House of Commons
Treasury Committee

Budget Measures and Low–Income Households: Government Response to the Committee's Thirteenth Report of Session 2007–08

First Special Report of Session 2008–09

Ordered by the House of Commons
to be printed 10 December 2008
The Treasury Committee

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The current staff of the Committee are Dr John Benger (Clerk), Sîan Woodward (Second Clerk and Clerk of the Sub-Committee), Adam Wales, Jon Young, Jay Sheth and Cait Turvey Roe (Committee Specialists), Phil Jones (Senior Committee Assistant), Caroline McElwee (Committee Assistant), Tes Stranger (Committee Support Assistant) and Laura Humble (Media Officer).

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First Special Report


Appendix: Government Response

The initial effects of abolition and related Budget measures

1. The 10% tax rate on savings income adds to the complexity of the tax system. Should the Government choose to remove the 10% savings rate in the future with a view to simplifying the tax system further, it should proceed with caution, ensuring that those who would lose from its abolition are clearly identified and that the precise effects of abolition are fully considered. (Paragraph 22)

The Government carries out distributional analysis when any policy changes are considered. The Government has no plans to remove the 10 pence rate of income tax on savings.

2. We have received and summarised very detailed information on the size and composition of the group of people who stood to lose from the removal of the starting rate of income tax as initially implemented. It must be borne in mind that the use of the household as a unit of measurement does not necessarily correspond to social realities, in that a household may not equate with a single financial unit with a shared household budget. Therefore, it is clear that this group does not exactly equate to the very poorest in society and that many within that group are not living in low-income households. The losers from the measures as initially implemented were people whose taxable income was small, and for whom the loss might be significant when required to manage a personal or household budget at a time of sharply rising prices for many essential goods and services. In assessing the impact of the removal of the starting rate as initially implemented, account also needs to be taken of the impact on those for whom their own income stream was an important benefit of independent taxation. In this context, the effect was particularly marked on women aged 60 to 64 in receipt of the Basic State Pension and modest payments from an occupational pension scheme. A significant number of that group would have been paying around twice as much income tax in 2008–09 as they were in 2007–08. The adverse effects were also magnified in some ways for those individuals paying tax, but not working, and thus less able to respond by seeking additional earnings. (Paragraph 68)
The Budget 2007 reforms to the tax and benefit system reflected eight different measures. As announced, the measures will take 600,000 pensioners out of paying income tax and, combined with measures announced in the 2007 Pre-Budget Report and Budget 2008, will lift around 500,000 children out of poverty. Analysis shows that, on average, the greatest benefit of these reforms was enjoyed by the poorest fifth of households.

The Government fully recognises, however, that with such a fundamental series of reforms, the effects will vary between individuals and households. It is therefore difficult to provide a simple description of the impact of the Budget 2007 measures. Nonetheless, the Government has provided considerable evidence on the effects of the reforms, which was included in the evidence submitted to the Treasury Committee.

**Options and decisions relating to the current tax year**

3. The Chancellor of the Exchequer’s letter to the Chairman of this Committee of 23 April referred to the possibility of taking action in response to concerns about the removal of the starting rate of income tax through the mechanism used for making winter fuel payments, through changes to the National Minimum Wage for young people and through Working Tax Credit. With regard to changes to be implemented in 2008–09, the Chancellor of the Exchequer was right not to pursue any of these options. The problem was with the tax system, and required a tax solution. (Paragraph 96)

The Government considered carefully the options available to it ahead of the announcement on 13 May. The Government’s approach was to look for an instrument that could deliver additional support to people in a timely fashion and with low risk of problems with delivery. The increase in the personal allowance was a simple and straightforward way of delivering a benefit of £120 that could be backdated to April 2008. The Government was also clear that the additional support could be delivered promptly and cost effectively in a way that minimised administrative burdens on employers.

4. The Chancellor of the Exchequer could have chosen to target changes to personal allowances more specifically on those who lost from the removal of the starting rate of income tax, but to have done so would have added to the complexity of the tax system. On 13 May, the Chancellor of the Exchequer made a conscious decision to introduce a broader fiscal measure the benefits of which went well beyond those who lost from the abolition of the starting rate. For the current tax year, in the circumstances which the Chancellor of the Exchequer faced, the option chosen on 13 May of increasing personal allowances, but confining the benefits to basic rate taxpayers, was probably the least bad option, with the benefits of simplicity, transparency and greater incentives to work on the basis that fewer taxpayers face high marginal deduction rates. However, £2 billion of the £2.7 billion committed to that measure in the current financial year is not devoted to compensating losers from the removal of the starting rate of income tax. As such, the option chosen on 13
May represents an allocation of resources which is not directed at the Government’s priorities relating to child and pensioner poverty. (Paragraph 97)

The Government recognises that the benefit of the increased personal allowance is broadly based. All basic rate taxpayers will gain from the changes announced on 13 May, and this helps to offer additional help to a wide range of people during the current global economic difficulties.

It would not have been able to exclude individuals who had gained from original reforms as there was no way of identifying these people in the income tax system. Nor would it have been possible to introduce a ‘tapered personal allowance’ in the 2008-09 tax year, though the Government wanted to consider this and other options for future years.

5. The Government has failed to clarify whether it remains committed in principle to the aim set out in the 2007 Budget of aligning income tax thresholds with those for employee national insurance contributions. We recommend that it clarify its intentions no later than the 2008 Pre-Budget Report. Assuming that it remains so committed, we recommend that the Government set out a clear path to full alignment with an accompanying timetable in that document. (Paragraph 98)

The point at which employees start to pay national insurance contributions (known as the ‘primary threshold’) was aligned with the personal allowance in April 2001. Changes to national insurance contributions limits and thresholds have long lead times reflecting the need for the necessary legislative changes and the ‘non-cumulative’ nature of the calculation. As a consequence, the 13 May announcement only made changes to the income tax system, therefore moving the personal allowance and primary threshold out of alignment.

Budget 2007 announced, and PBR 2008 confirmed, that the ‘upper earnings limit’ for national insurance contributions would be aligned with the point at which people started to pay higher-rate income tax from April 2009. The 2008 Pre-Budget Report announced that from April 2011, the primary threshold would be aligned with the income tax personal allowance. This raising of the threshold will ensure that those earning less than £20,000 will pay less NICs in 2011-12 even after the increase in NICs rates due to take effect that year.

6. We expect decisions for future years to be taken not in isolation and separate from the normal budgetary processes, but with full regard to the fiscal context and to the broader social objectives which the Government is pursuing. (Paragraph 99)

The 2008 Pre-Budget Report sets out key parameters of the income tax, national insurance contributions and tax credits system for the coming year in the usual way. It also announces the Government’s next set of reforms to the tax and benefit system consistent with the Chancellor’s statement of 13 May. The Pre-Budget Report also sets out the economic and fiscal background and projections, the measures being
implemented and the context for these reforms, such as the action the Government is taking on child poverty and to support pensioners.

**The broader context**

7. We note the evidence from the Institute for Fiscal Studies that the sustainable investment rule would be broken in 2010–11 under the Government’s forecasts at the time of the 2008 Budget if the measures announced on 13 May were carried forward in future years. We also note the possibility of which we have been made aware that there may be upward revisions to Gross Domestic Product from the incorporation by the Office for National Statistics of the statistics on “financial intermediation services indirectly measured”—currently experimental estimates of how the economic activity of financial services should be measured—into the national accounts. The remaining margin was already tight following the 2008 Budget. The fiscal rules are only effective if participants and observers, including the markets, believe that the rules will be adhered to. If the Government wishes to continue to meet its fiscal rules, it will have to take them fully into account when proposing further personal tax and benefit changes. (Paragraph 109)

The fiscal rules—the sustainable investment rule, requiring debt to be maintained below 40 per cent of GDP, and the golden rule, requiring the current budget to be in balance or surplus—were met over the last economic cycle. However, the impact of recent major global shocks on the economy and the public finances means that applying the fiscal rules in current circumstances would not be consistent with achieving the Government’s objectives for fiscal policy—it would require damagingly pro-cyclical fiscal policy at a time when fiscal policy needs to act with monetary policy to support the economy.

The 2008 Pre-Budget Report set out that, to achieve its objectives, and as provided for in the Code for fiscal stability, the Government will depart temporarily from the fiscal rules until the shocks have worked their way through the economy in full. The Government has set a temporary fiscal operating rule: to set policies to improve the cyclically-adjusted current budget in each year, once the economy emerges from the downturn, so it reaches balance and debt is falling as a proportion of GDP once the global shocks have worked their way through the economy in full.

The fiscal effects of the reforms to the personal tax and benefit system set out in the 2008 Pre-Budget Report are fully reflected in the Government’s fiscal projections, consistent with the Code for fiscal stability. The fiscal projections are consistent with the Government’s temporary operating rule.

8. Further measures arising from the removal of the 10 pence rate of income tax must be considered in the context of the wider objectives that the Government is seeking to achieve through the tax and benefits system. The case for action to meet the Government’s target to halve child poverty by 2010–11 is more pressing than ever given the further rise in child poverty by 100,000 children in 2006–07 to 2.9 million before housing costs. Pensioner poverty rose significantly in 2006–07, by
300,000 to 2.6 million before housing costs, reversing the welcome downward trend since 1997. Progress on fuel poverty is being reversed by rapidly rising energy prices. The recent announcements on a social tariff, data-sharing and pre-payment meter charges are welcome, but much more needs to be done. The Government should consider urgently the case for extending the social tariff for all domestic energy suppliers, such as suppliers of liquefied petroleum gas, heating oil and bottled gas, including through further legislation. The advances made in tackling poverty among those out of work in the last decade has not been matched by comparable progress in tackling poverty among those in work. We note that the total cost of the 13 May measures was exactly the amount required to meet the Government’s child poverty target. In responding to the concerns arising from the removal of the 10 pence rate of income tax, the Chancellor of the Exchequer has been forced to reconsider the balance between a complex system of tax credits and a simpler, more transparent approach. Looking ahead, the benefits of simplicity, transparency and of reducing disincentives to work should be considered alongside the Government’s other objectives. (Paragraph 151)

The Government has made significant progress in tackling child poverty, between 1998-99 and 2006-07, 600,000 children were lifted out of relative poverty. Measures announced since Budget 2007 will lift around a further 500,000 children out of relative poverty and the Government announced further measures at the 2008 Pre-Budget Report to support low-income families and children.

Eradicating child poverty requires a renewed approach that makes sustainable progress in improving children’s life chances for the longer term. Budget 2008 announced an additional £125 million across the UK for pilots to develop new methods of tackling child poverty. Two have been rolled out already in 18 local authorities and others will begin in January 2009.

The Government has announced that it will introduce a child poverty Bill in 2009, demonstrating its commitment to the longer term. PBR 2008 announced that the Government will launch a consultation asking stakeholders how legislation can best achieve its ambition to eradicate child poverty by 2020.

To tackle fuel poverty, the Government has recently announced a comprehensive Home Energy Saving Programme to help domestic consumers cut their energy bills permanently. There will also be additional help this year for the most vulnerable through an additional £50 payment to pensioner households (£100 for the over 80s), as announced in the Budget, and in addition cold weather payments for the most vulnerable will be tripled from £8.50 to £25 a week for this year. The Pre Budget Report also announced an additional £100m for the Warm Front scheme, as well as £50m of accelerated spending to provide heating and insulation for low income and vulnerable households.

The Government has no plans to seek the extension of social tariffs to other heating fuel providers. Market structures and conditions in these sectors are very different to those
in the electricity and gas markets. However, the Government is exploring the role of alternative technologies such as renewables in alleviating fuel poverty, and looking at ways to encourage connections to deprived communities off the gas network. The Government is now funding, in partnership with regional bodies, a pilot fuel poverty workstream within the Low Carbon Buildings Programme to provide economically viable, renewable space-heating technologies to households in fuel poor communities.

Lessons for budgetary processes

9. We noted earlier that the use of the household as a unit of measurement does not necessarily correspond to social realities, in that a household may not equate with a single financial unit with a shared household budget. It is thus important that Budget proposals and decisions are made with the fullest range of information about different forms of distributional analysis. (Paragraph 154)

The Government agrees that a wide range of distributional and other analyses is necessary to evaluate Budget proposals. Most studies of living standards, including the likely effects of particular policy reforms, are typically conducted at the household or family ('benefit unit') level; this approach is consistent, for example, with National Statistics published annually on incomes and poverty in Households Below Average Income.

While the degree of income sharing between individuals in such families or households is likely to vary significantly, this approach is generally preferred to assessment of individual incomes in isolation. In addition, given the difficulties in accurately modelling income pooling patterns, arbitrary allocation of essentially family or household level benefit incomes makes it very difficult to produce robust analysis of complex tax and benefit policy packages at the individual level.

However, there are occasions when information can be more easily provided on an individual basis. For example, the Government provided an estimate of the number of individuals who would benefit from the personal tax measures announced on 13 May. This is because it involved solely income tax and national insurance contributions changes. Likewise, the figures included in the 2008 Pre-Budget Report looked at individuals. For example, that there are 23 million individuals with incomes under £40,000 who will be on average £3 a week better off in April 2011 compared to April 2008.

10. The quality and quantity of information about Government decisions, including Budget decisions, has improved in recent years, in part through the provision of Impact Assessments. However, the current documents do not take sufficient account of the interaction of Budget measures with each other and with other policy decisions. This Committee has repeatedly recommended that Ministers include in the Red Book a table showing the winners and losers from the proposed personal tax and benefit changes. We recommend that the Government publish a Household Impact Assessment alongside future Budgets and Pre-Budget Reports. This would
analyse the impact on individual, family and household finances of Budget measures and other changes to the welfare system, having regard to other developments such as changes to the National Minimum Wage. We further recommend that the Household Impact Assessment provide distinct analyses for each future financial year to which Budget measures relate. (Paragraph 159)

The Government aims to provide robust information on the effects of its tax and benefit reforms. Budgets and Pre-Budget Reports contain information on the effects of the Government’s reforms, often including distributional analysis.

The Government will consider what additional information might usefully be provided on an ongoing basis. However, the objectives of particular tax or benefit reforms vary widely, including providing support to vulnerable groups, improving incentives to work, save and invest, or influencing other market outcomes. Development of some standard distributional framework that would accurately portray the impacts of the wide range of measures announced in different Budget and Pre-Budget Reports across all relevant dimensions therefore is very difficult. Provision of information tailored to particular policies, taking into account the overall degree and most likely areas of external interest also has some clear advantages.

11. We welcome the emphasis by the Government on the 2008 Pre-Budget Report, but the Government should not simply respond to a short-term political problem by turning the 2008 Pre-Budget Report into an early Budget. Instead, the Government must re-establish the consultative nature of the Pre-Budget Report. For personal tax decisions, the sudden and final nature of Budget decisions has been less about the need to prevent forestalling activity than it has been about the perceived benefit of seeming to pull rabbits from the hat. Recent experiences suggest that such short-term benefits are outweighed by the longer term benefits from proper consultation. (Paragraph 163)

The Government believes there is merit in using the Pre-Budget Report in a consultative way. Alongside the 2008 Pre-Budget Report, as with a number of previous Pre-Budget Reports, the Government has published detailed consultation and discussion document. This year, the Government published a discussion document as part of the simplification review, and a consultation document on supporting investment alongside the Pre-Budget Report. However, announcements about some parts of the tax and national insurance contributions system need to be made in Pre-Budget Reports, for example rates, limits and thresholds for national insurance contributions and tax credits. This is because secondary legislation is required before changes can be made, and the way in which national insurance contributions are collected does not allow for changes to be made in year in the same way as with income tax. The action taken in the 2008 Pre-Budget Report was necessary in response to the global economic difficulties.

12. We do not envisage consultation being confined to individual tax measures. Rather, the Government should seek to create the optimal conditions for constructive consultation by being clear about the policy objectives it is seeking to
achieve as well as the means being proposed to meet those objectives. In particular, we wish the Government to use the opportunity of the 2008 Pre-Budget Report to set out clearly its views on the policy objectives which underpin its approach to personal taxation. (Paragraph 164)

The Government has put in place a series of reforms to the tax and benefit system since 1997. These reforms have made progress towards achieving the Government’s overarching objectives:

- to ensure adequate financial incentives to work;
- to promote fairness in the tax and benefit system, in particular to reduce child and pensioner poverty.

These reforms have included:

- changes to the income tax and National Insurance Contributions systems, reducing the tax paid by low to middle income people, removing distortions and making the system fairer for pensioners;
- introducing payable tax credits, at first for families with children, and then extending them to those without children; and
- reforming benefits for working-age people and for pensioners, and in particular introducing the Pension Credit.

The Government’s reforms have necessarily involved changes to all parts of the tax and benefit system—and have been based on five key principles set out in November 2000.

Earlier this year the Government published *Tax credits: improving delivery and choice—a discussion document*. The 2008 Pre-Budget report focused on income tax and national insurance contributions, and in particular reforms to benefit low to middle income people combined with measures to consolidate the public finances focused on the very highest earners.

13. We intend to re-examine the way we scrutinise tax proposals in Pre-Budget Reports and tax measures in Budgets and propose changes to our own working methods. We expect our own re-examination to form part of a wider consideration by the House of Commons and its committees of ways in which the scrutiny of tax measures can be improved and strengthened. (Paragraph 166)

The Government welcomes the scrutiny provided by the Treasury Committee and Parliament more generally. It is therefore greatly interested in the outcome of the Committee’s re-examination of its ways of working.

1 The Pension Credit: a consultation paper, Department for Social Security, November 2000.
The way forward

14. Changes to the National Minimum Wage are relevant to the debate on personal taxation and welfare policy. However, decisions relating to the National Minimum Wage should be taken in the usual way and in the light of the work of the Low Pay Commission. Such decisions should not be taken in response to problems created within the personal tax system. (Paragraph 171)

After establishing the independent Low Pay Commission in 1998, the Government has set an annual remit for the Commission to advise on the National Minimum Wage (NMW). Following the Commission’s most recent report, in February this year, the Government accepted their recommendations for the NMW rates that came into effect in October. It also set the remit for the Commission’s report to be published before the end of February 2009.

The Commission consults widely and takes account of a wide range of factors affecting low pay when making recommendations on the NMW. Deciding the rates of NMW is about striking a balance between protecting employment and boosting in-work incomes for people in low-paid work. The Government will continue to consider with an open mind the future recommendations from the Commission, in light of the economic circumstances at the time.

15. We note with some concern that almost one in five of those eligible for Child Tax Credit are failing to claim their entitlement. (Paragraph 173)

The take-up of Child Tax Credits is higher than any previous income-related system of financial support for families. It is particularly high for working households with incomes below £10,000, where 96 per cent of people are taking up the support.

The Government is, of course, keen to ensure that all families eligible for support are claiming their entitlement and so HM Revenue and Customs are targeting their marketing towards groups with traditionally lower take-up, such as families in the Pakistani and Bangladeshi communities.

The 2008 Pre-Budget Report also announced that the Government is setting up a taskforce of experts from local authorities and the third sector which will report in spring 2009. It will assist local authorities in further improving take up of tax credits and benefits.

16. We welcome the increased take-up of Working Tax Credit amongst low-income individuals and couples without dependent children, although there is clearly very considerable scope to increase the take-up of Working Tax Credit amongst those without dependent children. Whilst one of the reasons for low take-up of Working Tax Credit amongst this group—lack of awareness of eligibility for Working Tax Credit—can be tackled through publicity campaigns, others factors are more difficult to overcome. These other factors include the relatively modest levels of financial support on offer and volatile circumstances, which mean that take-up of
Working Tax Credit is always likely to be lower amongst those without dependent children when compared with families with dependent children. That said, publicity measures do have a role to play in boosting take-up rates, particularly in correcting the perception that access to Working Tax Credit is restricted to those with dependent children. Even more important than a renewed publicity campaign will be further improvements that make the system more responsive and user-friendly for those with volatile incomes and circumstances, which will be key to raising the take-up rate amongst this particular group. (Paragraph 191)

Promoting take-up among those without children is a priority and the Government agrees that publicity measures play a part in boosting take-up. Since last year, HMRC has been working in partnership with other organisations to promote WTC in innovative ways. They are currently reaching over 500,000 employees at 40 organisations, using techniques such as payslip messaging. In the coming year, HMRC will aim to double this coverage, and will work with employers’ Corporate Social Responsibility programmes and use the National Employment Partnership to raise employers’ awareness of WTC. HMRC will also work alongside Jobcentre Plus, ensuring that people who find employment receive integrated advice on the support available.

Furthermore, HM Revenue and Customs is currently rolling out a number of service delivery activities and interventions, through the Tax Credits Transformation Programme, that are designed to help customers - in particular those who are vulnerable or with volatile circumstances. These activities include making claiming tax credits quicker and easier, helping customers keep their claims up to date in order to avoid overpayments, and proactively contacting vulnerable customers to offer them additional help to renew their claims.

17. We have heard many suggestions for reform of Working Tax Credit in the course of our inquiry. The case for reforms to Working Tax Credit should be considered in the light of the broader goal of tackling in-work poverty and in the context of changing work patterns. The new tax credits system has undergone a number of changes since its introduction in 2003, some of which are still to be implemented. Further extension of Working Tax Credit would be costly, might not reach all those who are intended to benefit, and might further increase the numbers subject to marginal deduction rates over 60%. However, we welcome the Government’s publication of 20 May entitled Tax credits: improving delivery and choice as the start of a process of consultation in which we expect to participate in due course through further work. Changes to Working Tax Credit must be made after careful consideration and consultation, and not be seen primarily as short-term measures to compensate some of the remaining losers from the removal of the starting rate of income tax. (Paragraph 207)

The Government’s publication Tax Credits: Improving delivery and choice set out a number of proposals and options for reform and sought the views of interested parties on those proposals. The discussion process has been met with significant interest and
participation, and the Government will consider all responses and views carefully before making any changes to the policy or the administration of the tax credits system.

Following input from stakeholders, as part of the Childcare Affordability Pilot the Government intends to trial making childcare payments that more closely reflect childcare costs at the time they were incurred. An update to the Government’s ten year framework for childcare policy will be brought forward in the New Year.

18. Our inquiry has highlighted the complexity of the benefits system as it interacts with the tax system and with the tax credits system. We do not believe it would be possible or appropriate to make recommendations in this area after our short inquiry. The difficulties faced by the Chancellor of the Exchequer in compensating losers from the removal of the 10 pence rate of income tax do however underline the complexity of the tax and benefits system. The evidence received has served to highlight the important role played by Council Tax Benefit and Housing Benefit and the point at which benefits may be ‘passported’ in creating high marginal deduction rates. The evidence has also highlighted the differential treatment of families based on housing tenure that will result from disregarding Child Benefit in calculating income for the purposes of Housing and Council Tax Benefit. We expect the Government to take forward reforms in this area through a coherent, multi-departmental approach, and we expect the 2008 Pre-Budget Report to include a full analysis of the relationship between any tax and tax credits proposals and wider developments relating to reform of the benefits system. (Paragraph 217)

The Government agrees that a coherent, cross-governmental approach is needed and has therefore pursued a long-term programme of reform to the UK’s tax and benefit system. Making progress against the Government’s objectives has necessarily involved making changes to income tax, national insurance contributions, tax credits and benefits. This reflects the nature of those different mechanisms.

The 2008 Pre-Budget Report sets out further reforms to the tax and benefit system. This includes not only changes to the income tax and national insurance contributions systems, but also other important areas of work such as the review of Housing Benefit.

19. We have concluded that no reforms other than those to the tax system—including changes to Working Tax Credit—are likely to be effective if viewed principally as mechanisms for compensating the remaining 1.1 million households who lose from the removal of the starting rate of income tax even after the 13 May changes. Any change made with that specific objective in mind would need to be through the tax system if it were to be effective in reaching all losers, including all losers within low income households. (Paragraph 224)

20. There were consequences from the abolition of the starting rate of income tax. The Government has attempt to tackle this problem through the 13 May announcement. However, this has still left 1.1 million households as losers. There is a pressing need for the Government seriously to examine ways in which the
remaining losers can be compensated. For future years, the Government will have to ensure that all losers from the 2007 Budget personal tax measures as initially implemented—currently 5.3 million households—are fully compensated. The Government must set out proposals to achieve this by the time of the 2008 Pre-Budget Report. (Paragraph 225)

The Chancellor’s statement of 13 May said that his aim for 2009-10 and future years was to continue the £120 of support for those on lower incomes.

The Government has carefully examined the options. Extending eligibility to Working Tax Credit for those without children (currently available to those aged 25 or over working 30 or more hours a week) would not have a significant effect on the number of households that are paying more net tax following the Budget 2007 reforms. In addition, it would work against the original policy aims for the targeting of the Working Tax Credit. This fully supports the Committee’s conclusions on extending the scope of Working Tax Credit.

The Government has also explored the option of an additional ‘tapered personal allowance’. While this would in theory be a well-targeted way of providing additional financial support to low-income people, it does have a number of significant downsides:

- it would increase marginal effective tax rates over a large range of income, affecting millions of taxpayers (there are currently around 11 million taxpayers with incomes between £10,000 and £20,000);

- all people subject to the taper would face new administrative burdens as they would need to provide information to HM Revenue and Customs on their incomes (for example, by completing a self assessment tax return); and

- as income would only be known at the end of the year, this is likely to lead to over- or underpayments of tax.

These arguments do not carry the same weight for the restriction of the personal allowance for people with incomes above £100,000:

- while there is a higher effective tax rate as the value of the personal allowance is restricted, this affects only relatively narrow bands of income, which only have a relatively small number of people in them. It therefore applies to relatively few taxpayers;

- virtually all taxpayers with incomes above £100,000 are already in the self assessment system; and

- these taxpayers are most likely to be the ones where the self assessment process already identifies under and overpayments of tax, so any additional under and overpayments are likely to be manageable.
The reforms announced in the 2008 Pre-Budget Report reduce the number of households paying more net tax from 1.1 million to around 500,000. The Government will continue to reform the UK’s tax and benefit system consistent with its overall aims and objectives.

21. Even though the £2.7 billion was not substantially well-targeted, the raising of personal allowances announced on 13 May was a welcome step towards creating a simpler tax system with fewer low-paid people paying tax: further complication should now be resisted. Although the fiscal circumstances will be challenging, every effort should be made to avoid returning low-paid people into the tax system who will have only just been taken out of income tax by the changes announced on 13 May. (Paragraph 226)

The Government does not wish to make structural changes to the income tax and national insurance systems for low and middle income households. In part for this reason, the Government has decided not to pursue options such as the tapered personal allowance for low income people.

22. In the longer term, reforms should be centred on the greater challenges faced by the Government in combating child poverty, pensioner poverty and in-work poverty. (Paragraph 227)

The Government’s reforms to the tax and benefit system since 1997 have been focused on the twin aims of increasing employment and tackling poverty, in particular child and pensioner poverty. This required a series of reforms to the income tax, national insurance contributions, tax credits and benefit systems.

The Government has also invested significant additional resources to increase the generosity of tax credits, since the system of payable tax credits, the Child and Working Tax Credits, was established to make progress on tackling child poverty. This has helped reduce the number of children in relative low income by 600,000 since 1998-99. Likewise, the introduction of the Pension Credit has helped to reduce the number of pensioners living in low-income households.

In Ending Child Poverty: Everybody’s business, the Government committed to put child poverty at centre stage. The Government believes that eradicating child poverty requires a renewed approach that makes sustainable progress in improving children’s life chances for the longer term. Demonstrating its commitment to this approach, the Government will introduce a child poverty Bill in 2009. As Budget 2008 set out, the Government is committed to working with stakeholders to develop its strategy and the PBR announced that the Government will launch a consultation asking stakeholders how legislation can achieve its ambition to eradicate child poverty by 2020.

In PSA 17: Tackle poverty and promote greater independence and wellbeing in later life, the Government committed to continue to tackle pensioner poverty, particularly through paying pensions and benefits to those eligible. The Government is committed to undertaking a range of activities to ensure people are aware of and claim their
entitlement to Pension Credit, for example data matching to identify eligible non-recipients, home visits for vulnerable customers, and a simple claims process. From October 2008, changes to the application process mean it is now easier for those successfully claiming Pension Credit also to claim Council Tax Benefit and Housing Benefit. The Government will continue to work with our partner organisations to tackle pensioner poverty.

23. Given the need for the Government to focus on poverty in all its forms, it will need to use every policy tool that it has available to achieve progress in these areas, without neglecting the overall functioning of the personal taxation system, the benefits system and the tax credits system. As such, we recommend the establishment of a Poverty Commission on a similar basis to the Pensions Commission to examine the public policy challenges relating to poverty. (Paragraph 228)

The Government’s child poverty strategy is broad ranging, aiming to eradicate all the causes of child poverty now and in the future. The Government recognises the multiple factors that cause child poverty and is committed to tackling child poverty in a sustainable way; supporting parents to move into, remain and progress in work, but also improving children’s outcomes so that their quality of life and life chances are improved, and future poverty is prevented. In recognition of this the Government set up the new Child Poverty Unit last year to put a sharper focus on cross-government working to develop a truly integrated approach that attacks all the root causes of poverty right across the board.
ANNEX A: FURTHER INFORMATION ON THE 2008 PRE-BUDGET REPORT PERSONAL TAX MEASURES

The Government included detailed distributional analysis of the Budget 2007 reforms and the 13 May announcement in its memorandum to the Treasury Committee inquiry Budget Measures and Low-Income Households.

This annex sets out more detail of the distributional effects of the 2008 Pre-Budget Report.²

It shows the effects of the 2008 Pre-Budget Report personal tax measures (including the 13 May increase to personal allowances) on an individual basis for 2011-12, when all the changes have come into place. The main personal tax measures in the 2008 Pre-Budget Report were to income tax and National Insurance thresholds, rates and allowances. As these apply independently to each taxpayer, the clearest analysis of their effects is on an individual basis.

Summary of 2008 Pre-Budget Report personal tax measures (from Chapter 5 of the Pre-Budget Report)

Budget 2007 continued the Government’s reforms of the tax and benefit system by reducing the basic rate of income tax and increasing support for many low-income households. To provide further support for low- and middle-income households, the Government announced in May an additional £600 increase in the personal tax allowance for this year, providing up to £120 to around 22 million basic rate taxpayers aged under 65. This helped those affected by the removal of the 10p tax rate.

On 13 May the Chancellor made clear that the £600 increase in personal allowance for this year was brought forward from the 2008 Pre-Budget Report, and that proposals for next year and beyond would be set out in the 2008 Pre-Budget Report.

The 2008 Pre-Budget Report makes permanent the £600 increase in the personal allowance and the £1,200 reduction in the basic rate limit announced in May, and announces further reforms to personal tax. These changes will provide additional help for low- and middle-income families next year. In April 2009, the Government will increase the personal allowance by £130 above indexation. This goes further than the announcement in May, and is on top of the £600 increase for 2008-09. It means 22 million basic rate taxpayers under 65 will pay £145 less tax in real terms in 2009-10.

The Government will also maintain the additional £130 of personal allowance in April 2010, continuing this extra support for a further year. The real terms benefit will increase in 2010-11, when the Retail Price Index (RPI) measure of inflation is projected to be negative. To reduce the gain for higher rate tax payers from the real terms benefit of negative inflation on tax allowances and limits, the basic rate limit will be held at its 2010-11 value in 2011-12.

² Unless otherwise stated, for annex A and B, all analysis is in 2008-09 prices. Weekly changes in net tax paid are rounded to the nearest 10 pence. Numbers of individuals or households are rounded to the nearest 0.1m.
The Pre-Budget Report sets out measures which put the public finances on a path to achieve cyclically-adjusted current balance and a declining debt to GDP ratio by 2015-16. These measures are a combination of adjustments to both taxation and spending, including reforms to income tax and national insurance contributions (NICs):

- the income tax personal allowance will be restricted for those with incomes over £100,000 – the two per cent of people with the highest incomes – from April 2010, when the economy is forecast to be growing. From that level of income, the personal allowance will be reduced at a rate of £1 of allowance lost for every £2 of income over that level until it is halved in value. At this value, the personal allowance will be worth the same as for a basic rate taxpayer. From £140,000 of income, the remaining allowance will be completely withdrawn at the same withdrawal rate, so that people with the very highest incomes do not benefit from the personal allowance

- a new additional higher rate of income tax of 45 per cent (and 37.5 per cent for dividend income) for those with incomes above £150,000 from April 2011. This will ensure that people with the very highest individual incomes pay a greater share of their income in tax; and

- a 0.5 per cent increase in the employee, employer and self-employed rates of NICs from April 2011, alongside an increase above indexation in the point at which individuals start to pay NICs – known as the primary threshold – so that it is aligned with the personal allowance. This will ensure that the fiscal consolidation is broad based, without affecting those over state pension age, who do not pay NICs. These changes will be introduced from 2011, when the economy is forecast to be growing above trend rates and real incomes are growing strongly.

Individual analysis of the 2008 Pre-Budget Report personal tax measures

As above, the clearest way to show the effect of the 2008 Pre-Budget Report personal tax changes for 2011-12, when all changes have been introduced, is on an individual level, as the main changes coming into effect that year are to income tax and NICs, not to tax credits or other forms of household support.

Table A1 below shows the effects of the Pre-Budget Report measures in 2011-12, when all measures have been brought in, compared to April 2008, before the increased personal allowance announced in May 2008 (which was a decision brought forward from the Pre-Budget Report). It looks at all taxpayers in 2011-12.

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3 Individual level analysis is produced by HM Revenue and Customs using its own microsimulation model and data from the 2005-06 Survey of Personal Incomes (SPI), which better captures the number of high income individuals. There is only limited information on the individual in the SPI. It cannot, therefore, be used to model tax credit or benefit changes. This means it cannot model the Budget 2007 reforms and can only show the combined effects of the 13 May announcement and 2008 Pre-Budget Report. Similarly, it does not model any consequential effects on income related benefits such as Housing Benefit or Council Tax Benefit. A larger sample size compared to the EFS means that results have been rounded to the nearest 10,000.
This shows that:

- in April 2011, 23 million taxpayers with incomes below £40,000 will pay less tax and NICs than in April 2008 in real terms

- on the same basis, people with incomes between £40,000 and £100,000 a year will pay slightly more income tax and NICs, around £3 a week on average

- those with incomes between £100,000 and £140,000 will pay around £22 a week more on average in income tax and NICs, while those between £140,000 and £200,000 will pay on average £61 a week, and progressively more as income rises.

**Table A1: effects of 2008 Pre-Budget Report measures in 2011-12 compared to April 2008 by income bracket (millions of individuals)**

<table>
<thead>
<tr>
<th>Individual income bracket (£ thousand)</th>
<th>Individuals paying less net tax</th>
<th>No change</th>
<th>Individuals paying more net tax</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total number (m)</td>
<td>Average weekly change (£)</td>
<td>Total number (m)</td>
</tr>
<tr>
<td>Less than 10</td>
<td>4.5</td>
<td>3.4</td>
<td>0.4</td>
</tr>
<tr>
<td>Between 10 &amp; 15</td>
<td>4.6</td>
<td>3.6</td>
<td>1.8</td>
</tr>
<tr>
<td>Between 15 &amp; 20</td>
<td>3.9</td>
<td>3.3</td>
<td>0.9</td>
</tr>
<tr>
<td>Between 20 &amp; 25</td>
<td>3.5</td>
<td>2.9</td>
<td>0.5</td>
</tr>
<tr>
<td>Between 25 &amp; 30</td>
<td>2.8</td>
<td>2.4</td>
<td>-</td>
</tr>
<tr>
<td>Between 30 &amp; 35</td>
<td>2.2</td>
<td>2.1</td>
<td>-</td>
</tr>
<tr>
<td>Between 35 &amp; 40</td>
<td>1.7</td>
<td>1.8</td>
<td>-</td>
</tr>
<tr>
<td>Between 40 &amp; 50</td>
<td>1.0</td>
<td>1.9</td>
<td>0.0</td>
</tr>
<tr>
<td>Between 50 &amp; 75</td>
<td>0.4</td>
<td>2.7</td>
<td>0.0</td>
</tr>
<tr>
<td>Between 75 &amp; 100</td>
<td>0.1</td>
<td>2.7</td>
<td>0.0</td>
</tr>
<tr>
<td>Between 100 &amp; 140</td>
<td>-</td>
<td>-</td>
<td>0.0</td>
</tr>
<tr>
<td>Between 140 &amp; 200</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Over 200</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Total</td>
<td>25.0</td>
<td>2.9</td>
<td>3.8</td>
</tr>
</tbody>
</table>

Source: HMRC analysis using the 2005-06 Survey of Personal Incomes

---

N.B. Figures may not sum due to rounding. Total numbers are rounded to the nearest 100,000. '-' signifies 50,000 or fewer.
ANNEX B: EFFECTS OF DIRECT TAX AND BENEFIT CHANGES IN THE 2008 PRE-BUDGET REPORT AND BUDGET 2007

This annex shows the combined effects of the Budget 2007 direct tax and benefit changes with the 2008 Pre-Budget Report personal tax measures (including 13 May increase to personal allowances).

The distributional analysis in this annex is presented on a household basis, as the effects of Budget 2007 can only be seen on this basis, since it included significant increases in tax credits, which are paid to households according to household income. So the combined effect of Budget 2007 and the 2008 Pre-Budget Report can only be shown by household.

The annex shows the reduction in the number of households paying more net tax as a result of the removal of the 10p tax rate. In 2009-10, the number of these households falls from 5.3 million originally to 600,000. In 2011-12, when all the 2008 Pre-Budget Report measures have come into place, this number falls further, to 500,000.

**Household analysis of the Budget 2007 and 2008 Pre-Budget Report personal tax measures**

Table B1 below shows the effects of the 2008 Pre-Budget Report measures combined with the Budget 2007 personal tax changes in 2009-10, compared to April 2007, before the Budget 2007 measures took effect.

This shows that:

- 21 million households gain next year by an average of almost £6 a week from the direct tax and benefit changes in Budget 2007, May 2008 and the 2008 Pre-Budget Report

- the number of households paying more net tax as a result of the Budget 2007 changes falls from 5.3 million originally to 0.6 million in 2009-10 once the Pre-Budget Report measures have taken effect;

- no additional households pay more net tax as a result of the 2008 Pre-Budget Report measures in 2009-10. All households gain relative to their position in April 2008 (i.e. just looking at the 2008 Pre-Budget Report measures and 13 May increase in the personal allowance).

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5 Household level analysis is produced by HM Treasury using its tax and benefit micro-simulation model. This allows analysis of the effects of Budget and Pre-Budget Report measures on the population as a whole. The model uses survey data from the Expenditure and Food Survey (EFS) from 2004-05 to 2006-07, uprated to 2008-09.
Table B1: effects of Budget 2007 and 2008 Pre-Budget Report measures in 2009-10 compared to April 2007 by household income

<table>
<thead>
<tr>
<th>Income decile</th>
<th>Gain (m)</th>
<th>Average gain (£p/w)</th>
<th>No change</th>
<th>Lose (m)</th>
<th>Lose from Budget 2007 (m)</th>
<th>Average loss (£p/w)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bottom</td>
<td>1.0</td>
<td>5.7</td>
<td>1.5</td>
<td>0.1</td>
<td>0.1</td>
<td>-0.8</td>
</tr>
<tr>
<td>2</td>
<td>1.5</td>
<td>6.0</td>
<td>1.0</td>
<td>0.1</td>
<td>0.1</td>
<td>-0.7</td>
</tr>
<tr>
<td>3</td>
<td>1.8</td>
<td>4.8</td>
<td>0.7</td>
<td>0.1</td>
<td>0.1</td>
<td>-0.9</td>
</tr>
<tr>
<td>4</td>
<td>1.8</td>
<td>4.1</td>
<td>0.6</td>
<td>0.1</td>
<td>0.1</td>
<td>-0.7</td>
</tr>
<tr>
<td>5</td>
<td>2.1</td>
<td>4.0</td>
<td>0.4</td>
<td>0.1</td>
<td>0.1</td>
<td>-0.7</td>
</tr>
<tr>
<td>6</td>
<td>2.4</td>
<td>4.6</td>
<td>0.2</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>7</td>
<td>2.5</td>
<td>5.4</td>
<td>0.1</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>8</td>
<td>2.6</td>
<td>6.7</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>9</td>
<td>2.6</td>
<td>8.5</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Top</td>
<td>2.6</td>
<td>7.3</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>All</td>
<td>21.1</td>
<td>5.8</td>
<td>4.6</td>
<td>0.6</td>
<td>0.6</td>
<td>-0.8</td>
</tr>
</tbody>
</table>

Table B2 below shows the effects of the 2008 Pre-Budget Report measures combined with the Budget 2007 personal tax changes in 2011-12, when all measures have been brought in, compared to April 2007, before the Budget 2007 measures took effect.

This shows that:

- around 20 million households continue to gain from the full set of direct tax and benefit reforms brought in since Budget 2007, on average by over £5.50 a week;
- in 2011-12, the number of households paying more net tax from the Budget 2007 changes has reduced even further, to 0.5 million, as a result of the permanent £120 increase in the personal allowance, the increase in the NICs primary threshold, and holding tax and NICs thresholds constant in 2010-11 despite forecast negative RPI in September 2009; and
- in 2011-12, 1.5 million households in the top half of the income distribution pay more net tax as a result of the 2008 Pre-Budget Report personal tax measures to put the public finances on a path to achieve cyclically-adjusted current balance and a declining debt to GDP ratio by 2015-16. These are households that have the greatest ability to manage this additional cost, with most in the top 10% of incomes.

6 N.B. Figures may not sum due to rounding. Total numbers are rounded to the nearest 100,000.

‘-‘ signifies 50,000 or fewer. Applies to all tables in Annex B.
Table B2: effects of Budget 2007 and 2008 Pre-Budget Report measures in 2011-12 compared to April 2007 by household income

<table>
<thead>
<tr>
<th>Income decile</th>
<th>Gain (m)</th>
<th>Average gain (£p/w)</th>
<th>No change</th>
<th>Lose (m)</th>
<th>of which lose from Budget 2007 (m)</th>
<th>Average loss (£p/w)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bottom</td>
<td>1.1</td>
<td>5.7</td>
<td>1.5</td>
<td>0.1</td>
<td>-</td>
<td>-0.8</td>
</tr>
<tr>
<td>2</td>
<td>1.6</td>
<td>6.1</td>
<td>1.0</td>
<td>0.1</td>
<td>0.1</td>
<td>-0.8</td>
</tr>
<tr>
<td>3</td>
<td>1.9</td>
<td>4.9</td>
<td>0.7</td>
<td>0.1</td>
<td>0.1</td>
<td>-0.7</td>
</tr>
<tr>
<td>4</td>
<td>1.9</td>
<td>4.3</td>
<td>0.6</td>
<td>0.1</td>
<td>0.1</td>
<td>-0.6</td>
</tr>
<tr>
<td>5</td>
<td>2.2</td>
<td>4.2</td>
<td>0.4</td>
<td>0.1</td>
<td>-</td>
<td>-0.7</td>
</tr>
<tr>
<td>6</td>
<td>2.4</td>
<td>4.7</td>
<td>0.2</td>
<td>0.1</td>
<td>-</td>
<td>-1.2</td>
</tr>
<tr>
<td>7</td>
<td>2.4</td>
<td>5.4</td>
<td>0.1</td>
<td>0.1</td>
<td>-</td>
<td>-1.4</td>
</tr>
<tr>
<td>8</td>
<td>2.4</td>
<td>6.6</td>
<td>0.1</td>
<td>0.2</td>
<td>-</td>
<td>-1.9</td>
</tr>
<tr>
<td>9</td>
<td>2.3</td>
<td>7.7</td>
<td>-</td>
<td>0.3</td>
<td>-</td>
<td>-3.7</td>
</tr>
<tr>
<td>Top</td>
<td>1.5</td>
<td>6.5</td>
<td>-</td>
<td>1.1</td>
<td>0.1</td>
<td>-36.9</td>
</tr>
<tr>
<td>All</td>
<td>19.7</td>
<td>5.6</td>
<td>4.6</td>
<td>2.0</td>
<td>0.5</td>
<td>-20.9</td>
</tr>
</tbody>
</table>

Analysis by household type

This section sets out the information shown above broken down by household types instead of income deciles. It is based on the same methodology as above.

Table B3 below sets out the results in table B1 by household type. It shows that:

- the 21 million households gaining are distributed across all household types. Couples of working age and single non-pensioners are most likely to gain from the changes to income tax and NICs.

- all lone parents gain from the combined set of measures from Budget 2007 onwards

- most pensioners gain from the measures, with very few losing in April 2009

- the smaller remaining number of households that pay more net tax from the removal of the 10p tax rate are mainly of working age without children
Table B3: effects of Budget 2007 reforms, 13 May announcement and 2008 Pre-Budget Report measures in 2009-10 by household type (millions of households)

<table>
<thead>
<tr>
<th>Income decile</th>
<th>Gain (m)</th>
<th>Average gain (£/w)</th>
<th>No change</th>
<th>Lose (m)</th>
<th>of which lose from Budget 2007 (m)</th>
<th>Average loss (£/w)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single non-pensioner</td>
<td>2.8</td>
<td>4.1</td>
<td>1.1</td>
<td>0.2</td>
<td>0.2</td>
<td>-0.7</td>
</tr>
<tr>
<td>Couple without children</td>
<td>4.2</td>
<td>6.3</td>
<td>0.3</td>
<td>0.2</td>
<td>0.2</td>
<td>-0.8</td>
</tr>
<tr>
<td>Couple with children</td>
<td>4.4</td>
<td>7.2</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Lone parent</td>
<td>1.6</td>
<td>7.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Single pensioner</td>
<td>2.0</td>
<td>2.2</td>
<td>1.9</td>
<td>0.1</td>
<td>0.1</td>
<td>-0.7</td>
</tr>
<tr>
<td>Couple pensioner</td>
<td>1.9</td>
<td>4.0</td>
<td>0.9</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Multiple tax units</td>
<td>4.2</td>
<td>7.1</td>
<td>0.4</td>
<td>0.2</td>
<td>0.2</td>
<td>-0.9</td>
</tr>
<tr>
<td>All</td>
<td>21.1</td>
<td>5.8</td>
<td>4.6</td>
<td>0.6</td>
<td>0.6</td>
<td>-0.8</td>
</tr>
</tbody>
</table>

Looking at 2011-12, table B4 below sets out the results in table B2 by household type. It shows that:

- households continue to gain across all household types. Couples of working age and single non-pensioners are still most likely to gain from the changes to income tax and NICs.

- almost all lone parents continue to gain from the combined set of measures from Budget 2007 onwards

- most pensioners gain from the measures, still with very few losing in April 2011

As shown in Annex A, households paying more net tax from the 2008 Pre-Budget Report measures on income tax and NICs are in working households with someone earning over £40,000
Table B4: effects of Budget 2007 reforms, 13 May announcement and 2008 Pre-Budget Report measures in 2011-12 by household type (millions of households)

<table>
<thead>
<tr>
<th>Income decile</th>
<th>Gain (m)</th>
<th>Average gain (£p/w)</th>
<th>No change</th>
<th>Lose (m)</th>
<th>Lose from Budget 2007 (m)</th>
<th>Average loss (£p/w)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single non-pensioner</td>
<td>2.6</td>
<td>3.8</td>
<td>1.1</td>
<td>0.4</td>
<td>0.1</td>
<td>-8.9</td>
</tr>
<tr>
<td>Couple without children</td>
<td>3.9</td>
<td>5.7</td>
<td>0.3</td>
<td>0.5</td>
<td>0.1</td>
<td>-28.4</td>
</tr>
<tr>
<td>Couple with children</td>
<td>3.8</td>
<td>7.2</td>
<td>-</td>
<td>0.7</td>
<td>0.1</td>
<td>-25.3</td>
</tr>
<tr>
<td>Lone parent</td>
<td>1.6</td>
<td>7.2</td>
<td>-</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Single pensioner</td>
<td>2.0</td>
<td>2.2</td>
<td>1.9</td>
<td>0.1</td>
<td>0.1</td>
<td>-4.3</td>
</tr>
<tr>
<td>Couple pensioner</td>
<td>1.9</td>
<td>3.9</td>
<td>0.9</td>
<td>0.1</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Multiple tax units</td>
<td>4.1</td>
<td>7.0</td>
<td>0.3</td>
<td>0.3</td>
<td>0.1</td>
<td>-22.1</td>
</tr>
<tr>
<td>All</td>
<td>19.7</td>
<td>5.6</td>
<td>4.6</td>
<td>2.0</td>
<td>0.5</td>
<td>-20.9</td>
</tr>
</tbody>
</table>