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28 October 2021

@TheIFS

# Budget Autumn 2021: Distributional Analysis of Tax and Benefit Changes



Economic  
and Social  
Research Council

# What we model

- Analysis includes (with exceptions)
  - Income tax and NICs
  - Benefits and tax credits
  - Excise duties
  - Council tax
- Does not include
  - ‘Business taxes’ (corporation tax, business rates, North Sea taxes)
  - Capital taxes (capital gains tax, inheritance tax, stamp duties)
- More details available from the authors on request

# What we model – policy changes from Autumn 2021 to April 2022



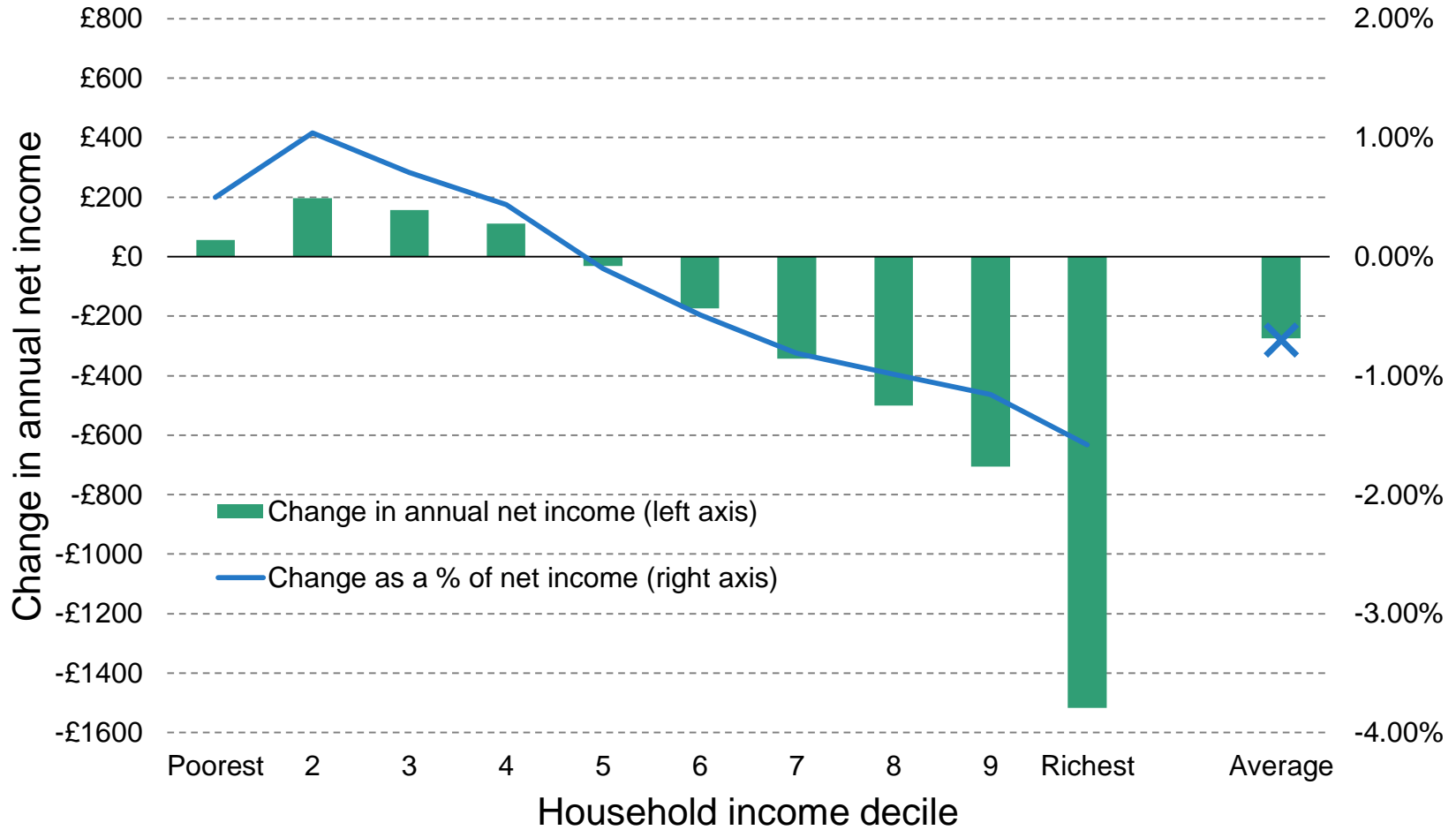
- 1.25% increase in employee and self-employed NICs, including for those over State Pension Age
- Freeze in the personal allowance and higher rate threshold
- Freeze to fuel and alcohol duty
- Increase in tobacco duty via the tobacco duty escalator
- Freeze in Local Housing Allowance
- Further rollout of the "two child limit" and removal of the family premium
- Reduction in the Universal Credit taper to 55% from 63%
- Increase in Universal Credit work allowances of £500 per year (for those already with a work allowance)

# What we model – policy changes from April 2015 to April 2022



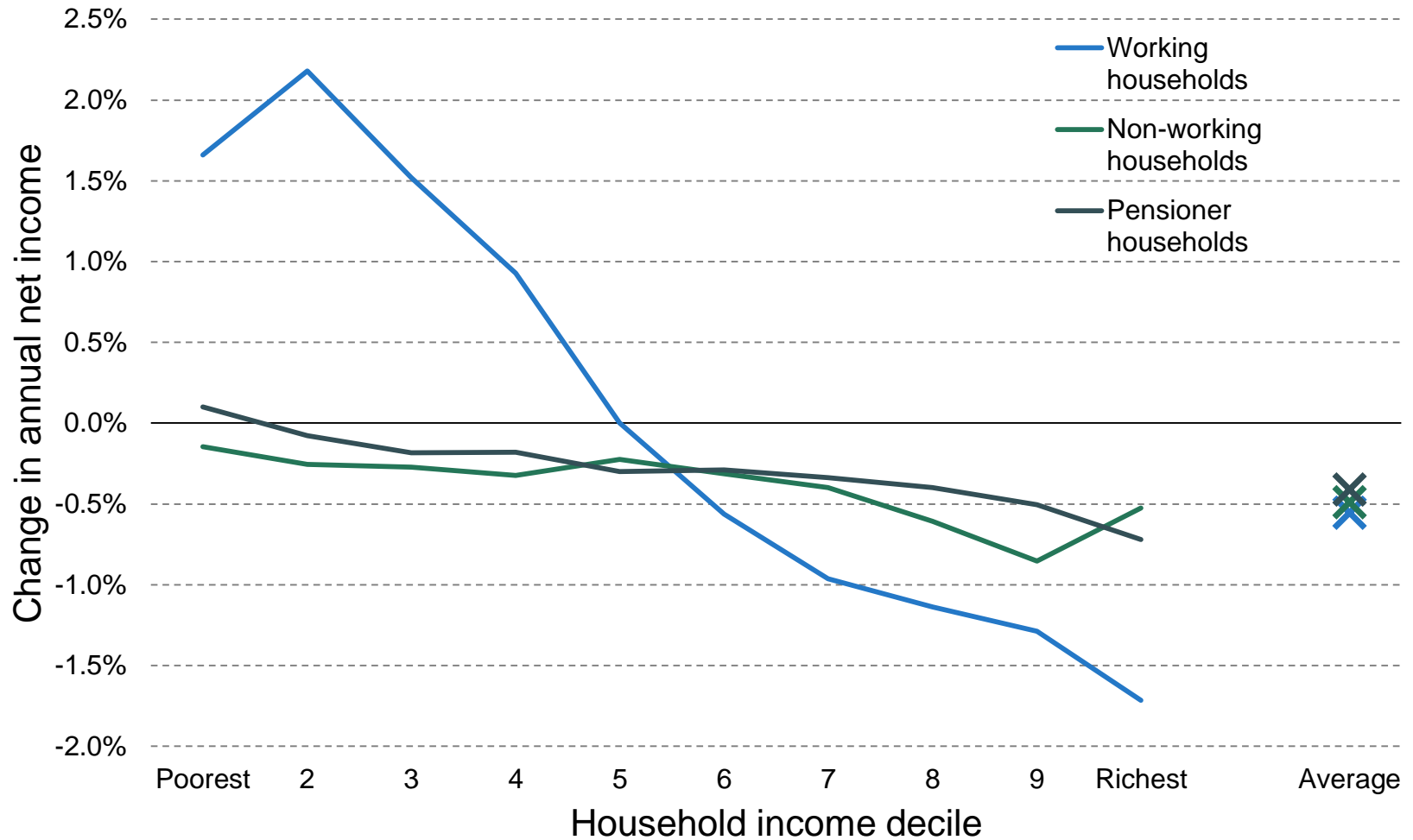
- 1.25% increase in employee and self-employed NICs, including for those over State Pension Age
- Increases to the personal allowance and higher rate threshold
- Various reforms to fuel, alcohol, and tobacco duties
- Real terms increases to council tax rates
- Four year freeze in most working-age benefits
- Increase in Local Housing Allowance rates to 30th percentile of local rents, followed by a freeze
- Introduction of the "two child limit" and removal of the family premium
- Introduction of Universal Credit
- Reduction in the Universal Credit taper to 55% from 65%
- Various changes to Universal Credit work allowances
- Increases to Pension Credit
- Reduction in the benefit cap

# Change in net household income Autumn 2021- April 2022



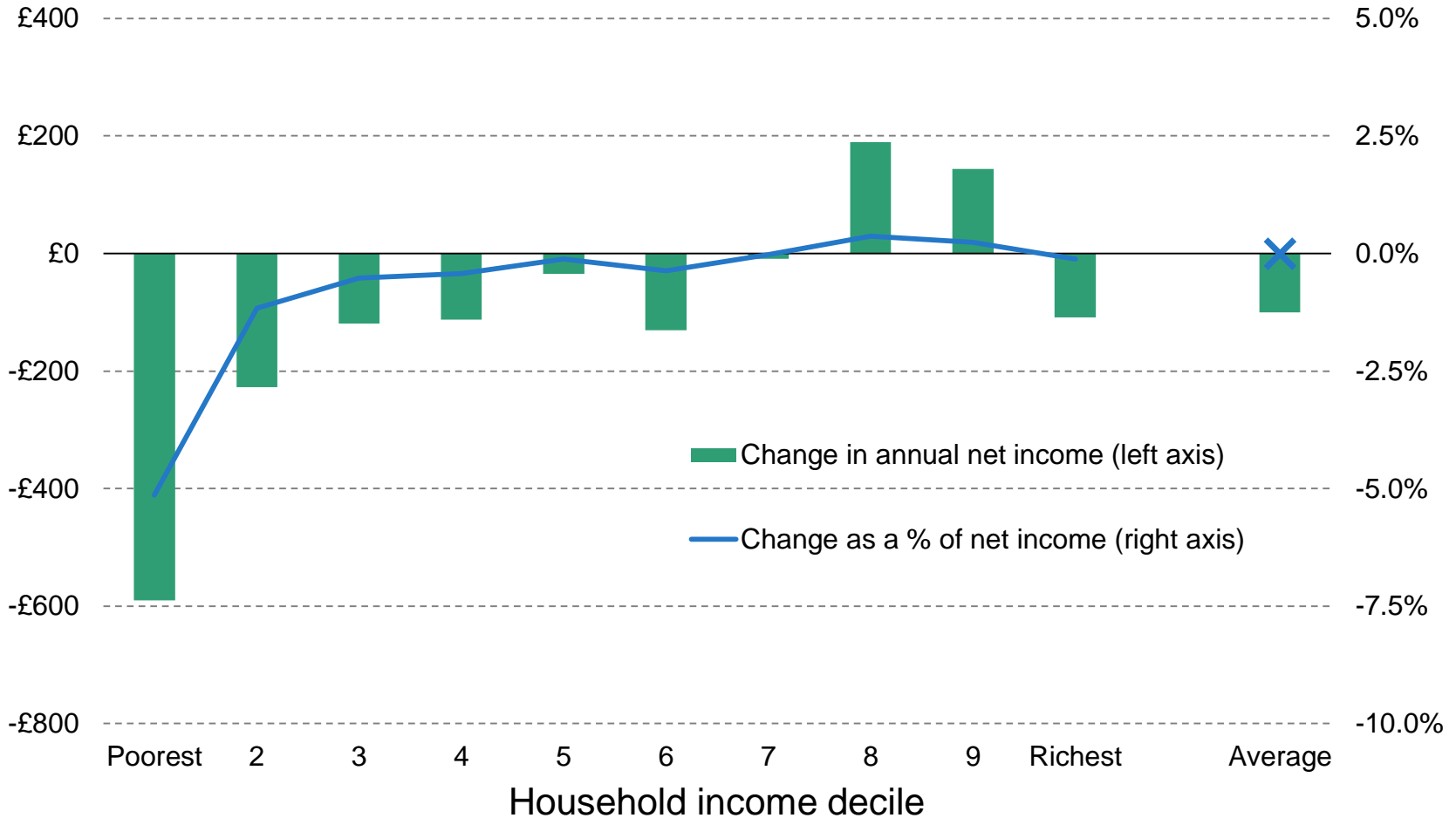
Notes: Assumes full take-up of means-tested benefits.

# Change in net household income Autumn 2021- April 2022, by household type



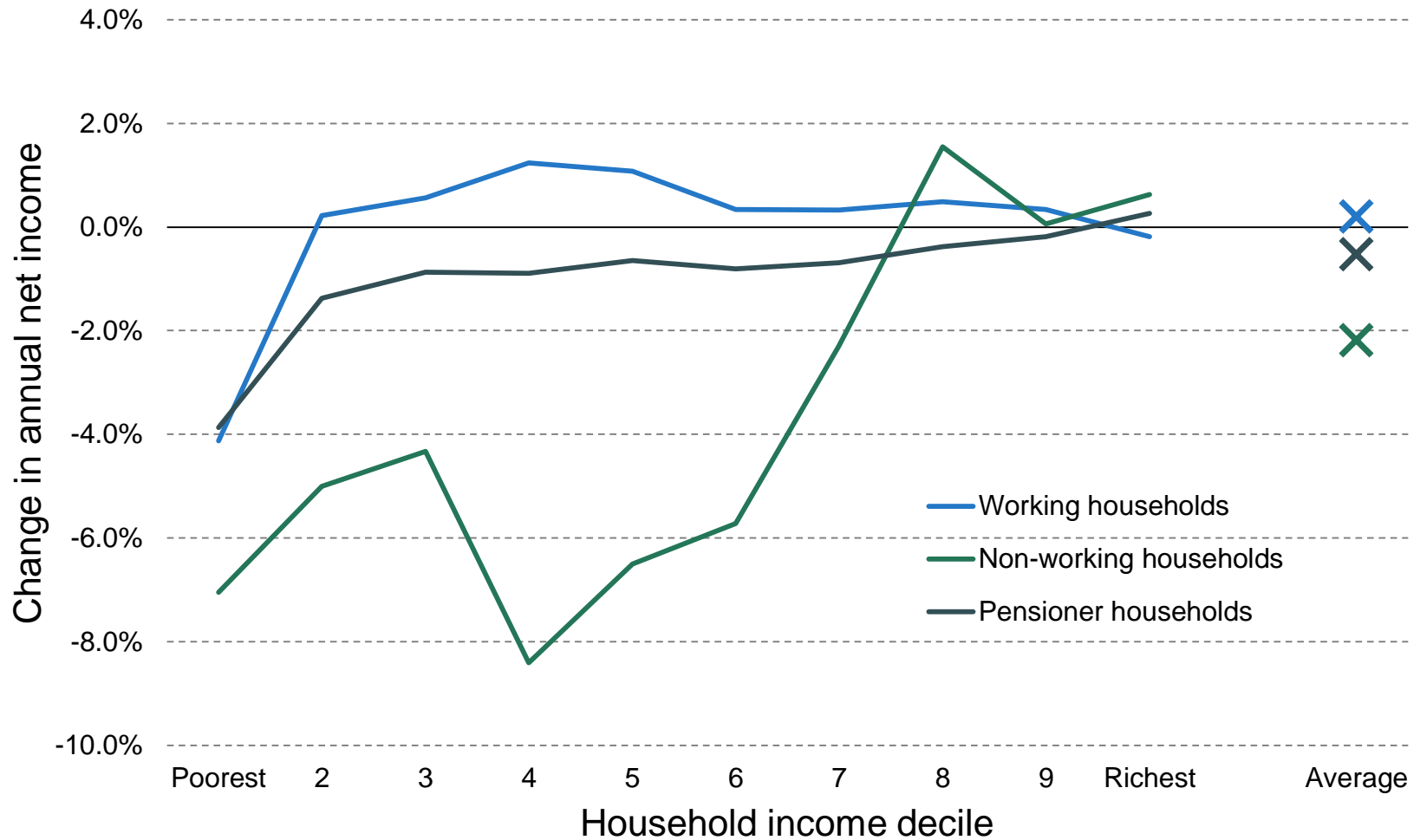
Notes: Assumes full take-up of means-tested benefits.

# Change in net household income April 2015 - April 2022



Notes: Assumes full take-up of means-tested benefits.

# Change in net household income April 2015- April 2022, by household type



Notes: Assumes full take-up of means-tested benefits.