2	1	—	1	1	2	—	—	—	5	73		
260	26	18	20	14	1	—	1	—	—	—	—	—	—	8	89		
315	19	11	28	23	2	2	1	5	1	—	1	—	—	6	101		
382	16	24	20	23	3	3	2	7	1	1	—	—	—	13	116		
460	15	34	19	30	5	6	8	8	1	1	2	3	—	9	146		
559	10	32	18	59	3	11	13	8	7	3	—	2	1	15	182		
676	14	45	24	81	1	19	36	25	15	3	6	3	2	26	300		
816	8	58	13	122	1	14	58	66	29	9	6	3	1	16	404		
988	3	42	9	170	1	42	99	127	47	12	14	6	7	27	606		
1,196	7	36	11	207	1	62	122	162	57	28	28	9	10	37	777		
1,448	3	31	10	235	3	68	118	142	78	19	40	22	11	49	829		
1,752	2	17	10	162	—	101	83	116	47	5	44	30	19	58	694		
2,122	2	4	3	113	2	86	36	57	19	4	33	18	32	61	470		
2,566	—	2	2	74	—	58	20	36	13	1	19	12	36	66	339		
3,104	1	4	1	37	—	23	7	14	6	1	11	1	19	26	151		
3,757	—	2	—	19	—	14	6	7	5	2	6	1	11	17	90		
4,545	—	1	2	8	—	3	1	7	2	—	2	1	3	9	39		
5,502	—	3	1	2	—	—	2	1	2	—	3	1	1	2	18		
6,656	—	—	1	2	—	—	2	1	2	—	3	1	1	2	25		
8,055 and above	—	—	3	6	—	4	2	1	2	1	2	—	2	2	2		
All income ranges	615	446	499	1,427	30	521	625	800	346	96	218	114	155	501	6,393		

Note: The retired households not shown separately in the table are distributed as follows:  
 2 adults, 1 child (2); 2 adults, 2 children (3); 3 adults, 1 child (2); 3 adults, 2 children (1); others (3).  
 1 adult and 2 adult retired households in the lowest range of income include 380 and 210 pensioner households respectively.

**Distribution of households co-operating in the Family Expenditure Survey  
by range of income after direct taxes and benefits**

1970

TABLE 6

Range of income after direct taxes and benefits £ per year	1 adult		2 adults		3 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	All households
	retired	non-retired	retired	non-retired	retired	non-retired									
At least															
Less than															
260	2	4	2	4	—	—	—	2	—	—	—	—	—	—	14
315	5	3	1	—	—	—	—	—	—	—	—	—	—	—	10
382	63	8	2	—	—	—	—	—	—	—	—	—	—	—	73
460	216	23	1	—	—	—	—	—	—	—	—	—	—	2	242
559	165	43	5	5	—	—	1	1	—	—	—	—	—	3	223
559	71	68	90	15	—	—	2	1	—	—	—	—	—	11	258
676	37	62	157	50	—	—	7	1	—	—	—	—	—	13	328
816	22	69	92	130	4	5	21	14	1	—	2	—	—	19	379
988	16	70	53	209	3	10	69	34	9	2	—	—	1	24	500
1,196	6	33	40	249	10	50	122	126	32	4	8	2	1	31	714
1,448	9	35	23	274	8	90	153	208	69	11	29	9	6	26	950
1,752	1	11	14	208	3	115	134	177	93	31	38	18	15	43	901
2,122	1	4	9	140	2	119	58	116	73	31	64	33	34	67	751
2,566	1	4	3	76	—	70	34	76	36	10	43	33	49	100	535
3,104	—	4	1	40	—	28	13	20	15	2	13	13	23	82	254
3,757	—	—	2	13	—	23	3	18	8	2	12	3	18	51	155
4,545	—	3	1	9	—	6	4	3	4	2	5	2	6	18	63
5,502	—	—	1	4	—	1	2	2	4	—	2	1	—	6	23
6,656	—	—	1	1	—	1	1	2	1	1	2	1	—	4	15
8,055	—	—	1	—	—	1	1	—	—	—	1	—	—	4	5
8,055 and above	—	—	—	—	—	—	—	—	—	—	—	—	—	1	—
All income ranges	615	446	499	1,427	30	521	625	800	346	96	218	114	155	501	6,393



**Distribution of households co-operating in the Family Expenditure Survey  
by range of income after all taxes and benefits  
1970**

At least	Less than	1 adult		2 adults		3 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	All house- holds
		retired	non- retired	retired	non- retired	retired	non- retired									
260	315	23	22	12	15	—	—	3	2	—	—	—	—	—	1	79
315	382	50	13	1	2	—	—	1	2	—	—	—	—	—	—	71
382	460	183	18	11	7	—	—	—	—	1	—	—	—	1	3	225
460	559	181	49	19	9	—	—	4	2	—	—	—	—	—	9	273
559	676	80	75	79	38	1	—	7	3	—	—	—	—	—	9	295
676	816	41	61	139	79	1	—	19	8	—	—	—	—	—	12	366
816	988	30	59	94	138	2	—	41	22	2	—	—	—	—	21	420
988	1,196	11	63	57	230	6	—	77	60	15	2	7	1	2	20	577
1,196	1,448	6	29	41	254	10	—	113	123	40	3	13	3	3	24	743
1,448	1,752	5	26	20	215	6	—	134	188	62	15	28	9	9	36	839
1,752	2,122	3	14	10	176	3	—	110	159	83	24	41	21	20	43	811
2,122	2,566	1	3	9	126	—	—	57	121	69	28	60	32	39	77	723
2,566	3,104	1	3	1	70	1	—	31	60	38	14	30	27	38	92	457
3,104	3,757	—	6	—	40	—	—	14	26	14	3	19	13	22	77	256
3,757	4,545	—	2	1	13	—	—	7	16	12	3	5	5	12	48	146
4,545	5,502	—	2	2	9	—	—	3	4	2	2	9	2	4	18	65
5,502	6,656	—	1	1	5	—	—	2	2	4	—	2	1	2	5	26
6,656	8,055	—	—	—	1	—	—	1	—	—	—	—	—	—	4	12
8,055 and above	..	—	—	—	—	—	—	—	—	—	—	—	—	—	1	5
..	..	615	446	499	1,427	30	521	625	800	346	96	218	114	155	501	6,393

All income ranges

CHART I Part I

**Average taxes paid and benefits received by non-retired households in different income ranges – 1970**

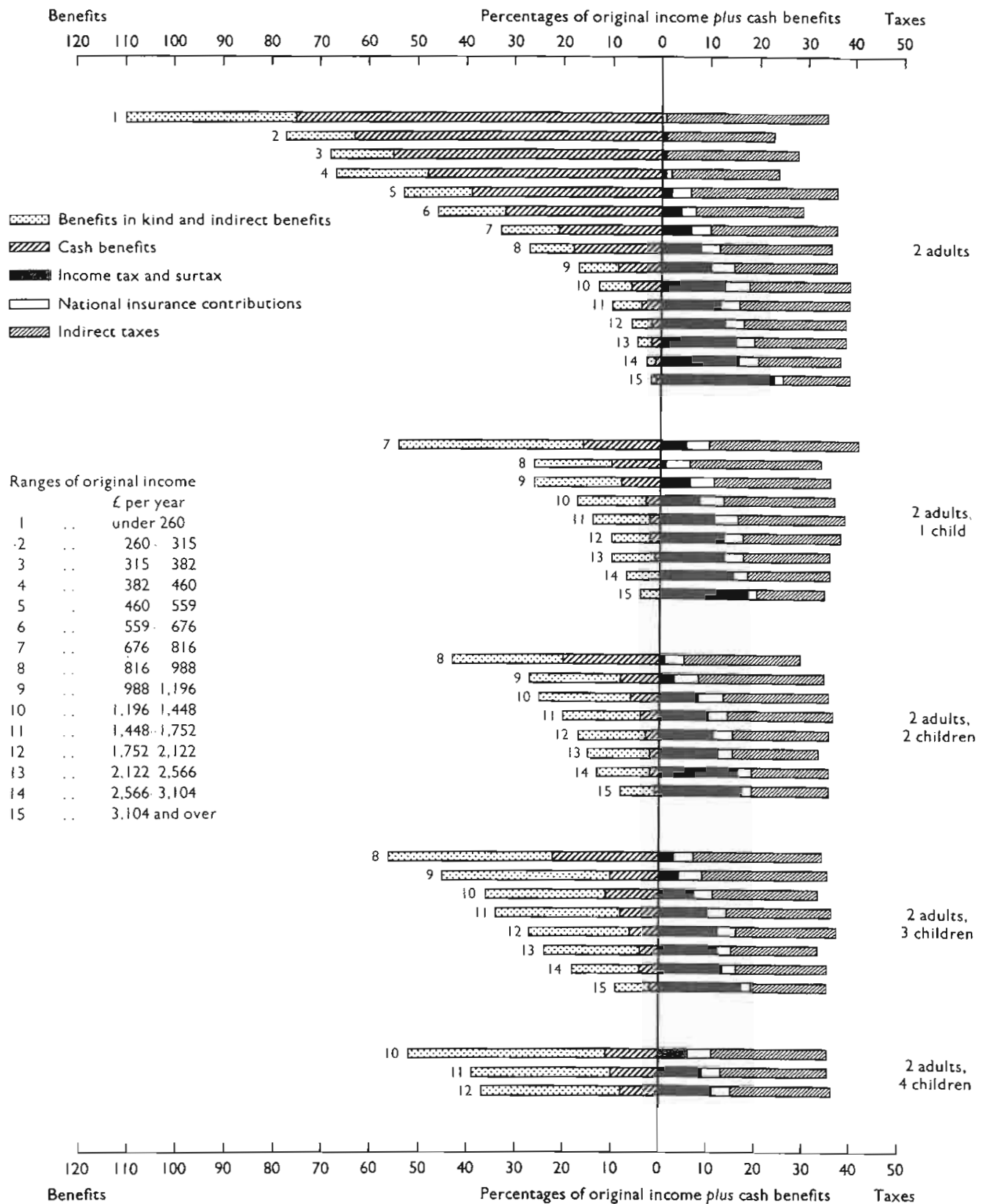


CHART I Part 2

**Average taxes paid and benefits received by retired and non-retired households in different income ranges - 1970**

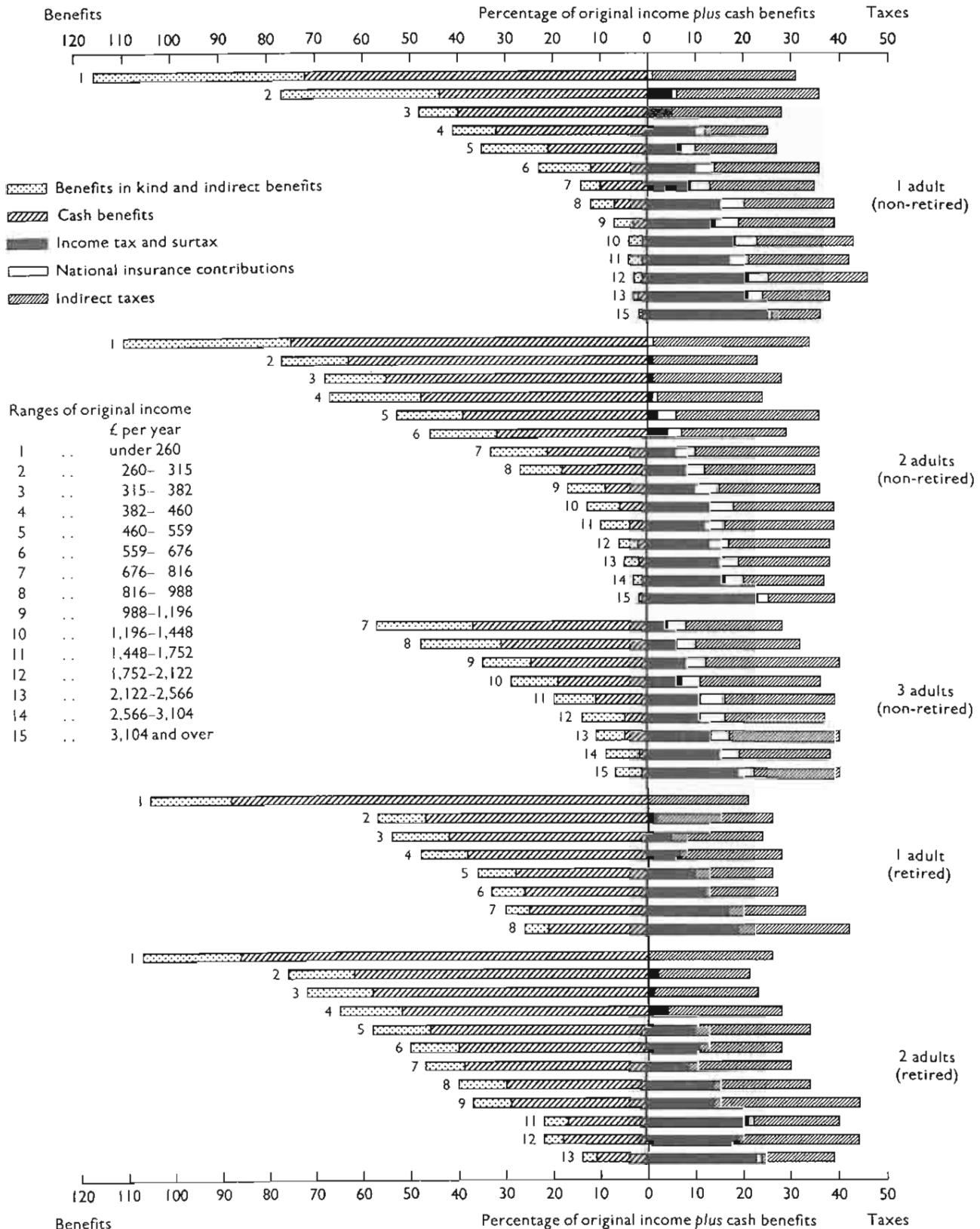
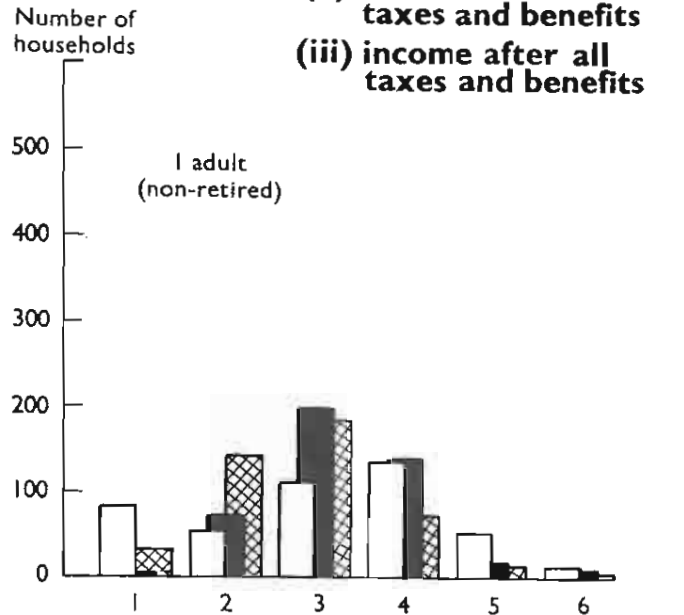
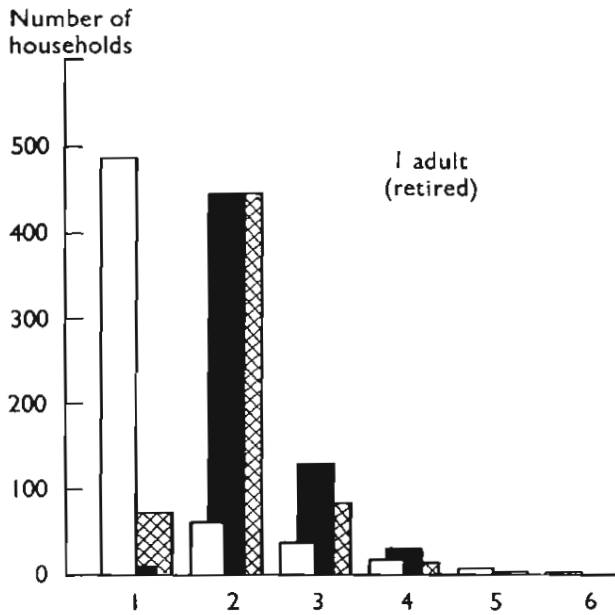


CHART 2 Part I

Distributions of retired and non-retired households classified by (i) original income  
1970



Ranges of income

£ per year	
1 ..	under 315
2 ..	315 — 559
3 ..	559 — 988
4 ..	988 — 1,752
5 ..	1,752 — 3,104
6 ..	3,104 and over

	Original income
	Income after direct taxes and benefits
	Income after all taxes and benefits

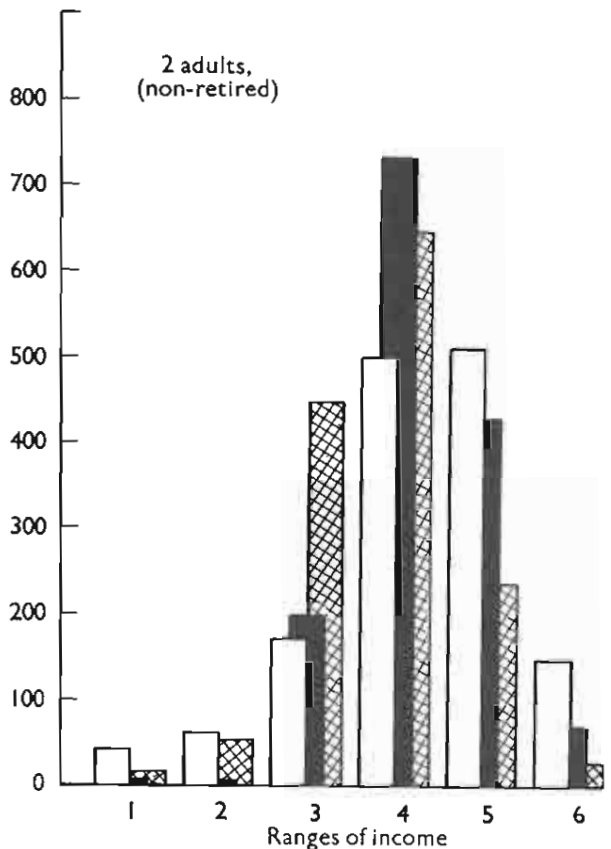
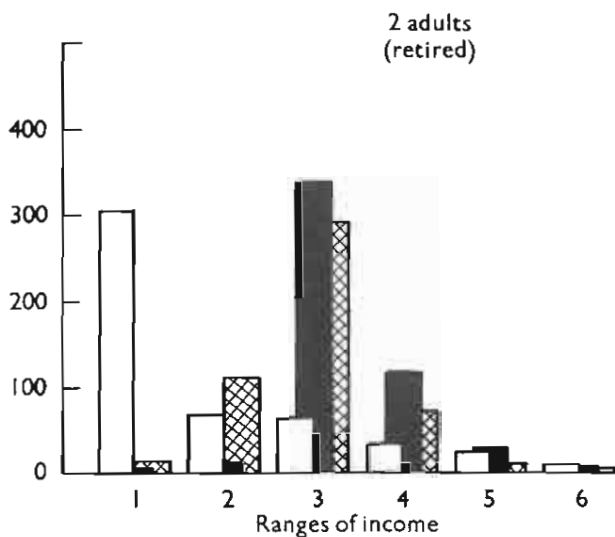
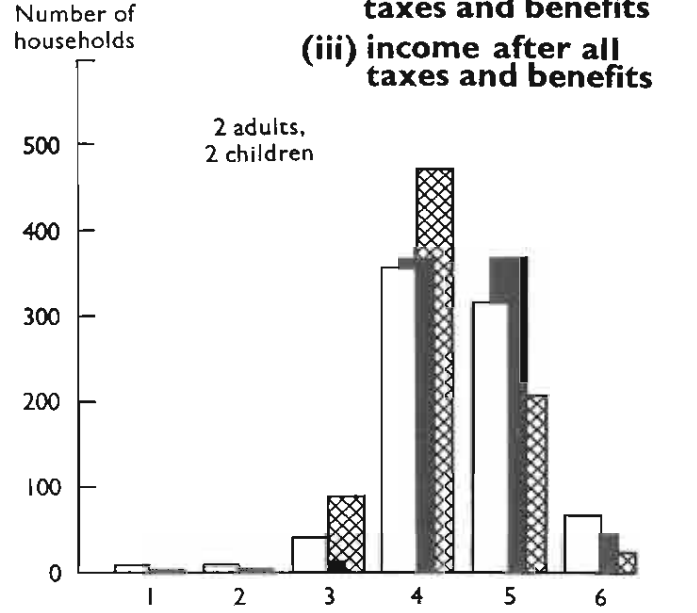
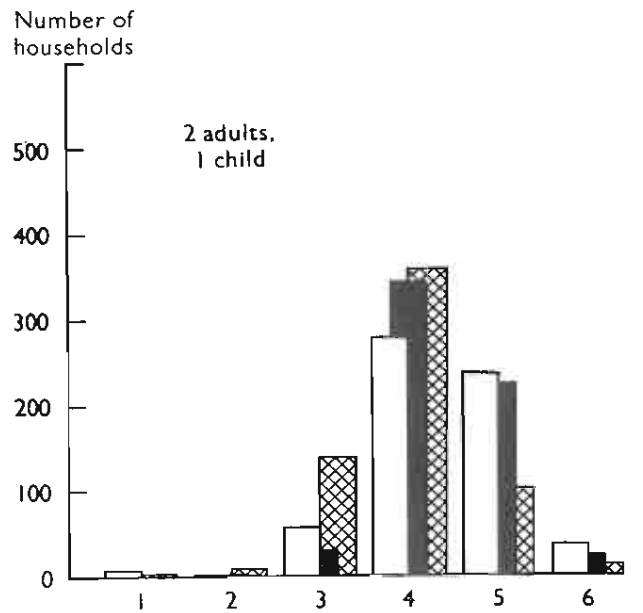


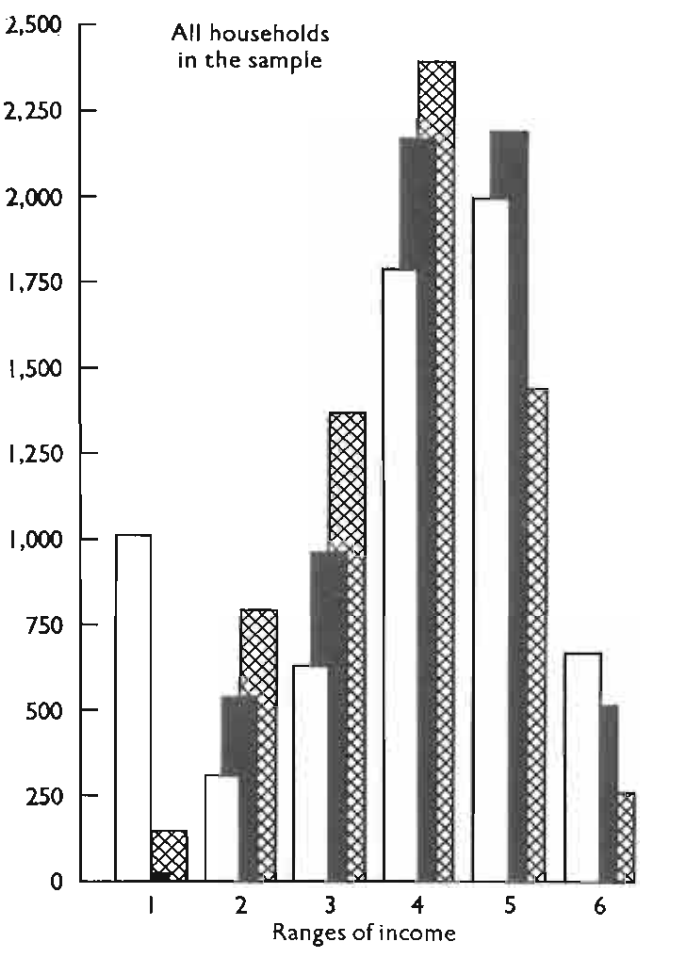
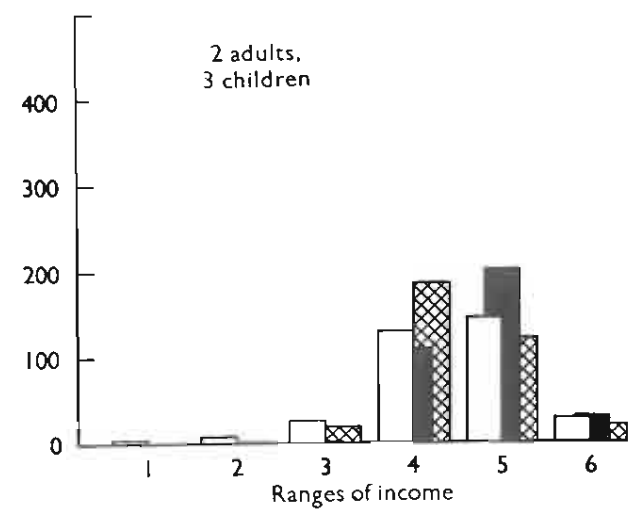
CHART 2 Part 2

Distributions of retired and non-retired households classified by (i) original income  
1970



Ranges of income

Range	£ per year	Legend
1	under 315	Original income
2	315 — 559	Income after direct taxes and benefits
3	559 — 988	Income after all taxes and benefits
4	988 — 1,752	
5	1,752 — 3,104	
6	3,104 and over	



**CHART 3 Cumulative distribution of the income of different types of non-retired households before and after taxes and benefits 1970**

