

Are the rich paying their fair share of taxes?



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An IFS public talk

#IFStalks

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COUNCIL





George



Harold Wilson



Should five per cent appear too small

Be thankful I don't take it all

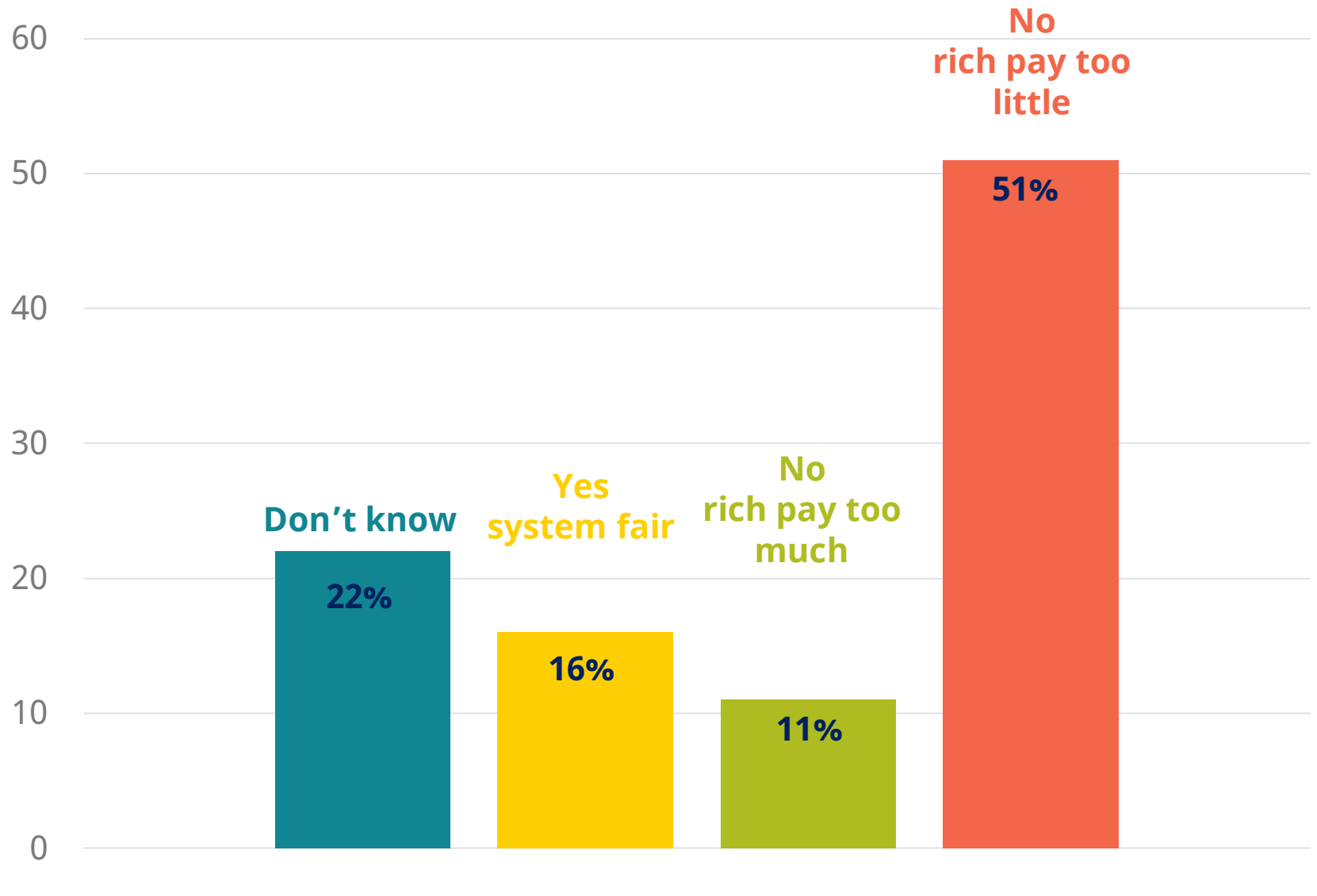
'Cause I'm the taxman, ...

And you're working for no one but me

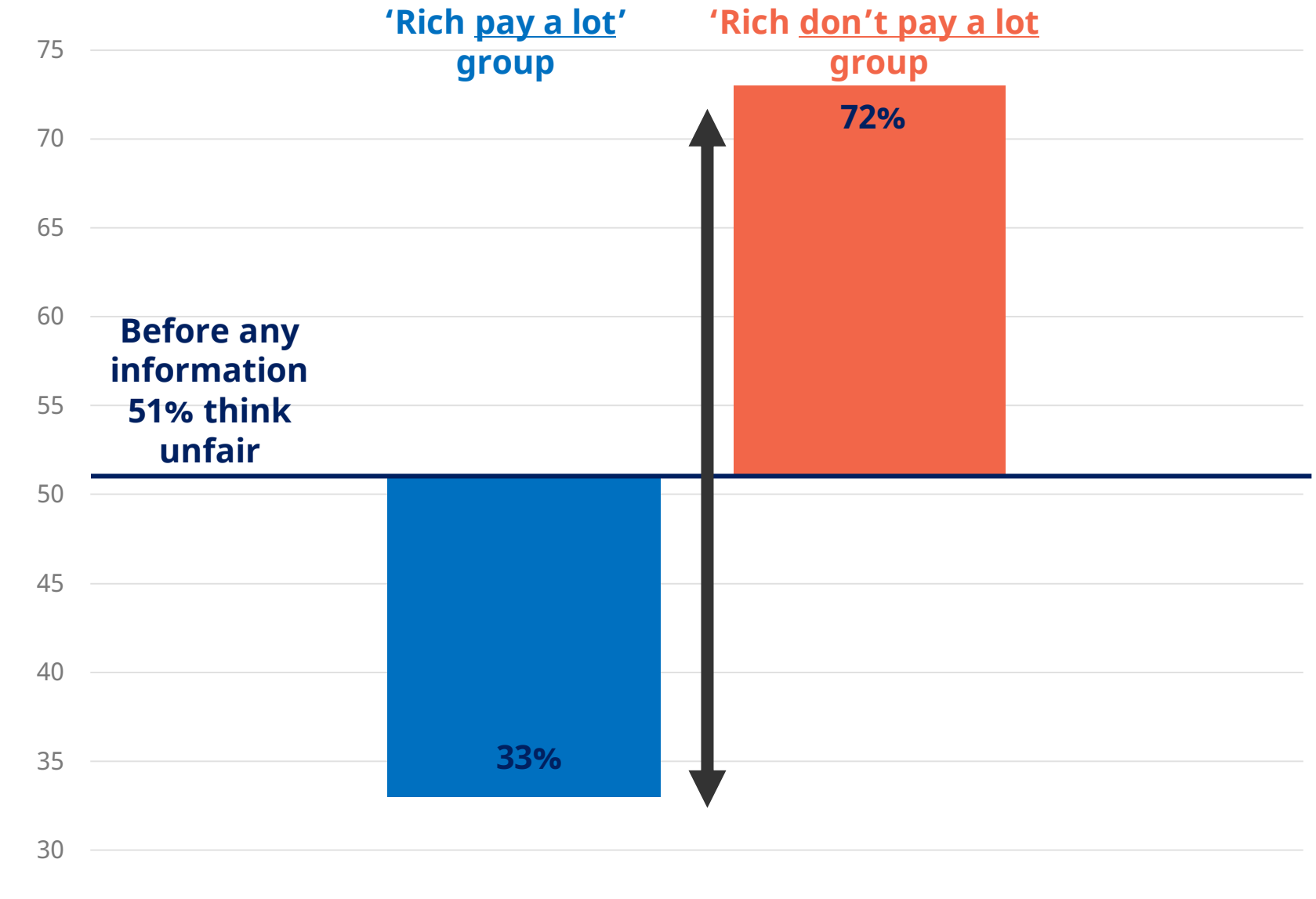
Broadly, do you think the UK tax system is fair?

- Yes
 - No – rich people don't pay enough
 - No – rich people pay too much
 - I don't know
-

Results



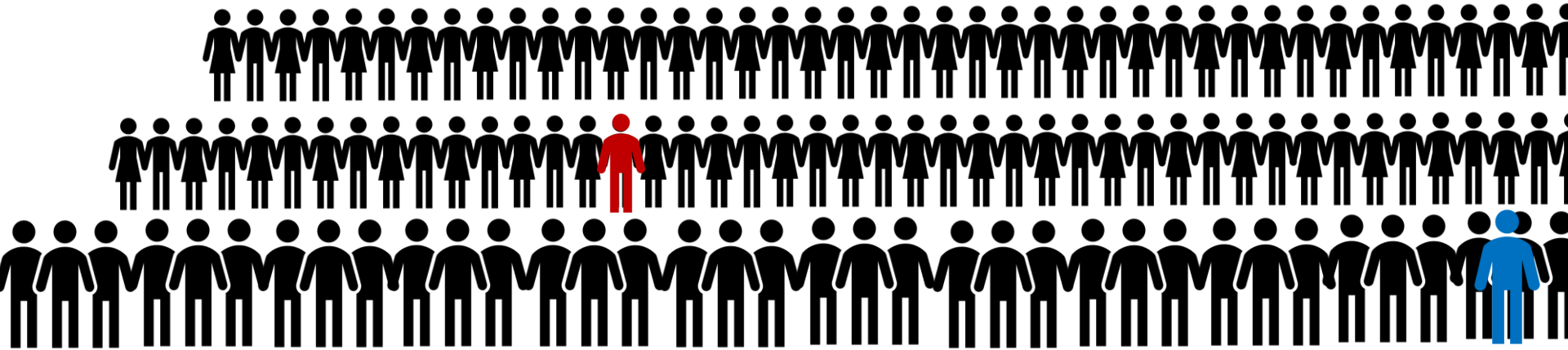
No – rich people don't pay enough



Tip 1: Know who's currently paying tax



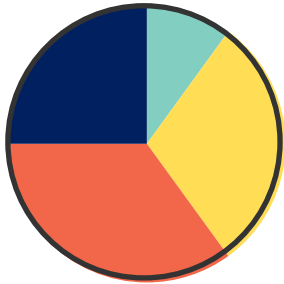
Who pays income tax?



Income tax revenue



Income tax revenue



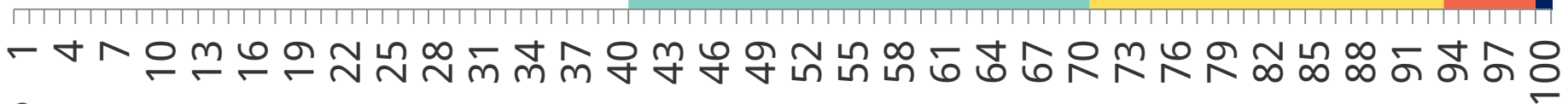
25% of income tax
12% of income



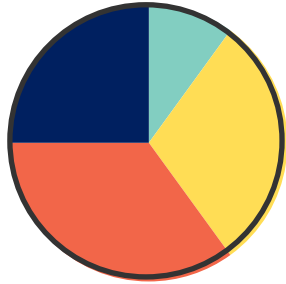
4 in 10 adults don't pay income tax

10% of income tax

30% of income tax

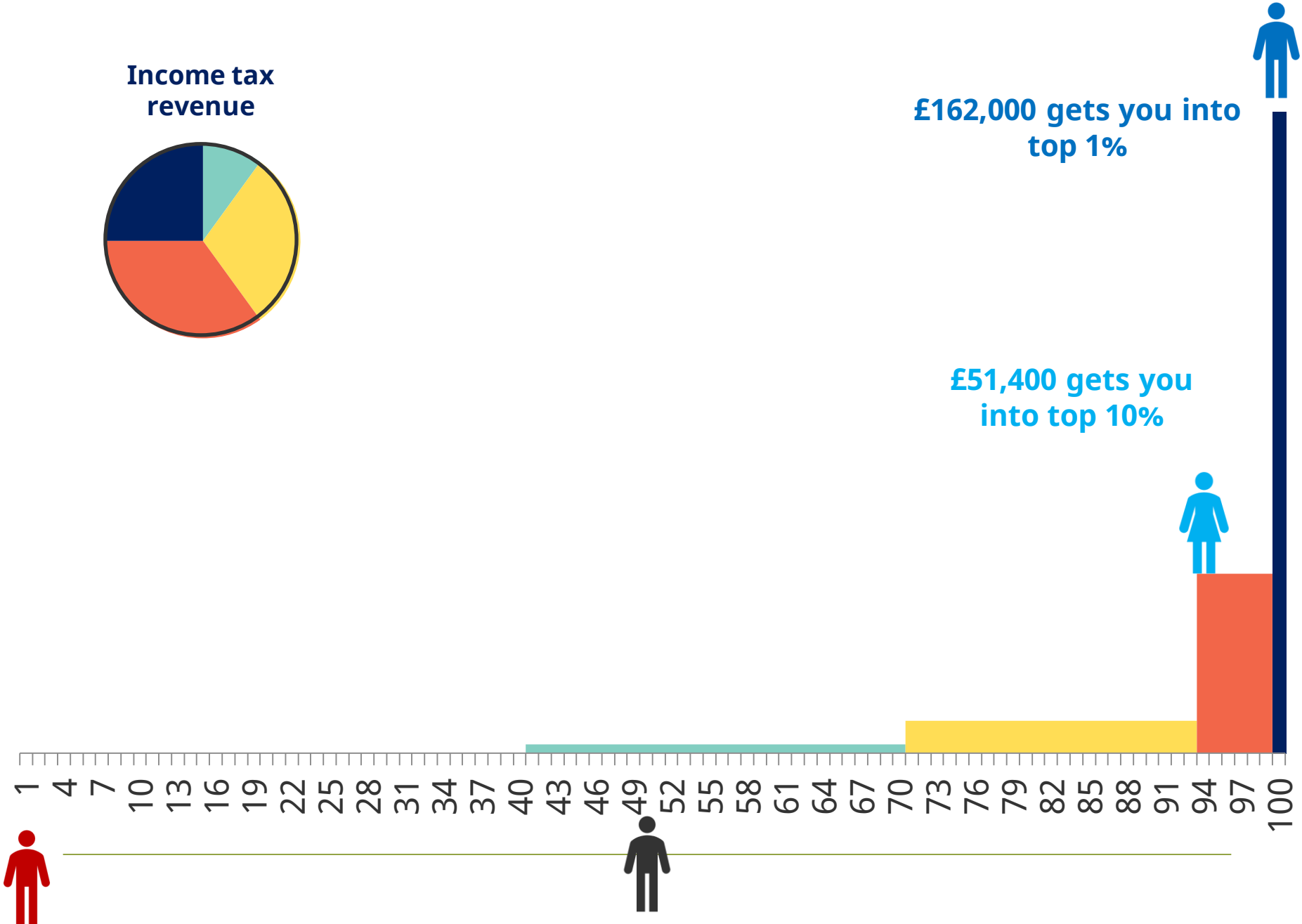


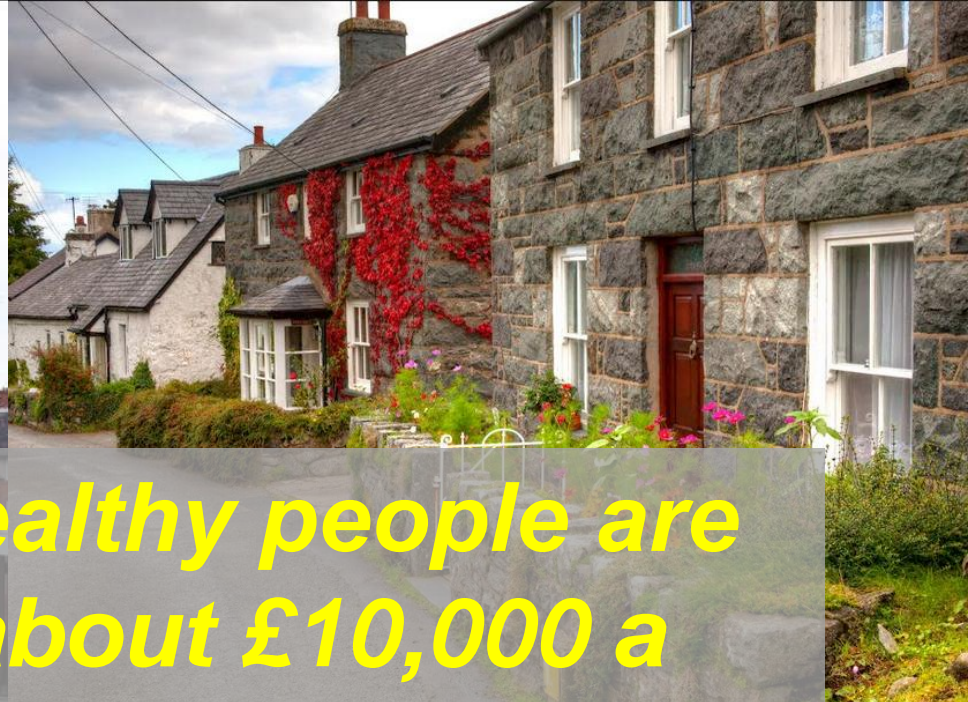
Income tax revenue



£162,000 gets you into top 1%

£51,400 gets you into top 10%

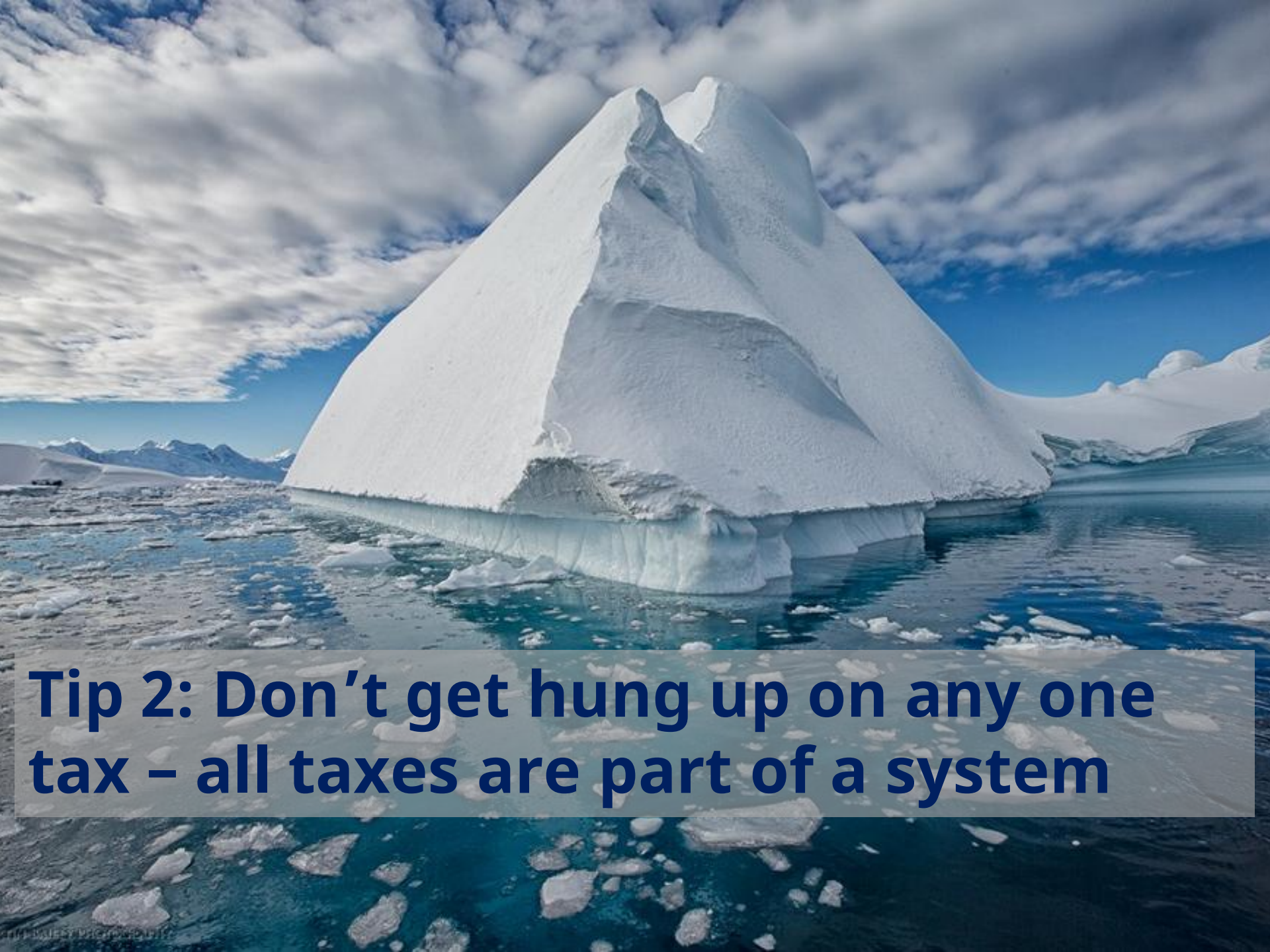




“people think wealthy people are people earning about £10,000 a year more than them”

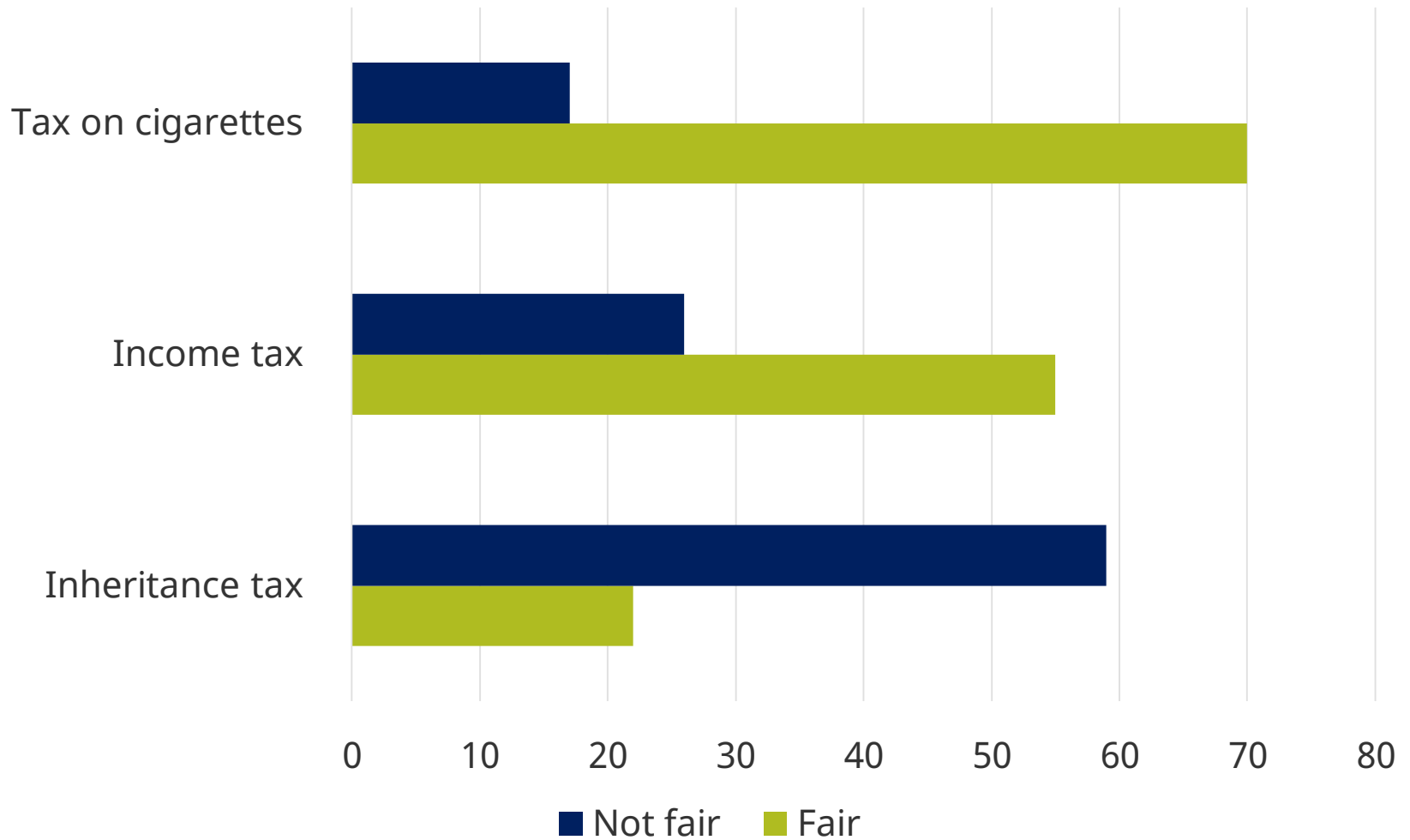
Ben Page, Ipsos MORI





Tip 2: Don't get hung up on any one tax - all taxes are part of a system

Which taxes are fair?



Unemployed
Annie



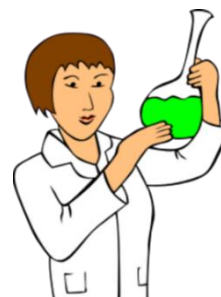
Penny
pensioner



Minimum
wage
Mark



Well-to-do
Sue



Richy
Rich



Income
from work

£0

£0

£13,650

£70,000

£200,000

Tax
(inc council
tax)

-£912

-£912

-£2,000

-£22,535

-£84,235

Benefits

+£10,147

+£14,932

+£486

+£0

+£0

Net
income

£9,235

£14,020

£12,136

£47,465

£115,765

Unemployed Annie Minimum wage Annie Annie with a family Well-to-do Annie Pensioner Annie



Pre-tax income	£0	£13,650	£13,650	£70,000	£0
Tax (inc council tax)	-£912	-£2,000	-£2,305	-£22,535	-£912
Benefits	+£10,147	+£486	+£11,510	+£0	+£14,932

Net income	£9,235	£12,136	£22,855	£47,465	£14,020
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The UK tax and benefit system



Top 10% of households pay 30% of all tax



Tax and benefits together:

- *increase* income by 27% for poorest 10%
- *decrease* income by 33% for richest 10%

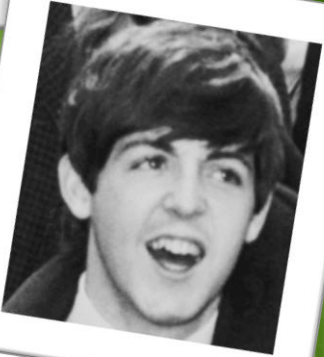


About 60% of redistribution is across periods of life



Tip 3: Remember, people respond to taxes





Apple
Corps

**Are the rich
paying their
fair share of
taxes?**



Tip 1: Know who's currently paying tax



Tip 2: Don't get hung up on any one part of the system



Tip 3: Remember, people respond to taxes

THANK YOU!