



10 DOWNING STREET

From the Private Secretary

12 January, 1984

The Prime Minister has from time to time expressed interest in the tables which show the distribution of income before and after income tax. She remembers the time when the table showed the various ranges of income, the numbers of taxpayers, the total income before tax, tax paid, and income after tax. In the 1960s, the Inland Revenue Annual Report produced tables of this kind. I attach a copy of the table in the report for the year ending March 1963. These tables enabled the user to calculate how much was being paid in income tax (and surtax) by those with incomes over a specified level.

BF | More recent annual reports do not contain tables of this kind. In Social Trends, however, tables of a different type are published, with the ranges being specified by quantile groups rather than income ranges. The Prime Minister has asked whether tables of the original kind are still published elsewhere. If not, she has asked whether consideration could be given to publishing them.

I am sending a copy of this letter to John Kerr (HM Treasury).

(Andrew Turnbull)

A.J. Walker, Esq.,
Board of the Inland Revenue

I. INCOME TAX

Estimated classification of incomes by size before tax for 1961-62

TABLE 68

Numbers thousands: Amounts £ million

Range of income before tax	Number of incomes	Income before tax	Tax	Income after tax
£ 180 - 199	355	68	—	68
200 - 249	900	202	1	201
250 - 299	950	261	4	257
300 - 399	2,000	702	27	675
400 - 499	2,100	947	50	897
500 - 599	2,250	1,238	75	1,163
600 - 699	2,400	1,561	105	1,456
700 - 799	2,450	1,837	130	1,707
800 - 999	3,800	3,387	273	3,114
1,000 - 1,499	3,400	4,026	420	3,606
1,500 - 1,999	725	1,231	205	1,026
2,000 - 2,999	370	890	214	676
3,000 - 4,999	193	724	216	508
5,000 - 9,999	84	558	217	341
10,000 - 19,999	18.6	245	137	108
20,000 and over	4.3	133	106	27
TOTAL	22,000	18,010	2,180	15,830

Estimated classification of incomes by size after tax for 1961-62

TABLE 69

Numbers thousands: Amounts £ million

Range of income after tax	Number of incomes	Income before tax	Tax	Income after tax
£ 180 - 249	1,320	290	—	290
250 - 499	5,820	2,340	120	2,220
500 - 749	5,210	3,320	260	3,060
750 - 999	6,230	5,740	460	5,280
1,000 - 1,999	3,020	4,370	640	3,730
2,000 - 3,999	335	1,240	350	890
4,000 - 5,999	51.4	430	180	250
6,000 and over	13.6	280	170	110
TOTAL	22,000	18,010	2,180	15,830

2. 6/20



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Prime Minister

I believe the table on page 76 is the one you remember.

It's successal does not ^{Yes} appear in current reports of Inland Revenue but, in slightly differrent and perhaps less usable form, in Social Trends. — see A.

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Can we possibly fit a modern table equal to that on page 76?

Table for next edition of Social Trends

Table 5. DISTRIBUTION OF TOTAL INCOME¹ BEFORE AND AFTER TAX²

1980-81 United Kingdom		Pounds and percentages		
	Average income before tax (£s)	Average income after tax (£s)	Percentage of income paid in tax	
Quantiles of tax units				
Top 1%	31,200	20,000	35.9	
1-2%	15,100	11,700	23.0	
6-10%	11,300	9,010	20.2	
Top 10%	14,800	11,200	24.6	
11-20%	8,700	7,080	18.6	
21-30%	6,970	5,720	17.9	
31-40%	5,700	4,710	17.3	
41-50%	4,520	3,800	16.0	
51-60%	3,480	3,010	13.5	
61-70%	2,480	2,260	8.8	
71-75%	1,660	1,600	3.4	
Bottom 25% ³	

¹Gross income (earned or unearned) less employees superannuation contributions, employment expenses, losses, capital allowances, stock relief, and any expenses allowable as a deduction from gross rents assessable under Schedule A.

²After deduction of income tax, but before deduction of national insurance contributions.

³Covers approximately 7.4 million tax units whose income in the main was not subject to tax. See Appendix Part 5 Distribution of personal incomes.

Source Survey of Personal Incomes, Inland Revenue