



Treasury Chambers, Parliament Street, SW1P 3AG
01-270 3000

16 January 1989

P R C Gray Esq
Private Secretary to
Prime Minister
10 Downing Street
LONDON
SW1

Dear Paul,

... You asked for the information underlying the tables at Annexes 4 to 7 of Section L of the Treasury Weekly Brief. I attach figures on:

- (i) earnings, (Annex 1)
- (ii) amount paid in income tax,)
- (iii) amount paid in NICs,) (Annex 2)
- (iv) amount paid in indirect taxes,)
- (v) changes in real take-home pay, (Annex 3)

all at 1988-89 prices for people on half, three-quarters and average earnings, from 1978-79 to 1988-89. The RPI has been used throughout to adjust to 1988-89 prices.

Annex 2 is an edited version of a Written Answer (OR Vol 144 No.25, 10 January 1989, cols 633-656) which in its original form gives figures up to 2,000 per cent of average earnings.

The briefing has not yet been approved by the Chancellor.

Yours,

Duncan Sparkes

DUNCAN SPARKES

Asst. Private Secretary

AVERAGE ADULT MALE EARNINGS AT 1988-89 PRICES
(£ PER WEEK)

1978-79	197.22	
1979-80	200.51	
1980-81	207.41	
1981-82	206.31	
1982-83	207.95	
1983-84	215.94	
1984-85	222.25	
1985-86	225.26	
1986-87	235.01	
1987-88	247.02	
1988-89	254.10	(assuming growth of 8¼ per cent on 1987-88)

AMOUNT OF EARNINGS TAKEN IN INCOME TAX, NICS AND INDIRECT TAXES

50 per cent. of average male earnings (£127.05 a week in 1988-89)

	Single			Married no children			Married both working			Married two children		
	£ per week	£ per week 1988-89 prices	per cent. of gross earnings	£ per week	£ per week 1988-89 prices	per cent. of gross earnings	£ per week	£ per week 1988-89 prices	per cent. of gross earnings	£ per week	£ per week 1988-89 prices	per cent. of gross earnings
1978-79												
Income tax	7.91	16.81	17.0	4.42	9.39	9.5	0.00	0.00	0.0	-1.88	-3.99	-4.1
NIC	3.02	6.42	6.5	3.02	6.42	6.5	3.02	6.42	6.5	3.02	6.42	6.5
Total	10.93	23.22	23.6	7.44	15.81	16.0	3.02	6.42	6.5	1.14	2.42	2.5
1979-80												
Income tax	8.95	16.42	16.4	5.20	9.54	9.5	0.00	0.00	0.0	-2.80	-5.14	-5.1
NIC	3.55	6.51	6.5	3.55	6.51	6.5	3.55	6.51	6.5	3.55	6.51	6.5
Total	12.50	22.93	22.9	8.75	16.05	16.0	3.55	6.51	6.5	0.75	1.38	1.4
1980-81												
Income tax	11.78	18.58	17.9	7.33	11.56	11.2	0.00	0.00	0.0	-1.21	-1.91	-1.8
NIC	4.43	6.99	6.7	4.43	6.99	6.7	4.43	6.99	6.7	4.43	6.99	6.7
Total	16.21	25.57	24.7	11.76	18.55	17.9	4.43	6.99	6.7	3.22	5.08	4.9
1981-82												
Income tax	13.95	19.74	19.1	9.51	13.45	13.0	1.58	2.24	2.2	-0.35	-0.50	-0.5
NIC	5.65	7.99	7.7	5.65	7.99	7.7	5.65	7.99	7.7	5.65	7.99	7.7
Total	19.60	27.73	26.9	15.16	21.45	20.8	7.23	10.23	9.9	5.30	7.50	7.3
1982-83												
Income tax	14.58	19.26	18.5	9.50	12.55	12.1	0.48	0.63	0.6	-1.44	-1.90	-1.8
NIC	6.89	9.10	8.8	6.89	9.10	8.8	6.89	9.10	8.8	6.89	9.10	8.8
Total	21.47	28.37	27.3	16.39	21.66	20.8	7.37	9.74	9.4	5.45	7.20	6.9
1983-84												
Income tax	15.35	19.38	18.0	9.53	12.03	11.1	0.00	0.00	0.0	-2.65	-3.35	-3.1
NIC	7.70	9.72	9.0	7.70	9.72	9.0	7.70	9.72	9.0	7.70	9.72	9.0
Total	23.05	29.10	27.0	17.23	21.75	20.2	7.70	9.72	9.0	5.05	6.38	5.9
1984-85												
Income tax	16.18	19.44	17.5	9.55	11.48	10.3	0.00	0.00	0.0	-3.71	-4.46	-4.0
NIC	8.33	10.01	9.0	8.33	10.01	9.0	8.33	10.01	9.0	8.33	10.01	9.0
Total	24.51	29.45	26.5	17.88	21.49	19.3	8.33	10.01	9.0	4.62	5.55	5.0
1985-86												
Income tax	17.05	19.34	17.2	9.84	11.16	9.9	0.00	0.00	0.0	-3.96	-4.49	-4.0
NIC	8.93	10.13	9.0	8.93	10.13	9.0	7.54	8.55	7.6	8.93	10.13	9.0
Total	25.98	29.48	26.2	18.77	21.30	18.9	7.54	8.55	7.6	4.97	5.64	5.0
1986-87												
Income tax	17.92	19.69	16.8	10.56	11.61	9.9	0.00	0.00	0.0	-3.64	-4.00	-3.4
NIC	9.60	10.55	9.0	9.60	10.55	9.0	6.62	7.28	6.2	9.60	10.55	9.0
Total	27.52	30.25	25.8	20.16	22.16	18.9	6.62	7.28	6.2	5.96	6.55	5.6
1987-88												
Income tax	18.94	20.03	16.2	11.83	12.51	10.1	0.00	0.00	0.0	-2.67	-2.82	-2.3
NIC	10.51	11.11	9.0	10.51	11.11	9.0	7.24	7.66	6.2	10.51	11.11	9.0
Total	29.45	31.14	25.2	22.34	23.62	19.1	7.24	7.66	6.2	7.84	8.29	6.7
1988-89												
Income tax	19.24	19.24	15.1	12.08	12.08	9.5	0.00	0.00	0.0	-2.42	-2.42	-1.9
NIC	11.43	11.43	9.0	11.43	11.43	9.0	7.88	7.88	6.2	11.43	11.43	9.0
Total	30.67	30.67	24.1	23.51	23.51	18.5	7.88	7.88	6.2	9.01	9.01	7.1

75 per cent. of average male earnings
(£190.57 a week in 1988/89)

	Single			Married no children			Married both working			Married two children		
	£ per week	£ per week 1988/89 prices	per cent. of gross earnings	£ per week	£ per week 1988/89 prices	per cent. of gross earnings	£ per week	£ per week 1988/89 prices	per cent. of gross earnings	£ per week	£ per week 1988/89 prices	per cent. of gross earnings
1978-79												
Income tax	15.56	33.06	22.04	12.07	25.65	17.3	5.28	11.22	7.6	5.66	12.03	8.1
NIC	4.52	9.60	6.5	4.52	9.60	6.5	4.52	9.60	6.5	4.52	9.60	6.5
VAT	1.80	3.82	2.6	1.67	3.54	2.4	2.02	4.30	2.9	1.82	3.88	2.6
Other indirect	6.24	13.26	9.0	7.19	15.29	10.3	8.27	17.58	11.9	7.00	14.87	10.1
Total of above	28.12	59.75	40.4	25.45	54.08	36.6	20.10	42.70	28.9	19.00	40.38	27.3
Domestic rates	2.38	5.07	3.4	2.35	4.99	3.4	2.89	6.13	4.1	2.37	5.03	3.4
Total	30.50	64.81	43.8	27.80	59.07	39.9	22.98	48.84	33.0	21.37	45.41	30.7
1979/80												
Income tax	17.15	31.46	20.9	13.40	24.58	16.3	6.17	11.32	7.5	5.40	9.91	6.6
NIC	5.33	9.78	6.5	5.33	9.78	6.5	5.33	9.78	6.5	5.33	9.78	6.5
VAT	3.33	6.10	4.1	3.03	5.56	3.7	3.62	6.64	4.4	3.37	6.19	4.1
Other indirect	7.04	12.92	8.6	8.02	14.70	9.8	9.16	16.81	11.2	7.87	14.45	9.6
Total of above	32.85	60.26	40.1	29.78	54.62	36.3	24.28	44.54	29.6	21.98	40.32	26.8
Domestic rates	2.84	5.20	3.5	2.79	5.11	3.4	3.42	6.28	4.2	2.81	5.16	3.4
Total	35.69	65.47	43.5	32.56	59.73	39.7	27.70	50.82	33.8	24.79	45.48	30.2
1980/81												
Income tax	21.63	34.12	21.9	17.19	27.11	17.4	9.26	14.61	9.4	8.65	13.64	8.8
NIC	6.65	10.49	6.7	6.65	10.49	6.7	6.65	10.49	6.7	6.65	10.49	6.7
VAT	4.09	6.45	4.1	3.77	5.95	3.8	4.44	7.01	4.5	4.10	6.47	4.2
Other indirect	8.26	13.04	8.4	9.39	14.80	9.5	10.66	16.82	10.8	9.18	14.48	9.3
Total of above	40.63	64.09	41.2	37.00	58.36	37.5	31.02	48.92	31.5	28.58	45.08	29.0
Domestic rates	3.71	5.85	3.8	3.62	5.70	3.7	4.37	6.90	4.4	3.65	5.76	3.7
Total	44.34	69.94	45.0	40.61	64.06	41.2	35.39	55.82	35.9	32.23	50.84	32.7
1981/82												
Income tax	24.89	35.21	22.7	20.45	28.93	18.7	12.52	17.71	11.4	10.59	14.98	9.7
NIC	8.48	12.00	7.7	8.48	12.00	7.7	8.48	12.00	7.7	8.48	12.00	7.7
VAT	4.53	6.40	4.1	4.11	5.82	3.8	4.80	6.79	4.4	4.55	6.43	4.2
Other indirect	9.61	13.60	8.8	10.89	15.40	9.9	12.38	17.52	11.3	10.80	15.28	9.9
Total of above	47.51	67.22	43.4	43.93	62.15	40.1	38.19	54.03	34.9	34.41	48.69	31.5
Domestic rates	4.56	6.45	4.2	4.45	6.30	4.1	5.43	7.68	5.0	4.50	6.36	4.1
Total	52.06	73.66	47.6	48.38	68.45	44.2	43.62	61.71	39.9	38.91	55.05	35.6
1982-83												
Income tax	26.39	34.87	22.4	21.31	28.16	18.1	12.28	16.23	10.4	10.37	13.70	8.8
NIC	10.33	13.65	8.8	10.33	13.65	8.8	10.33	13.65	8.8	10.33	13.65	8.8
VAT	4.68	6.19	4.0	4.25	5.62	3.6	5.01	6.62	4.2	4.74	6.27	4.0
Other indirect	10.01	13.23	8.5	11.39	15.05	9.7	13.04	17.23	11.0	11.27	14.90	9.5
Total of above	51.42	67.94	43.6	47.28	62.48	40.1	40.66	53.72	34.4	36.72	48.51	31.1
Domestic rates	4.98	6.58	4.2	4.89	6.47	4.1	6.01	7.94	5.1	4.94	6.53	4.2
Total	56.40	74.52	47.8	52.18	68.94	44.2	46.67	61.67	39.5	41.65	55.04	35.3
1983-84												
Income tax	28.18	35.57	22.0	22.35	28.21	17.4	12.05	15.21	9.4	10.17	12.84	7.9
NIC	11.54	14.57	9.0	11.54	14.57	9.0	11.54	14.57	9.0	11.54	14.57	9.0
VAT	5.20	6.56	4.1	4.75	5.99	3.7	5.63	7.11	4.4	5.30	6.70	4.1
Other indirect	10.95	13.83	8.5	12.45	15.72	9.7	14.32	18.08	11.2	12.31	15.54	9.6
Total of above	55.87	70.53	43.6	51.09	64.50	39.8	43.54	54.96	33.9	39.32	49.64	30.7
Domestic rates	5.04	6.37	3.9	4.96	6.27	3.9	6.09	7.69	4.8	5.02	6.34	3.9
Total	60.91	76.90	47.5	56.05	70.76	43.7	49.63	62.65	38.7	44.35	55.99	34.6
1984-85												
Income tax	30.06	36.12	21.7	23.42	28.14	16.9	11.86	14.25	8.5	10.16	12.21	7.3
NIC	12.49	15.01	9.0	12.49	15.01	9.0	12.49	15.01	9.0	12.49	15.01	9.0
VAT	6.35	7.63	4.6	6.02	7.24	4.3	6.99	8.39	5.0	6.40	7.69	4.6
Other indirect	11.82	14.21	8.5	13.48	16.20	9.7	15.52	18.66	11.2	13.39	16.10	9.7
Total of above	60.72	72.97	43.8	55.41	66.59	39.9	46.86	56.31	33.8	42.44	51.00	30.6
Domestic rates	5.45	6.55	3.9	5.35	6.43	3.9	6.52	7.84	4.7	5.44	6.54	3.9
Total	66.17	79.51	47.7	60.76	73.02	43.8	53.38	64.15	38.5	47.88	57.54	34.5
1985-86												
Income tax	31.94	36.24	21.5	24.73	28.06	16.6	12.01	13.63	8.1	10.93	12.40	7.3
NIC	13.40	15.20	9.0	13.40	15.20	9.0	11.91	13.51	8.0	13.40	15.20	9.0
VAT	7.04	7.99	4.7	6.66	7.56	4.5	7.88	8.94	5.3	7.00	7.94	4.7
Other indirect	12.46	14.14	8.4	14.21	16.12	9.5	16.57	18.80	11.1	14.07	15.97	9.5
Total of above	64.85	73.57	43.6	59.00	66.94	39.6	48.37	54.88	32.5	45.40	51.51	30.5
Domestic rates	5.85	6.63	3.9	5.76	6.53	3.9	7.08	8.03	4.8	5.82	6.61	3.9
Total	70.69	80.20	47.5	64.76	73.47	43.5	55.45	62.91	37.2	51.23	58.12	34.4
1986-87												
Income tax	33.39	36.70	20.9	26.03	28.61	16.3	13.01	14.30	8.1	11.83	13.00	7.4
NIC	14.40	15.83	9.0	14.40	15.83	9.0	13.12	14.42	8.2	14.40	15.83	9.0
VAT	7.60	8.35	4.7	7.15	7.86	4.5	8.36	9.19	5.2	7.44	8.17	4.6
Other indirect	13.50	14.84	8.4	15.28	16.80	9.5	17.84	19.61	11.1	15.22	16.73	9.5
Total of above	68.89	75.71	43.0	62.86	69.09	39.3	52.33	57.51	32.7	48.89	53.73	30.5
Domestic rates	6.57	7.22	4.1	6.45	7.09	4.0	7.93	8.71	5.0	6.50	7.14	4.1
Total	75.46	82.93	47.1	69.32	76.18	43.3	60.26	66.23	37.6	55.39	60.87	34.6

1987-88												
Income tax	34.71	36.70	19.8	27.60	29.18	15.8	15.01	15.87	8.6	13.10	13.85	7.5
NIC	15.77	16.67	9.0	15.77	16.67	9.0	14.37	15.19	8.2	15.77	16.67	9.0
VAT	8.47	8.96	4.8	7.88	8.33	4.5	9.05	9.57	5.2	8.06	8.52	4.6
Other indirect	14.23	15.04	8.1	15.93	16.84	9.1	16.52	17.39	10.6	15.83	16.73	9.0
Total of above	73.18	77.38	41.8	67.17	71.02	38.4	55.95	60.22	37.6	52.75	55.78	30.1
Domestic rates	7.05	7.46	3.0	7.05	7.46	3.0	6.47	6.88	3.4	6.89	7.29	3.9
Total	80.23	84.84	44.8	74.22	78.48	41.4	62.42	67.10	41.0	59.65	63.07	34.0
1988-89												
Income tax	35.12	35.12	18.4	27.96	27.96	14.7	15.43	15.43	8.1	13.46	13.46	7.1
NIC	17.15	17.15	9.0	17.15	17.15	9.0	15.63	15.63	8.2	17.15	17.15	9.0
VAT	9.63	9.63	5.1	8.97	8.97	4.7	10.20	10.20	5.4	9.12	9.12	4.8
Other indirect	15.49	15.49	8.1	17.26	17.26	9.1	19.81	19.81	10.4	16.95	16.95	8.9
Total of above	77.39	77.39	40.6	71.34	71.34	37.4	61.07	61.07	32.0	56.68	56.68	29.7
Domestic rates	8.20	8.20	4.3	7.95	7.95	4.2	9.66	9.66	5.1	7.93	7.93	4.2
Total	85.59	85.59	44.9	79.29	79.29	41.6	70.73	70.73	37.1	64.62	64.62	33.9

100 per cent. average male earnings (£254.10 a week in 1988-89)

	£ per week	Single			Married no children			Married both working			Married two children		
		£ per week	per cent. of gross earnings	per cent. of gross earnings	£ per week	per cent. of gross earnings	per cent. of gross earnings	£ per week	per cent. of gross earnings	per cent. of gross earnings	£ per week	per cent. of gross earnings	per cent. of gross earnings
		1988-89 prices			1988-89 prices			1988-89 prices			1988-89 prices		
1978-79													
Income tax	23.32	49.34	25.0	19.73	41.92	21.3	12.32	26.18	13.3	13.32	28.30	14.4	
NIC	6.03	12.81	6.5	6.03	12.81	6.5	6.03	12.81	6.5	6.03	12.81	6.5	
VAT	2.48	5.26	2.7	2.38	5.07	2.6	2.79	5.94	3.0	2.44	6.19	2.6	
Other indirect	7.59	16.12	8.2	8.55	18.17	9.2	9.57	20.33	10.3	7.98	16.95	8.6	
Total of above	39.31	83.53	42.4	36.70	77.97	39.5	30.71	65.26	33.1	29.77	63.2	32.1	
Domestic rates	2.87	6.10	3.1	2.70	5.74	2.9	3.08	6.54	3.3	2.79	5.92	3.0	
Total	42.18	89.63	45.5	39.40	83.72	42.5	33.79	71.79	36.4	32.56	69.18	35.1	
1979-80													
Income tax	25.35	46.51	23.2	21.60	39.63	19.8	14.16	25.98	13.0	13.60	24.95	12.4	
NIC	7.10	13.03	6.5	7.10	13.03	6.5	7.10	13.03	6.5	7.10	13.03	6.5	
VAT	4.60	8.43	4.2	4.36	8.00	4.0	5.01	9.19	4.6	4.53	8.30	4.1	
Other indirect	8.67	15.91	7.9	9.65	17.71	8.8	10.69	19.61	9.8	9.13	16.75	8.4	
Total of above	45.72	83.87	41.8	42.71	78.36	39.1	36.96	67.80	33.8	34.36	63.03	31.4	
Domestic rates	3.43	6.30	3.1	3.22	5.91	2.9	3.65	6.69	3.3	3.33	6.10	3.0	
Total	49.15	90.18	45.0	45.93	84.27	42.0	40.61	74.50	37.2	37.68	69.13	34.5	
1980-81													
Income tax	31.49	49.67	24.0	27.05	42.67	20.6	19.11	30.14	14.5	18.51	29.20	14.1	
NIC	8.87	13.99	6.8	8.87	13.99	6.8	8.87	13.99	6.8	8.87	13.99	6.8	
VAT	5.65	8.90	4.3	5.41	8.53	4.1	6.15	9.67	4.7	5.52	8.70	4.2	
Other indirect	10.21	16.11	7.8	11.33	17.88	8.6	12.44	19.63	9.5	10.70	16.87	8.1	
Total of above	56.22	88.67	42.8	52.66	83.06	40.1	46.55	73.43	35.4	43.59	68.76	33.2	
Domestic rates	4.51	7.12	3.4	4.20	6.62	3.2	4.67	7.37	3.6	4.34	6.85	3.3	
Total	60.73	95.79	46.2	56.86	89.69	43.3	51.23	80.80	39.0	47.93	75.61	36.5	
1981-82													
Income tax	35.84	50.71	24.6	31.39	44.41	21.5	23.46	33.19	16.1	21.53	30.46	14.8	
NIC	11.31	16.00	7.8	11.31	16.00	7.8	11.31	16.00	7.8	11.31	16.00	7.8	
VAT	6.29	8.89	4.3	5.96	8.43	4.1	6.71	9.49	4.6	6.14	8.69	4.2	
Other indirect	11.87	16.80	8.1	13.15	18.61	9.0	14.44	20.43	9.9	12.54	17.74	8.6	
Total of above	65.31	92.40	44.8	61.81	87.45	42.4	55.92	79.11	38.3	51.53	72.90	35.3	
Domestic rates	5.54	7.84	3.8	5.17	7.31	3.5	5.80	8.20	4.0	5.34	7.56	3.7	
Total	70.85	100.24	48.6	66.98	94.76	45.9	61.71	87.31	42.3	56.87	80.45	39.0	
1982-83													
Income tax	38.19	50.46	24.3	33.11	43.75	21.0	24.09	31.83	15.3	22.17	29.29	14.1	
NIC	13.77	18.19	8.7	13.77	18.19	8.7	13.77	18.19	8.7	13.77	18.19	8.7	
VAT	6.50	8.59	4.1	6.16	8.14	3.9	6.98	9.23	4.4	6.40	8.45	4.1	
Other indirect	12.38	16.35	7.9	13.74	18.15	8.7	15.16	20.03	9.6	13.09	17.29	8.3	
Total of above	70.84	93.60	45.0	66.78	88.24	42.4	60.00	79.28	38.1	55.42	73.23	35.2	
Domestic rates	6.05	7.99	3.8	5.67	7.49	3.6	6.41	8.47	4.1	5.85	7.73	3.7	
Total	76.89	101.59	48.8	72.45	95.73	46.0	66.41	87.75	42.2	61.27	80.96	38.9	
1983-84													
Income tax	41.00	51.76	24.0	35.18	44.41	20.6	24.88	31.41	14.5	23.00	29.04	13.5	
NIC	15.39	19.43	9.0	15.39	19.43	9.0	15.39	19.43	9.0	15.39	19.43	9.0	
VAT	7.20	9.09	4.2	6.85	8.65	4.0	7.80	9.85	4.6	7.12	8.99	4.2	
Other indirect	13.55	17.11	7.9	15.02	18.96	8.8	16.65	21.02	9.7	14.30	18.05	8.4	
Total of above	77.14	97.39	45.1	72.44	91.45	42.4	64.72	81.71	37.9	59.81	75.51	35.0	
Domestic rates	6.12	7.72	3.6	5.74	7.25	3.4	6.49	8.20	3.8	5.94	7.50	3.5	
Total	83.26	105.11	48.7	78.18	98.70	45.7	71.22	89.90	41.6	65.76	83.01	38.5	
1984-85													
Income tax	43.93	52.79	23.7	37.30	44.82	20.2	25.73	30.92	13.9	24.04	28.89	13.0	
NIC	16.65	20.01	9.0	16.65	20.01	9.0	16.65	20.01	9.0	16.65	20.01	9.0	
VAT	8.46	10.17	4.6	8.32	10.00	4.5	9.48	11.40	5.1	9.00	10.82	4.9	
Other indirect	14.56	17.50	7.9	16.24	19.51	8.8	17.98	21.60	9.7	15.46	18.58	8.4	
Total of above	83.61	100.47	45.2	78.51	94.34	42.4	69.84	83.93	37.8	65.15	78.29	35.2	
Domestic rates	6.61	7.94	3.6	6.19	7.44	3.3	6.96	8.36	3.8	6.43	7.73	3.5	
Total	90.21	108.41	48.8	84.70	101.79	45.8	76.80	92.29	41.5	71.59	86.02	38.7	

	<i>£ per week</i>	<i>£ per week 1988-89 prices</i>	<i>per cent of gross earnings</i>	<i>£ per week</i>	<i>£ per week 1988-89 prices</i>	<i>per cent of gross earnings</i>	<i>£ per week</i>	<i>£ per week 1988-89 prices</i>	<i>per cent of gross earnings</i>	<i>£ per week</i>	<i>£ per week 1988-89 prices</i>	<i>per cent of gross earnings</i>
1985-86												
Income tax	46.87	51.73	22.6	39.62	44.95	23.0	26.90	20.52	13.6	25.82	29.29	13.0
NIC	17.87	20.27	9.0	17.87	20.27	9.0	17.07	19.37	8.6	17.87	20.27	9.0
VAT	9.39	10.65	4.7	9.21	10.45	4.6	10.59	12.01	5.3	9.89	11.22	5.0
Other indirect	15.36	17.42	7.7	17.11	19.41	8.6	19.09	21.65	9.6	16.25	18.44	8.2
Total of above	89.44	101.47	45.1	83.81	95.09	42.2	73.64	83.55	37.1	69.83	79.23	35.2
Domestic rates	7.08	8.04	3.6	6.66	7.55	3.4	7.53	8.54	3.8	6.88	7.81	3.5
Total	96.53	109.51	48.6	90.47	102.64	45.6	81.17	92.09	40.9	76.71	87.03	38.6
1986-87												
Income tax	48.86	53.70	22.9	41.50	45.61	19.4	28.48	31.30	13.3	27.30	30.00	12.8
NIC	19.21	21.11	9.0	19.21	21.11	9.0	17.50	19.23	8.2	19.21	21.11	9.0
VAT	10.15	11.15	4.8	9.92	10.90	4.6	11.41	12.54	5.3	10.58	11.63	5.0
Other indirect	16.69	18.34	7.8	18.49	20.32	8.7	20.72	22.77	9.7	17.68	19.43	8.3
Total of above	94.91	104.31	44.5	89.12	97.95	41.8	78.11	85.85	36.6	74.77	82.17	35.0
Domestic rates	7.97	8.76	3.7	7.47	8.21	3.5	8.46	9.29	4.0	7.70	8.46	3.6
Total	102.88	113.06	48.2	96.59	106.16	45.3	86.57	95.14	40.6	82.47	90.63	38.6
1987-88												
Income tax	50.48	53.38	21.6	43.37	45.86	18.6	30.78	32.55	13.2	28.87	30.53	12.4
NIC	21.02	22.23	9.0	21.02	22.23	9.0	19.16	20.26	8.2	21.02	22.23	9.0
VAT	11.37	12.02	4.9	11.02	11.66	4.7	12.50	13.22	5.4	11.62	12.29	5.0
Other indirect	17.73	18.74	7.6	19.43	20.54	8.3	21.69	22.93	9.3	18.59	19.66	8.0
Total of above	100.59	106.37	43.1	94.84	100.28	40.6	84.13	88.96	36.0	80.10	84.70	34.3
Domestic rates	8.58	9.07	3.7	8.01	8.47	3.4	9.05	9.57	3.9	8.20	8.67	3.5
Total	109.17	115.44	46.7	102.85	108.75	44.0	93.19	98.53	39.9	88.31	93.37	37.8
1988-89												
Income tax	51.00	51.00	20.1	43.84	43.84	17.3	31.31	31.31	12.3	29.34	29.34	11.5
NIC	22.87	22.87	9.0	22.87	22.87	9.0	20.84	20.84	8.2	22.87	22.87	9.0
VAT	12.94	12.94	5.1	12.58	12.58	4.9	14.15	14.15	5.6	13.20	13.20	5.2
Other indirect	19.35	19.35	7.6	21.14	21.14	8.3	23.31	23.31	9.2	20.01	20.01	7.9
Total of above	106.17	106.17	41.8	100.42	100.42	39.5	89.61	89.61	35.3	85.42	85.42	33.6
Domestic rates	10.01	10.01	3.9	9.27	9.27	3.6	10.34	10.34	4.1	9.48	9.48	3.7
Total	116.18	116.18	45.7	109.69	109.69	43.2	99.95	99.95	39.3	94.90	94.90	37.3

Notes to tables

Income tax payments are calculated on the assumption that the tax units have no other tax reliefs apart from the standard allowances. Earners, including working wives, are assumed to pay Class 1 NI contributions at the contracted in rate. The figures for NI contributions are financial year averages.

2. Average earnings are taken to be the average gross weekly earnings of all full-time males on adult rates with pay unaffected by absence. The levels of average earnings in each year are given below:

	<i>£ per week</i>
1978-79	92.80
1979-80	109.30
1980-81	131.40
1981-82	145.90
1982-83	157.40
1983-84	171.00
1984-85	185.00
1985-86	198.50
1986-87	213.40
1987-88	233.60
1988-89	¹ 254.10

¹ Assuming growth of 8½ per cent. on 1987-88.

3. The two earner married couple is assumed to have joint earnings of the various multiples of average earnings.

In calculating disposable income it is assumed that the joint earnings are split between husband and wife in the ratio 60:40.

4. For the married couple with two children, child benefit is treated as a negative income tax. For this purpose, financial year averages are used for child benefit.

5. The estimates of indirect taxes are derived from the 1985 family expenditure survey and are based on the illustrative assumption that 10 per cent. of disposable income is saved. Estimates cannot reliably be made outside the income range for which figures are shown. There are also quite wide variations in spending patterns between households with similar incomes and composition and, because of sampling variation, there can be substantial differences between the estimates obtained from different family expenditure surveys.

INCREASE IN REAL TAKE-HOME PAY 1978-79 TO 1988-89
(£ PER WEEK IN 1988-89 PRICES)

	Multiple of average male earnings		
	50%	75%	100%
<u>Single person</u>			
Take-home pay 1978-79	75.38	105.24	135.06
Take-home pay 1988-89	96.38	138.30	180.23
Increase	21.00	33.06	45.17
<u>Married couple, no children</u>			
Take-home pay 1978-79	82.80	112.66	142.48
Take-home pay 1988-89	103.54	145.46	187.39
Increase	20.74	32.80	44.91
<u>Married couple, 1 child</u>			
Take-home pay 1978-79	89.62	119.46	149.30
Take-home pay 1988-89	110.79	152.71	194.64
Increase	21.17	33.25	45.34
<u>Married couple, 2 children</u>			
Take-home pay 1978-79	96.19	126.28	156.10
Take-home pay 1988-89	118.04	159.96	201.89
Increase	21.85	33.68	45.79

Note: "take-home pay" is gross earnings minus income tax and NICs, plus child benefit.