



Tax Receipts and Government Spending

June 2024

About TRL Insight

TRL Insight is the trading name of Tom Lawrence. Tom has provided policy advice, analysis and other services to the public sector for over 20 years. Some of this has been delivered under the TRL Insight brand; some through associate and core staff posts, in a range of organisations in and supporting local authorities and schools and their partners.

This policy advice and analysis has included briefings, guides, magazine/journal articles, training sessions, reports and case studies.

More information about TRL Insight can be found on my website, including [the services that TRL Insight can provide](#), links to TRL Insight's outputs and more information about them on the [About](#) and [Feeds](#) pages and in TRL insight's [May 2023 newsletter](#).

Why increasing tax bases is the key to fulfilling manifesto pledges

“A rising tide lifts all boats”

This phrase was put into common economic and political parlance by John F Kennedy, quoting the slogan of the New England Council, a regional chamber of commerce.

It's as true for the UK Government as it is for businesses in New England. Yet commentary on UK fiscal events often implies a zero-sum game: that additional spending is only possible with additional borrowing or if policy decisions are taken to increase tax rates.

In the current general election campaign, political parties are keen to make pledges about what they will do to improve the country. Many of these require central government to spend money. Again, there is a narrative in the media – perhaps the dominant one – which demands that they explain which taxes should rise (implying tax *rate* rises) to pay for these. It then insists that if they don't, they are not being honest with the public – that tax rises are coming down the line anyway, regardless of what the politicians say publicly.

For example, the [BBC reported on Monday](#) that *‘The 'UK's main political parties have “ducked” addressing stark choices over public finances in their manifestos and it will be a “considerable surprise” if taxes are not increased over the next five years’*, according to the Institute for Fiscal Studies (IFS). And the [Daily Mail also quoted the IFS on 13 June](#), describing a ‘“conspiracy of silence” over the true state of the public finances’ and saying ‘Labour had “literally no room” to increase spending without raising taxes further or breaking its own fiscal rules’. These reports – and interviews issuing challenges off the back of them – are being broadcast every day on our radios and TVs.

But an examination of fiscal history shows this is not how things work. Tinkering with tax rates or eligibility can bring in some extra funding – a particularly significant change might bring in a couple of billion pounds. This could allow the Government to boost spending on services and goods in one specific area. But the largest boosts to spending on services and goods are paid for by a mix of increasing tax *bases* and reductions in the bill for other spending (welfare payments, financing costs and public sector pensions).

Scope of this report

This report looks at spending on services and goods by central government over recent decades. Available data allows a consistent approach for the years since 1997. Other than the exceptional year of 2020-21 (when Covid-19 struck), it identifies the early 2000s as the only period in which a particularly strong growth in spending on services and goods was seen. These years need to be seen in the context of the first two terms of Tony Blair's premiership, so the report focuses on the period 1997-98 to 2005-06.

Over this period, there was no increase in borrowing – in fact, in real terms, there was a small net repayment of government debt. Instead, the investment in services and goods was possible because of rising tax receipts and shrinking bills for other expenditure.

But an examination of fiscal reports and economic data shows that the direct impact of policy changes to tax regimes was relatively limited. The key point here is that there are two factors that determine how much money is collected from a tax – firstly, its profile of rates and allowances, and secondly, the size of the tax base. For example, income tax on earnings has a personal allowance, a basic rate and a higher rate. Above the personal allowance, earners are charged on each pound they earn. Therefore, the more the population is earning above that allowance, the more money the government receives. National insurance (NI) has a similar structure. For Value Added Tax (VAT), most goods are levied at the standard rate – currently 20%. The amount that is raised is determined both by this rate and by the value of goods sold. For corporation tax, limited companies pay the tax on their profits. The yield from the tax therefore depends on both the tax rate and the total profits earned by UK companies.

The amounts raised in 1997-98 to 2005-06 as a direct result of changes to rates and eligibility were dwarfed by the changes due to increasing tax bases, resulting from growing prosperity. The total volume of retail sales rose by 25% in this period, leading to a 35% increase in VAT receipts in current prices. The number of people earning £30,000 or more per year rose by nearly 90%; it is therefore no surprise that the income tax liability for higher rate tax payers also rose strongly, increasing by two-thirds and increasing payments due to the Government by £31bn in cash terms.

This report makes no comment on whether increased spending on services and goods by central government is in itself a good or bad thing. For some people, a swelling central state is to be fought against, while others believe that the UK's woes can only be addressed by the Government spending more. I have repeatedly argued in other places for far more policy decisions to be made at a local level, accompanied by devolving powers to raise funds. This would see central government spending less and more local

levels of government conducting this spending instead. However, this report is neutral on all these issues. It simply argues that *if* a government wants to spend more on its priorities, then it must look to increase tax bases.

This report has been written within the time constraints of a general election campaign. Its scope is therefore necessarily limited. A section towards the end discusses some other areas to which the analysis could be extended, time and resources allowing.

Commentary

There's a world of difference for taxpayers between receipts increasing from higher rates and receipts increasing from a growing tax base. So, when we are told that taxes are nearing an all time high and could get higher, this gives a very misleading impression. (Especially when accompanied by the phrase "tax burden".)

Take, for example, someone earning £42,000 a year from their employment. They are currently paying no income tax or employees' NI on the first £12,570 of this, and 20% income tax and 8% NI on the remaining £29,430.

Now, say their salary increases by £10,000 – maybe they get a new job, get a promotion or start working additional hours. This takes them into the higher rate bands, for which the threshold is £50,270. Thus, on this £10,000, they will pay 20% income tax and 8% NI on the first £8,270, and 40% income tax and 2% NI on the remaining £1,730. The total tax and NI on the additional pay is therefore £3,042.20. This still leaves them with £6,957.80.

Will this feel like they carry a greater "burden"? Only if they're fixated on seeing the bleak side of things – they're taking home nearly £7k more a year; they're also sharing their good fortune with the state, where it's being used to provide hospital services, schools, security from criminals and hostile nations, care homes, road maintenance, rubbish removal¹ and countless other services of value to them, now or in the future.

Prosperity is shared between the individual and the state, paying for services to the community – a rising tide lifts all boats.

Of course, there's nothing that the government can do to *guarantee* rising tax bases. But they can certainly create conditions to facilitate them – for example, by carrying out the kind of long-term planning that creates a stable environment in which businesses

¹ These last three are paid for partly or entirely by local authorities, but they themselves still receive a lot of funding from central government, particularly in the form of specific grants – as explained in TRL Insight's other outputs, particularly [Fragmented Funding](#).

can make investments. They can also provide both financial and political support to projects which help people overcome barriers to work. For example, diverting young people from crime, reducing reoffending at all ages, supporting people with long-term health conditions (physical and mental), addressing transport and childcare barriers, and equipping people with academic, technical and 'soft' employment skills². The cost effectiveness of many interventions can now be quantified through toolkits and studies by organisations such as the [New Economics Foundation](#) (NEF), the [Centre for Local Economic Studies](#) (CLES), [Social Value UK](#), the [Greater Manchester Combined Authority](#) (GMCA), [Public Health England](#) (PHE) and the [What Works Centre for Local Economic Growth](#).

For most of these, it will take a few years before the policy measures result in a significant return to the Exchequer. This time lag needs to be factored into planning. But that's no reason to dismiss growth in tax receipts from such measures as unachievable. It simply makes it important to an incoming government to make a swift start. And some interventions will see a fairly rapid return – either by way of rising receipts or through savings on budgets for service or welfare expenditure.

Even if the Government creates the ideal conditions for tax bases to rise, there is no guarantee that the economy won't encounter a severe shock. This has happened twice in recent decades: the credit crunch in 2008-09 and the outbreak of Covid-19 in 2020.

However, even in these cases, actions or inactions of the Government had left the UK prone to being hit unnecessarily hard.

In the case of the credit crunch, successive governments had deliberately minimised regulation of the financial services industry, which had encouraged a culture of risk-taking and investment in highly leveraged products without sufficient due diligence. The "prudence" that Brown applied to the public finances was entirely absent in relations with the financial sector. Such moral hazard needs to be avoided in the future.

In the case of Covid, it could be argued that the UK was overdue for a pandemic. The last ones to affect humans had been AIDS in the 1980s and so-called 'Hong Kong Flu' in the 1960s. But there had been several to affect animals in the UK, most notably foot-and-mouth and bird flu. There had also been 'near misses' such as SARS. Given the increase in international and domestic travel in recent decades, it was only a matter of time before another pandemic arrived, but there seems to have been very little planning

² For more on projects in these areas, see TRL Insight's other outputs, particularly [Inclusive economies and healthy futures: Supporting place-based action to reduce health inequalities](#) (a report for the Local Government Association) and [TRL Insight's submission to the Spending Review and Autumn Budget 2021](#).

for this, particularly in terms of policy/governmental response. And by the time it arrived, the health service had been severely run down by years of budgetary restraint. It was understaffed and the staff were overworked and underpaid. It was barely able to cope with the workload it already had, let alone to take measures to combat a highly infectious new disease.

If anything, the situation was even worse in the care sector. The Government had let a situation develop where it was so far removed from care homes that it had little sense of the conditions under which they were operating. The care sector had been neglected and largely ignored for many years. When deaths started occurring in care homes, they weren't even included in the published statistics.

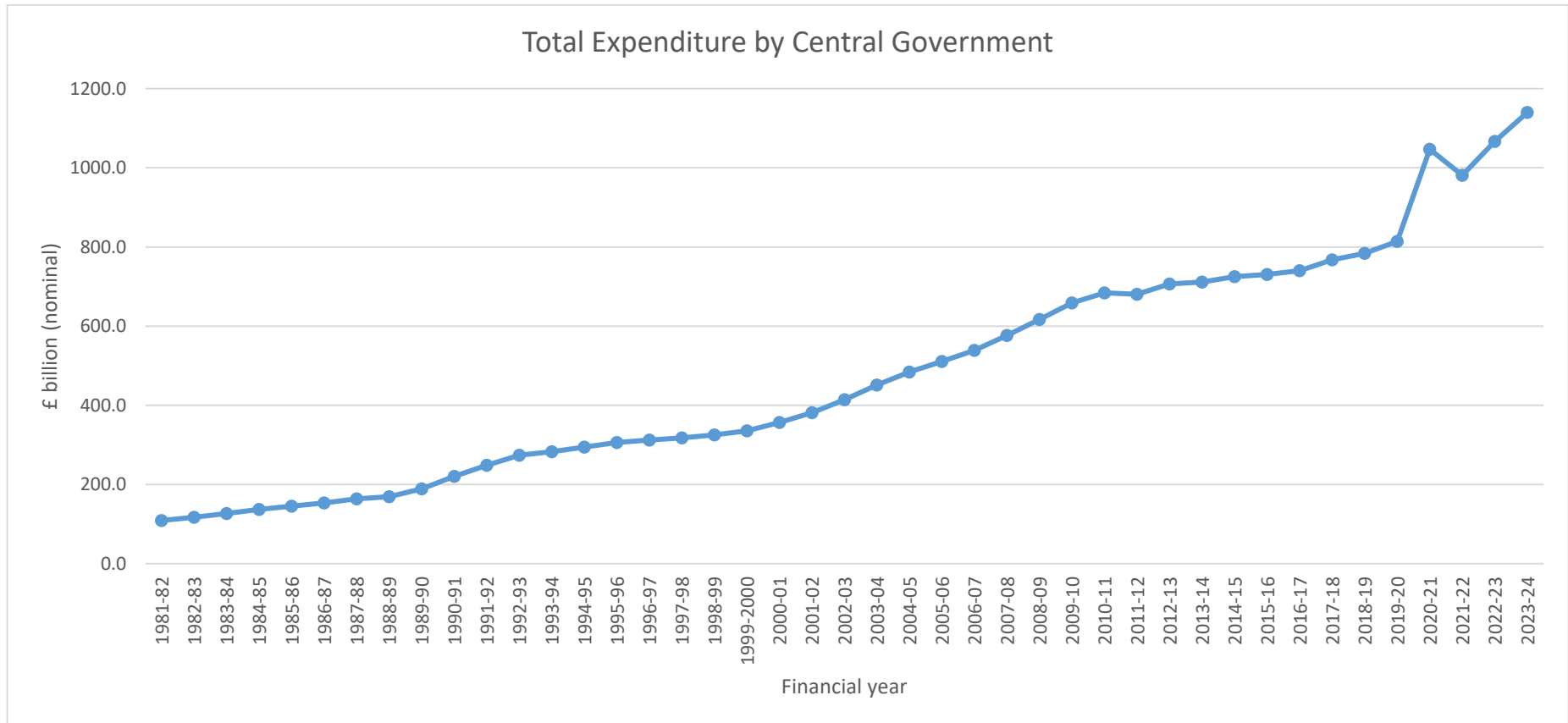
So, a lot more can be done to reduce the chance of such shocks occurring than has been the case. But the risks certainly cannot be eliminated.

Faced with these facts, a prudent, responsible government or political party should propose policies to foster prosperity and economic growth, particularly growth of tax bases. They should use available toolkits and expertise to estimate a range of scenarios for the growth in receipts that these policies might lead to. They should also carry out contingency planning as to what would happen were the growth not to be achieved, whether through sudden, severe shocks or otherwise, and work out how their policies would be modified in these situations.

The long-term picture

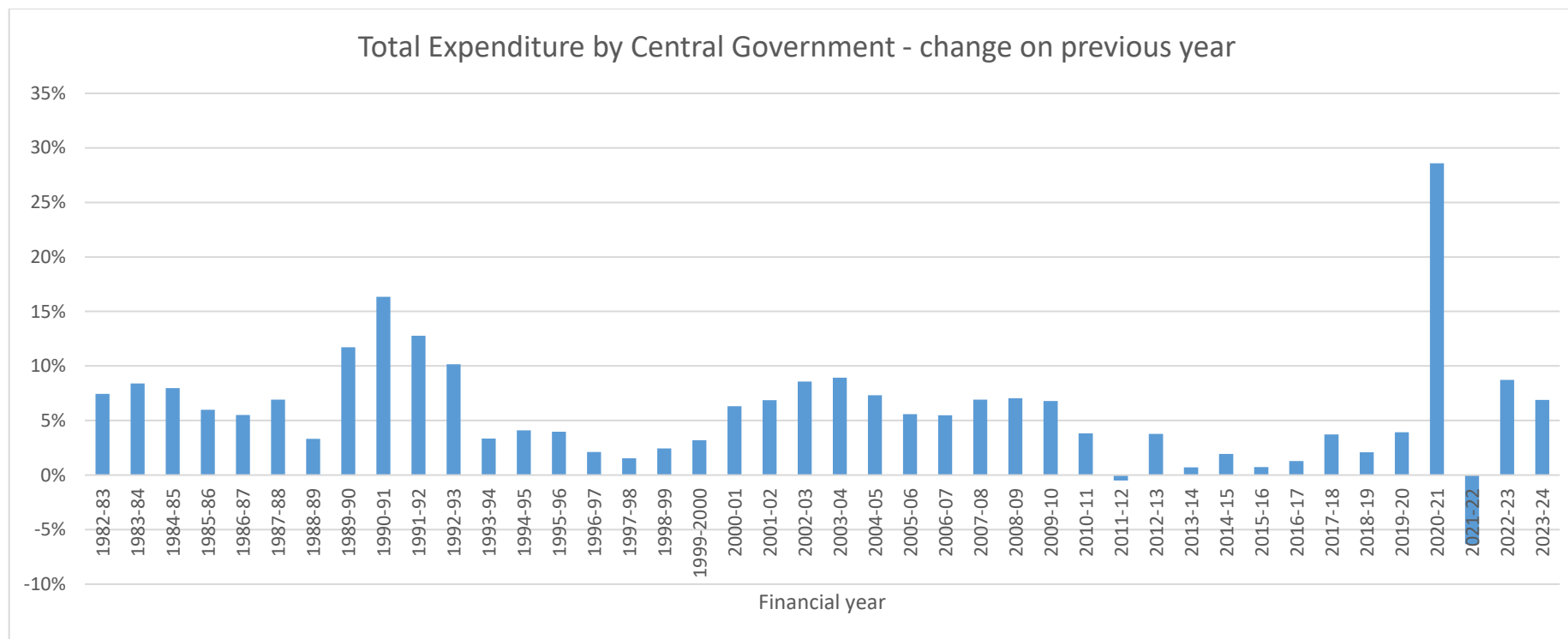
The amount that central government is spending each year has risen steadily since the start of the 1980s, barring the exceptional year of 2021-22 when Covid-19 struck:

Figure 1



To identify the periods of greatest growth in this expenditure, we look at the percentage change on the previous year:

Figure 2

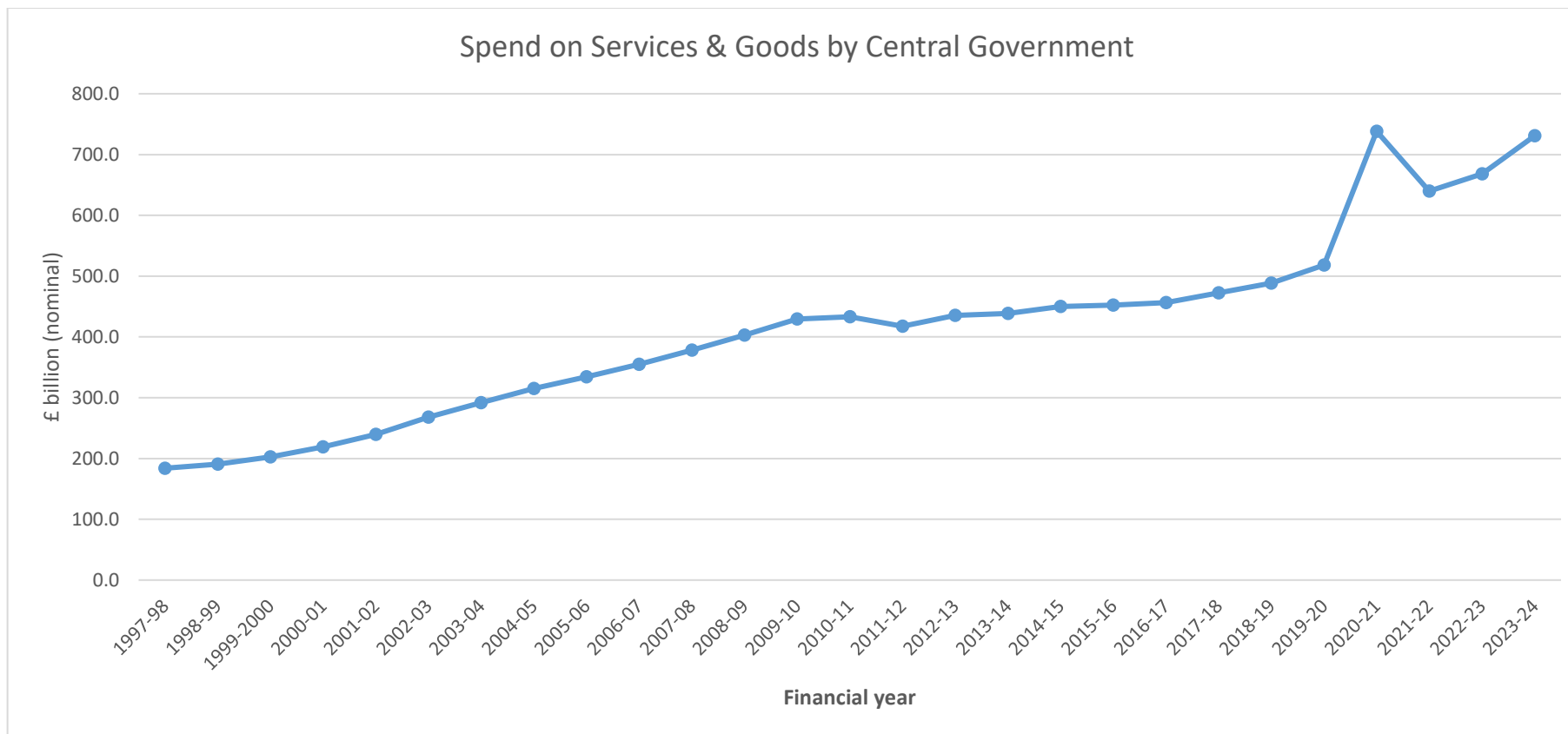


However, this includes spending on welfare, which rises in periods when more people are suffering economic hardship. It also includes interest payments, depreciation costs and payments into and out of public service pensions, none of which directly contribute to improving the services which are provided to citizens or make up the pledges that parties put in their manifestos.

We would therefore like to focus specifically on spend on services and goods. For recent decades, we can use ONS data for this; unfortunately, that data only goes back to 1997-98. This shows a fairly steady growth until the recession caused by the credit

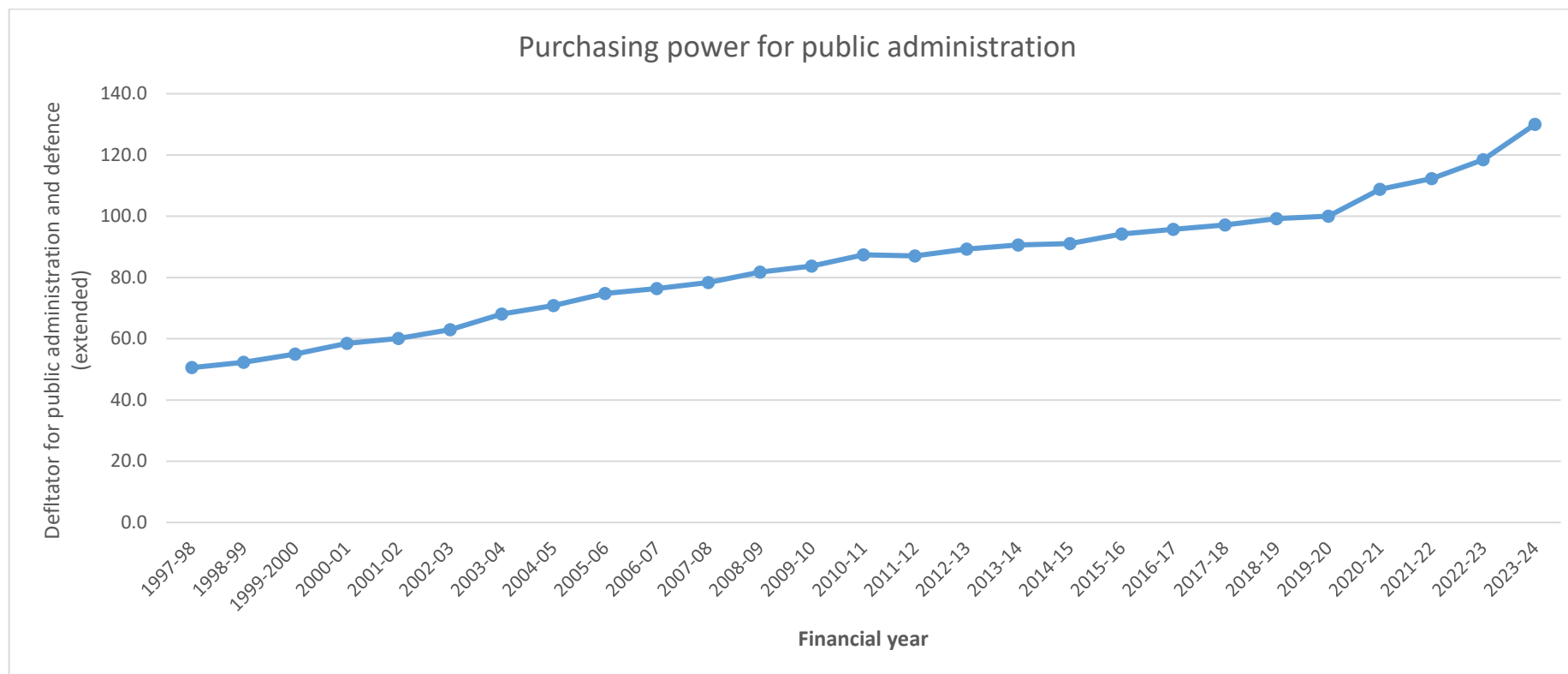
crunch hit government finances. Consequently, the expenditure by central government on services and goods barely changed between 2009-10 and 2010-11 and actually reduced slightly in 2011-12; thereafter, it started rising again. The spike caused by Covid is very striking here.

Figure 3



However, this is all in “current prices” – also known as “nominal” expenditure – that is, what the government has spent at the time in cash. This doesn’t give an indication of what it could provide for this money, which is eroded by inflation. To demonstrate this, we need to deflate these figures. The method used for this is explained in the Annex. This purchasing power accounts for much of the growth in expenditure in cash terms. It also has its own lumps and wrinkles over the period:

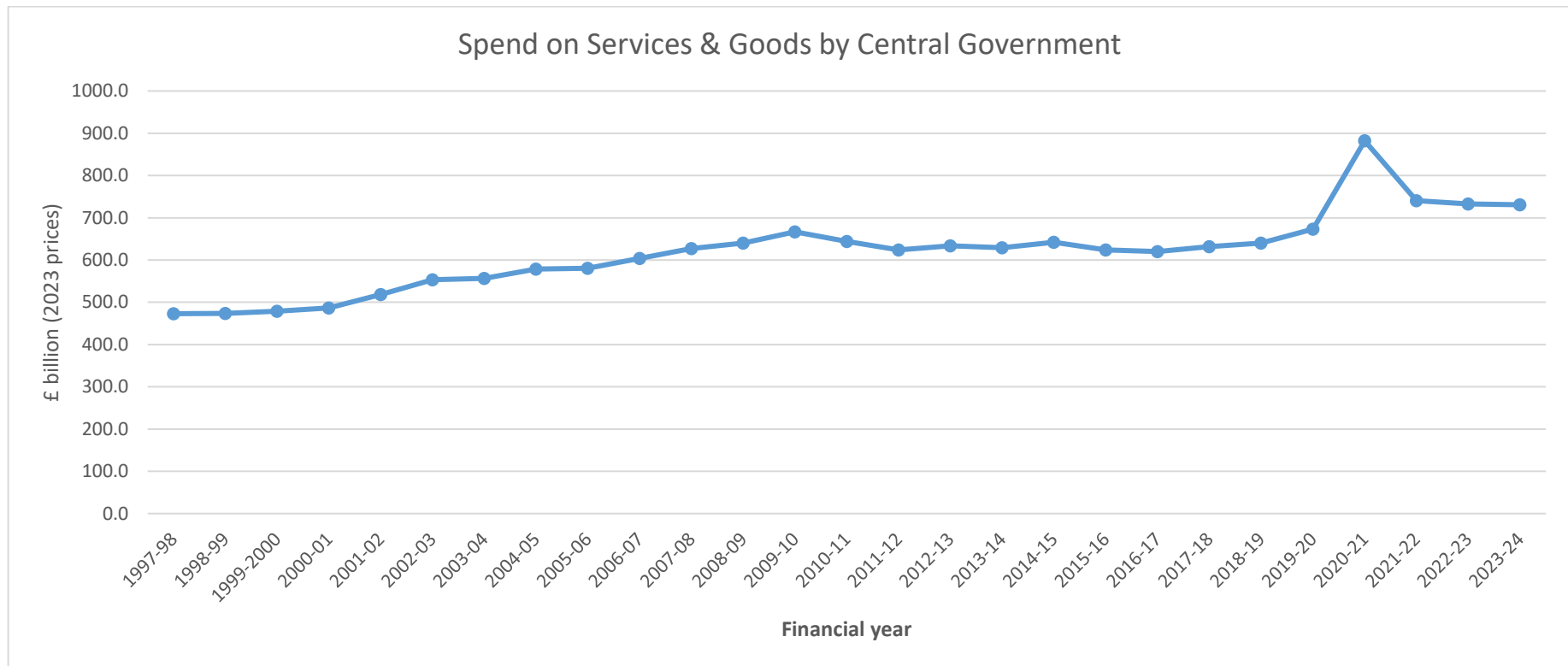
Figure 4



Consequently, the deflated time series is much flatter than the one for nominal expenditure, as shown in Figure 5. It is also slightly less smooth and shows the consolidation after the credit crunch more clearly. We find that between 1997-98 and 2019-20, central

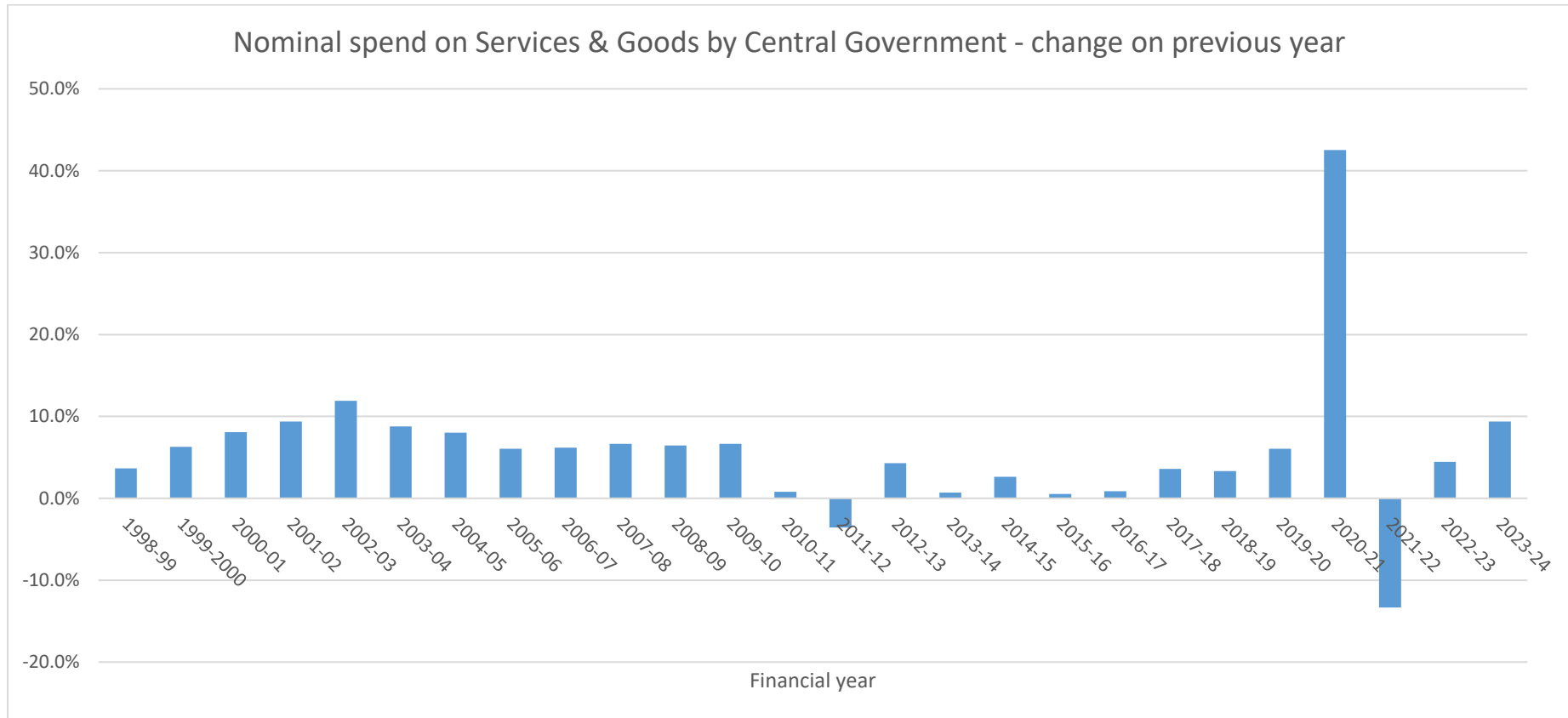
government expenditure on services and goods grew by 41%. However, during this time, there were years in which it reduced, years in which it remained fairly flat and years in which it grew faster than average.

Figure 5



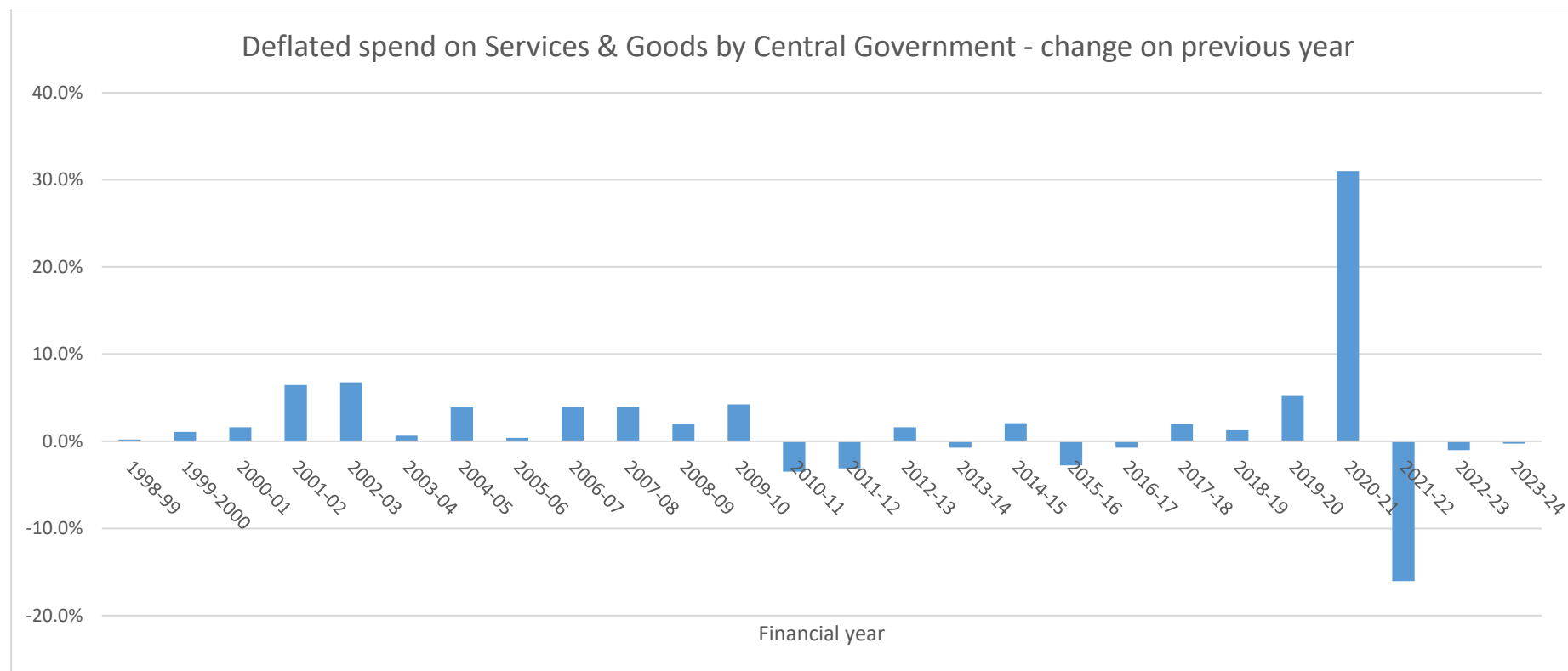
Again, we can look at the percentage change from one year to the next. We find that the government of the day kept the change from year to year fairly smooth in terms of the cash budgets:

Figure 6



However, given the change in purchasing power (with inflation), the volume of services provided was much more variable:

Figure 7

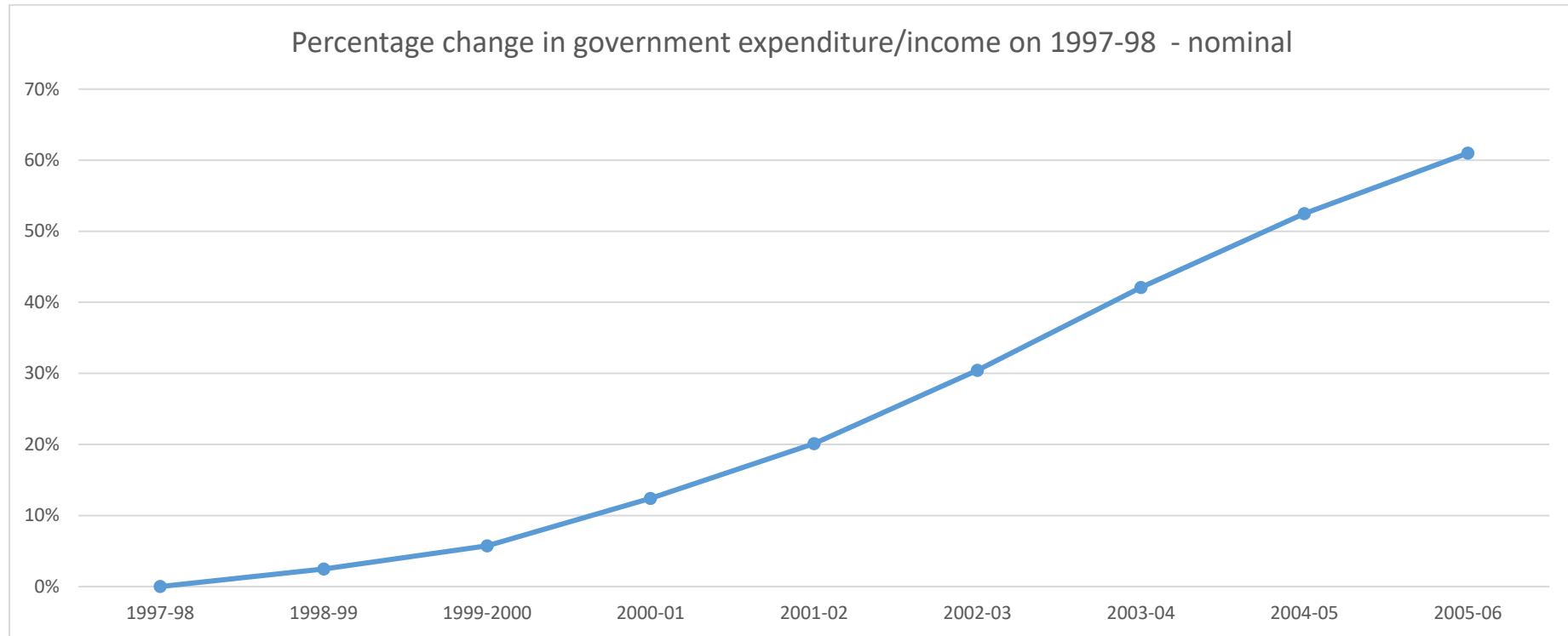


It is noticeable that apart from the exceptional year of 2020-21, the greatest increases in spending on services and goods, both in nominal and real terms, occurred during the first two terms of Tony Blair's premiership, from mid-1997 to mid-2005. We will now focus on these years.

1997 to 2005

Government expenditure is funded from just two sources: tax and borrowing. Together, these provide all the funding for all government expenditure. During the period 1997-98 to 2005-06, this total amount rose remarkably smoothly in nominal terms:

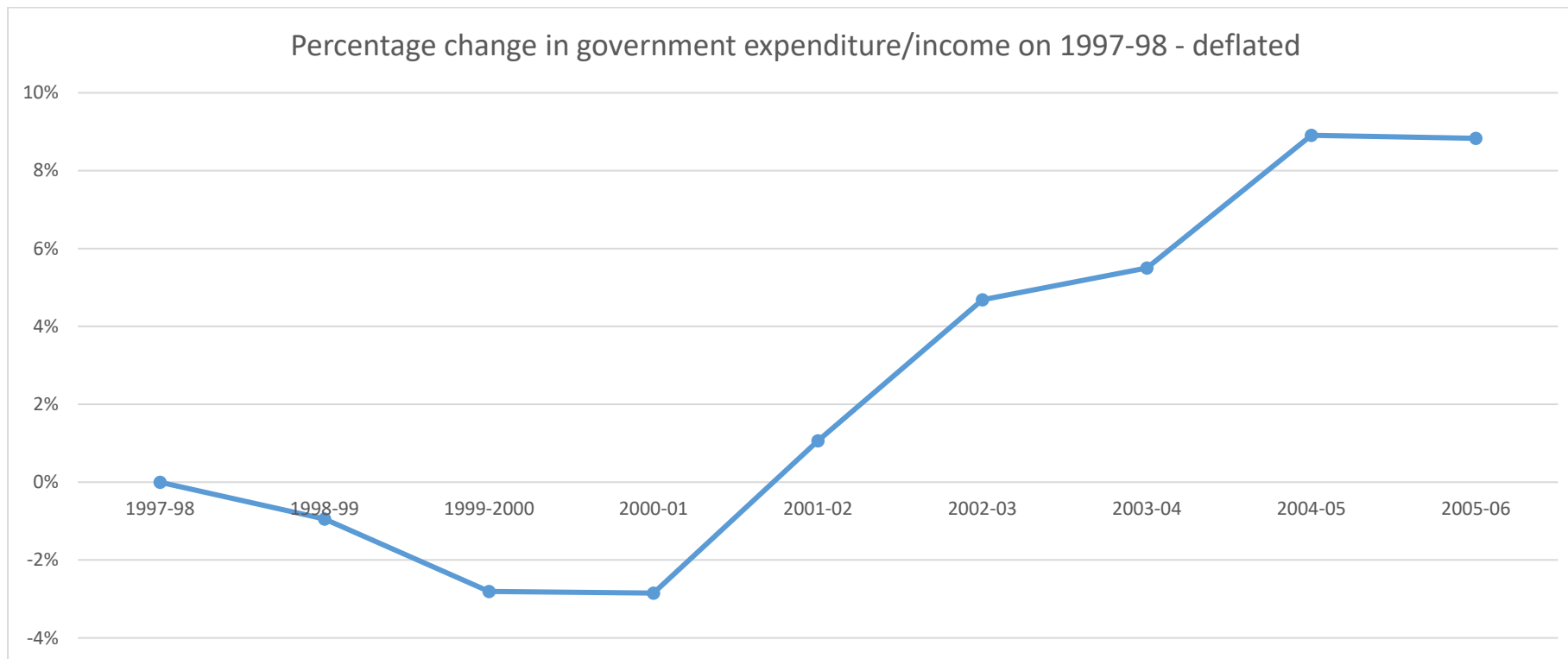
Figure 8



This would seem to indicate careful budgetary control – indeed, it illustrates just the strict, careful and detailed management of the public finances for which Gordon Brown was renowned. Note that the curve is flattest in the first two years. These were the two

years in which Labour committed to sticking to Conservative spending totals. This growth was actually lower than inflation, as illustrated when we deflate these figures:

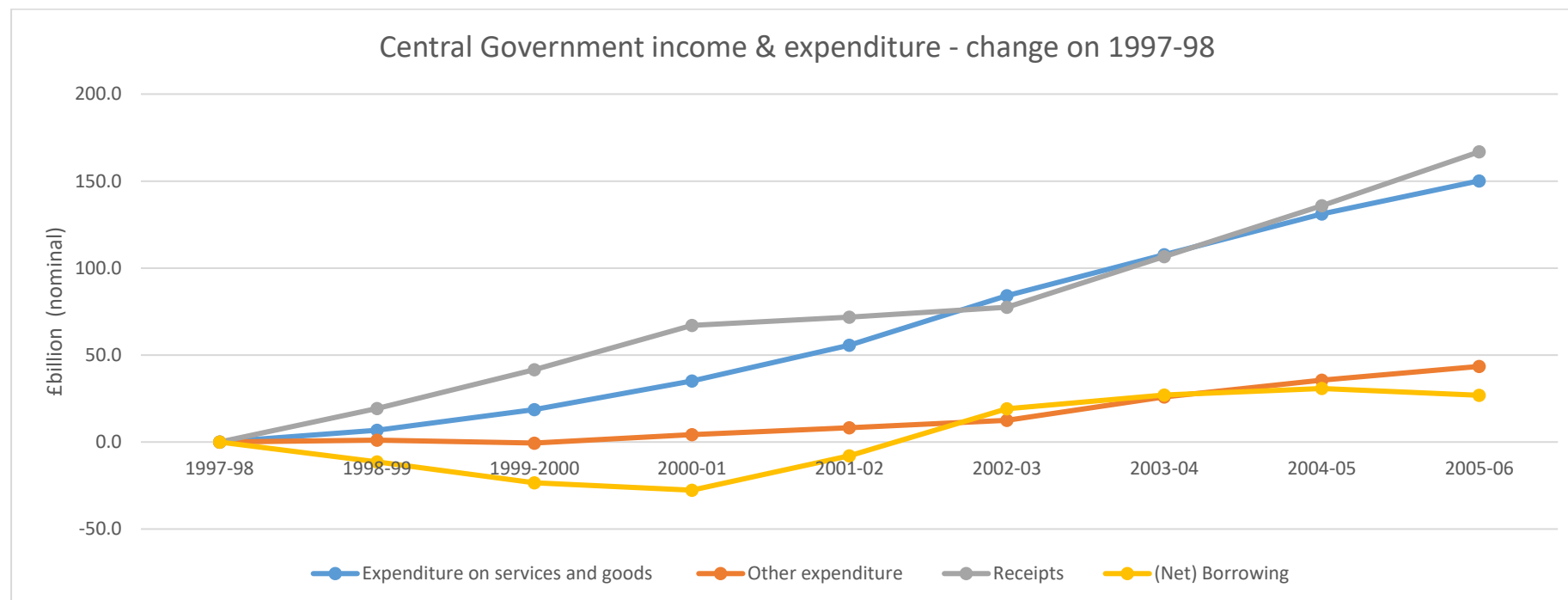
Figure 9



From 2001-02 onwards, though, total income and expenditure was above that in 1997-98 in real terms.

We can split the income into borrowing and tax yield, and the expenditure into spend on services and goods and on other services, and track these individually. Again, the nominal figures show budget discipline:

Figure 10



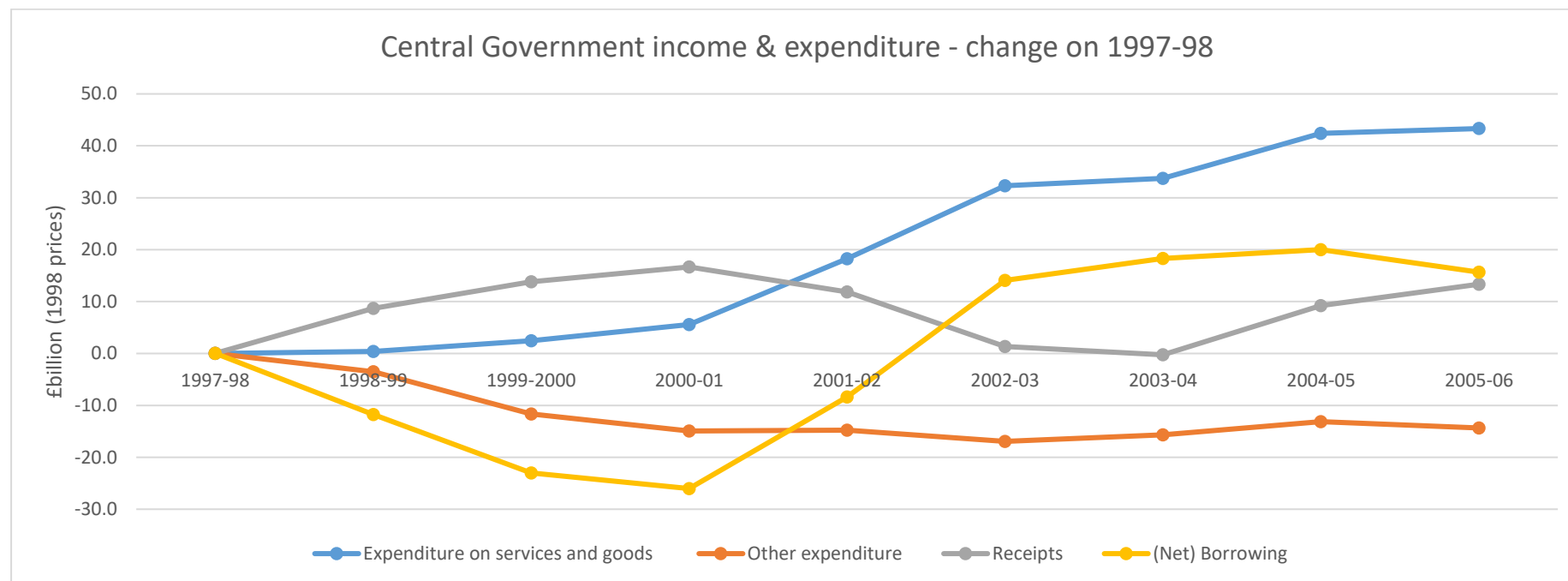
In the early years, rising tax receipts and constrained expenditure meant that the government was actually able to repay some of its debts: £2.3bn in 1998-99, £14.2bn in 1999-2000 and £18.5bn in 2000-01 (£5.7bn, £33.6bn and £41.1bn respectively in 2023 prices).

After this, there was a levelling out of tax receipts from 2000-01 to 2002-03. This meant that the government was forced to borrow more to cover its steadily rising expenditure. However, the pattern of borrowing after 2001-02 is close to a mirror image of that before 2001-02, reflecting Brown's "Golden Rule", that over the economic cycle, the government would borrow only to invest and not to fund current spending.

Throughout the period, expenditure on services and goods rose much faster than other expenditure, but both rose very smoothly.

When inflation is taken into account, though, the curves are not so smooth. “Other expenditure” declines consistently until 2002-03 and thereafter remains largely flat. Tax receipts show a somewhat cyclical behaviour, while borrowing is counter-cyclical and has the same pattern as total income/expenditure as shown in Figure 9 above. Expenditure on services and goods rises in each year of the period, in alternating periods of fast and slow growth.

Figure 11



Over the period as a whole, the average increase in expenditure on services and goods over 1997-98 levels is £19.8bn in 1998 prices (£49.3bn in 2023 prices), while other expenditure falls on average by £11.7bn on 1997-98 levels (£29.0bn in 2023 prices).

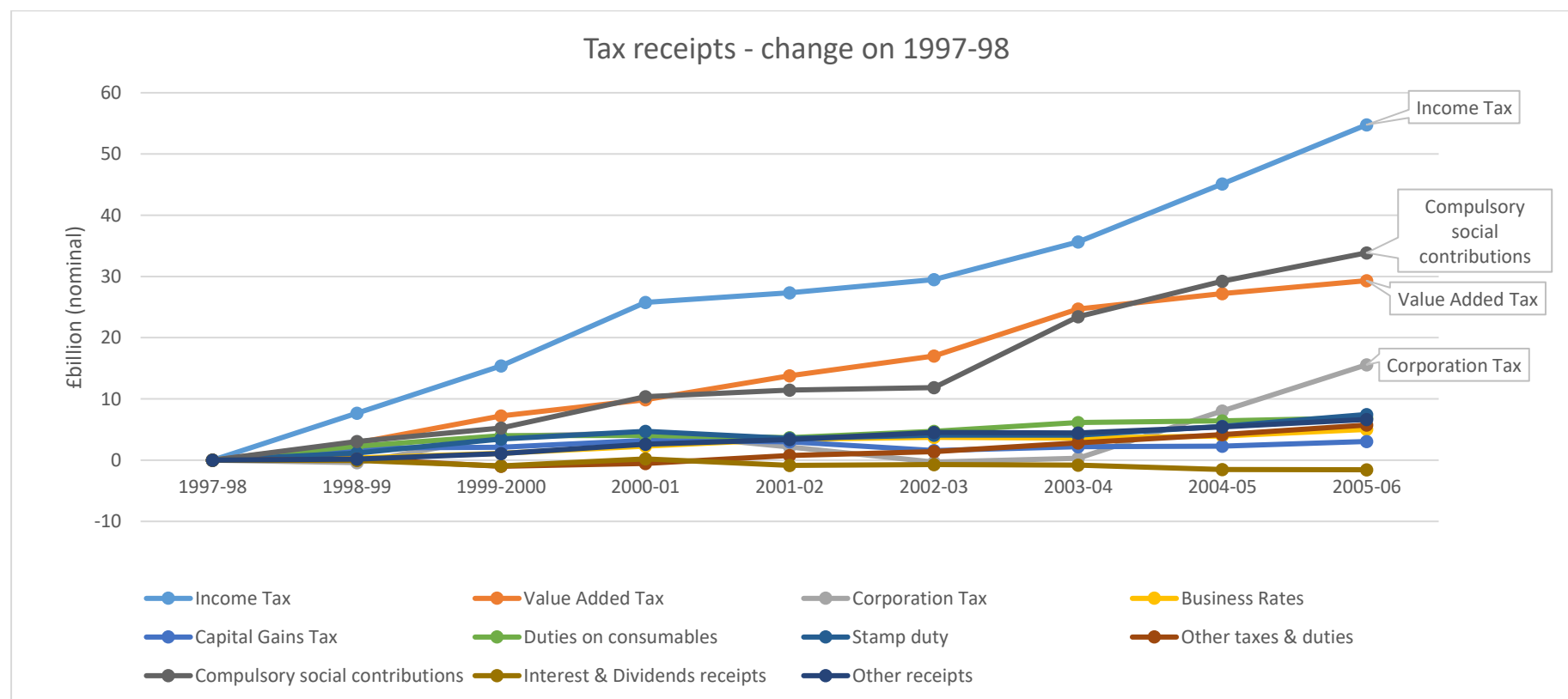
Tax receipts are up by an average of £8.3bn (£20.6bn in 2023 prices). There is no average net borrowing – rather, there is an average net repayment of debt of £0.1bn per year (£0.3bn in 2023 prices).

So, New Labour managed to increase expenditure on services and goods year-on-year until 2005-6, funded from: a) rising tax receipts, b) a consistent reduction in other expenditure, c) prudent use of borrowing that amounted to no more in real terms than had already been repaid.

The next question we seek to address is how the increase in tax receipts arose.

The chart below shows how the tax receipts from the full range of taxes varied over the period (in the prices of the time).

Figure 12



It is clear that three taxes dominated the yield over this period: income tax, VAT, and “compulsory social contributions”. The last of these largely, if not entirely, consists of NI contributions. In the final year, a fourth tax, corporation tax, was also more significant than the remaining taxes. Between them, these four taxes raised over two-thirds of the total increase in tax yield over 1997-98 levels in every year of the period.

The table below shows policy decisions in the Budgets during this period which had particularly large impacts on these yields³. For each of these, it shows the increase or decrease in tax receipts that the Budget forecast from this measure⁴.

Table 1

Budget	Tax affected	Policy	Forecast effect on receipts (£m)							
			1998-99	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
1998	NI	Abolish entry rate for employee NICs	0	-1,200	-1,350	0	0	0	0	0
1998	Corporation tax	1% cut in main rate	0	<3	-700	0	0	0	0	0
1998	Corporation tax	Introduce quarterly payments; abolish Advance Corporation Tax (ACT)	100	1,600	2,000	0	0	0	0	0
1998	Income Tax	Married couple’s allowance - cutting relief to 10%; couples 65+ compensated	0	720	1,080	0	0	0	0	0
1999	Income Tax	Introduce 10p rate	0	-1,500	-1,800	-1,800	0	0	0	0
1999	Income Tax	Basic rate reduced to 22p	0	0	-2,250	-2,800	0	0	0	0
1999	NI	Staged alignment of thresholds with income tax personal allowance	0	0	-850	-1,800	0	0	0	0
1999	NI	Increases to upper earnings limit for employee contributions	0	0	430	750	0	0	0	0

³ There are always two “fiscal events” each year, the Budget is one of them. During this period, the other was the Pre-Budget Report (PBR). None of the PBRs that are available on the web contained policy decisions that significantly affected tax receipts for these four taxes. PBRs for 2001 and 2002 and Budget 2003 do not seem to be available on the web. The table shows every tax measure in the available reports which increased or decreased receipts in one of the four taxes by at least £700m in at least one year.

⁴ These appear to be in the prices of that Budget, rather than the prices for the year forecast, although the explanation of the indexing used to calculate them is difficult to follow.

1999	NI	Reduction in employer contribution rate	0	0	0	-1,700	0	0	0	0
1999	Income Tax	Abolition of married couples allowance for under 65s	0	0	1,600	2,050	0	0	0	0
1999	Income Tax	Abolition of mortgage interest relief (MIRAS)	0	0	1,350	1,400	0	0	0	0
2001	Income Tax	Over-indexation of starting rate band by £300 from £1,520 to £1,880	0	0	0	-750	-950	-950	0	0
2002	IT & NI	Freeze in income tax personal allowance and NI thresholds	0	0	0	0	0	700	850	0
2002	NI	Additional class 1 primary contribution for employees	0	0	0	0	0	3,550	3,700	0
2002	NI	Additional class 1 secondary contribution for employers	0	0	0	0	0	3,900	4,100	0
2005	Corporation tax	Modernising North Sea corporation tax	0	0	0	0	0	0	0	1,100

Observe that only three of these measures changed tax receipts by more than £2.5bn in any one year, and the highest figure in the table is £4.1bn. There are also almost as many that reduce tax yield as those that increase it.

By contrast, the following table shows the changes in tax yields on their 1997-98 levels. Many of the figures here are in the tens of billions.

Table 2

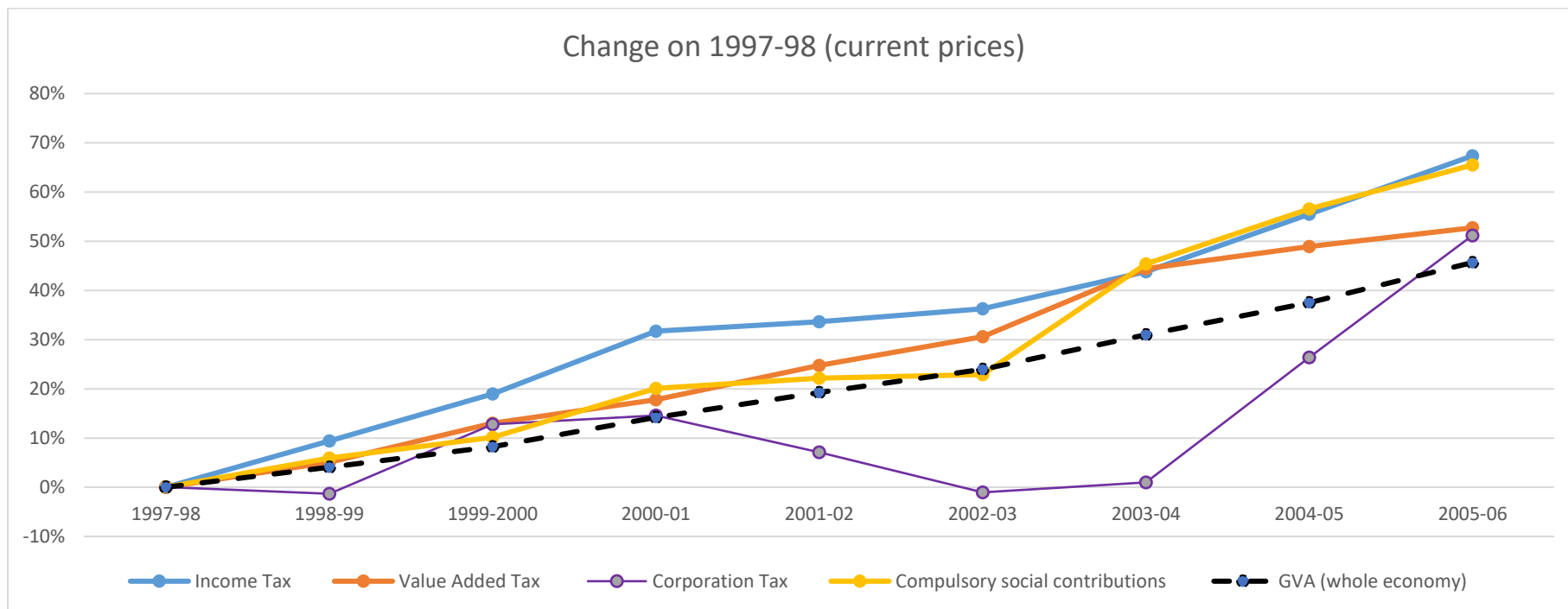
	Change on 1997-98, £ million (current prices)				
Financial year	Income Tax	Value Added Tax	Corporation Tax	Compulsory social contributions	Total
1997-98	0	0	0	0	0
1998-99	7,659	2,825	-405	3,054	13,133
1999-2000	15,398	7,221	3,885	5,243	31,747
2000-01	25,790	9,893	4,431	10,376	50,490
2001-02	27,356	13,763	2,171	11,470	54,760
2002-03	29,479	17,018	-315	11,837	58,019

2003-04	35,623	24,704	300	23,456	84,083
2004-05	45,134	27,205	8,029	29,231	109,599
2005-06	54,776	29,317	15,583	33,867	133,543

Tax policy changes therefore contributed a relatively small part of the change in receipts over the period.

Much more important was economic growth. The chart below shows the profile of the four taxes over the period. On top of this, the dotted line shows Gross Value Added for the whole UK economy – this is the value of the output from the economy before taxes are added (and subsidies are subtracted).

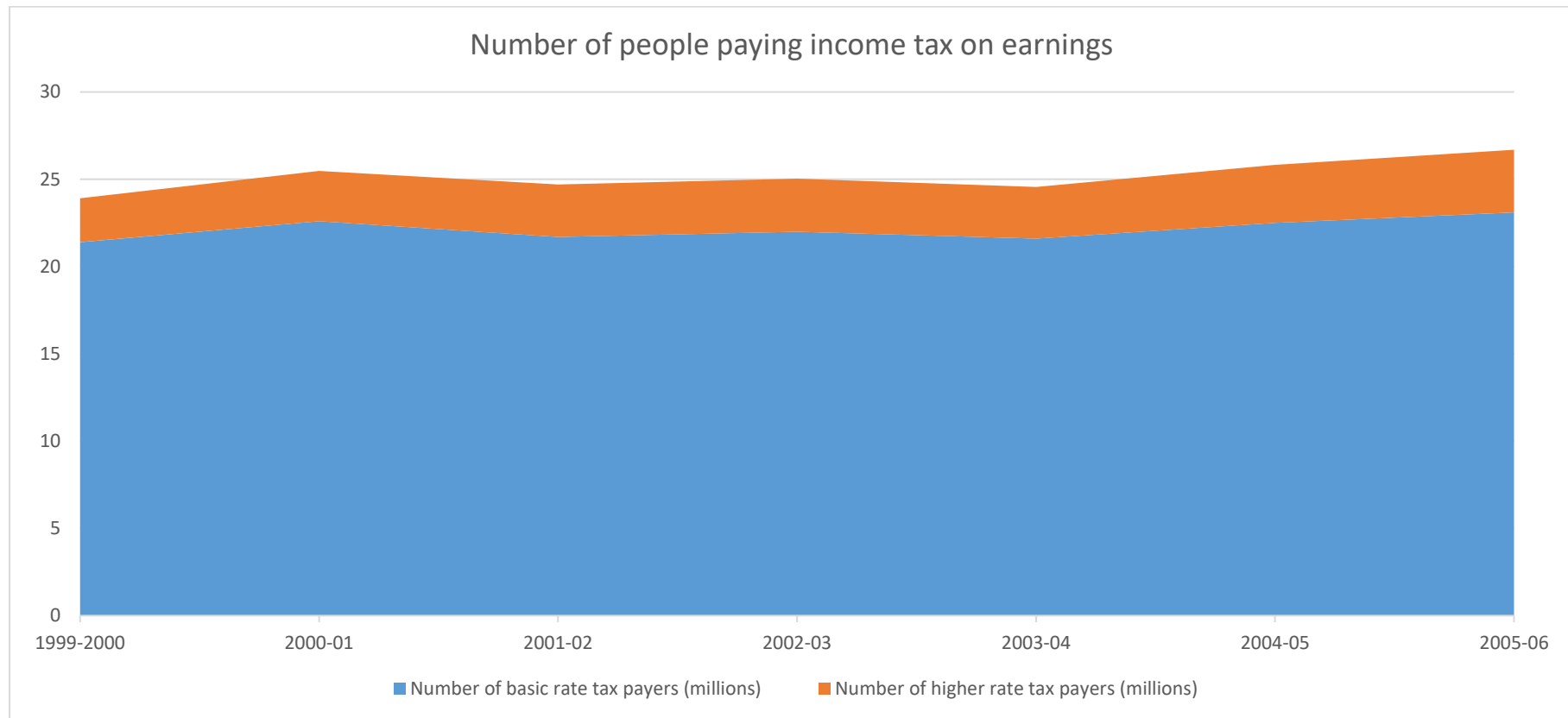
Figure 13



Corporation Tax doesn't seem to track it much, rising and falling a few times, but this is the smallest of the four taxes in terms of receipts. The three larger ones all rise with GVA, but outperform it.

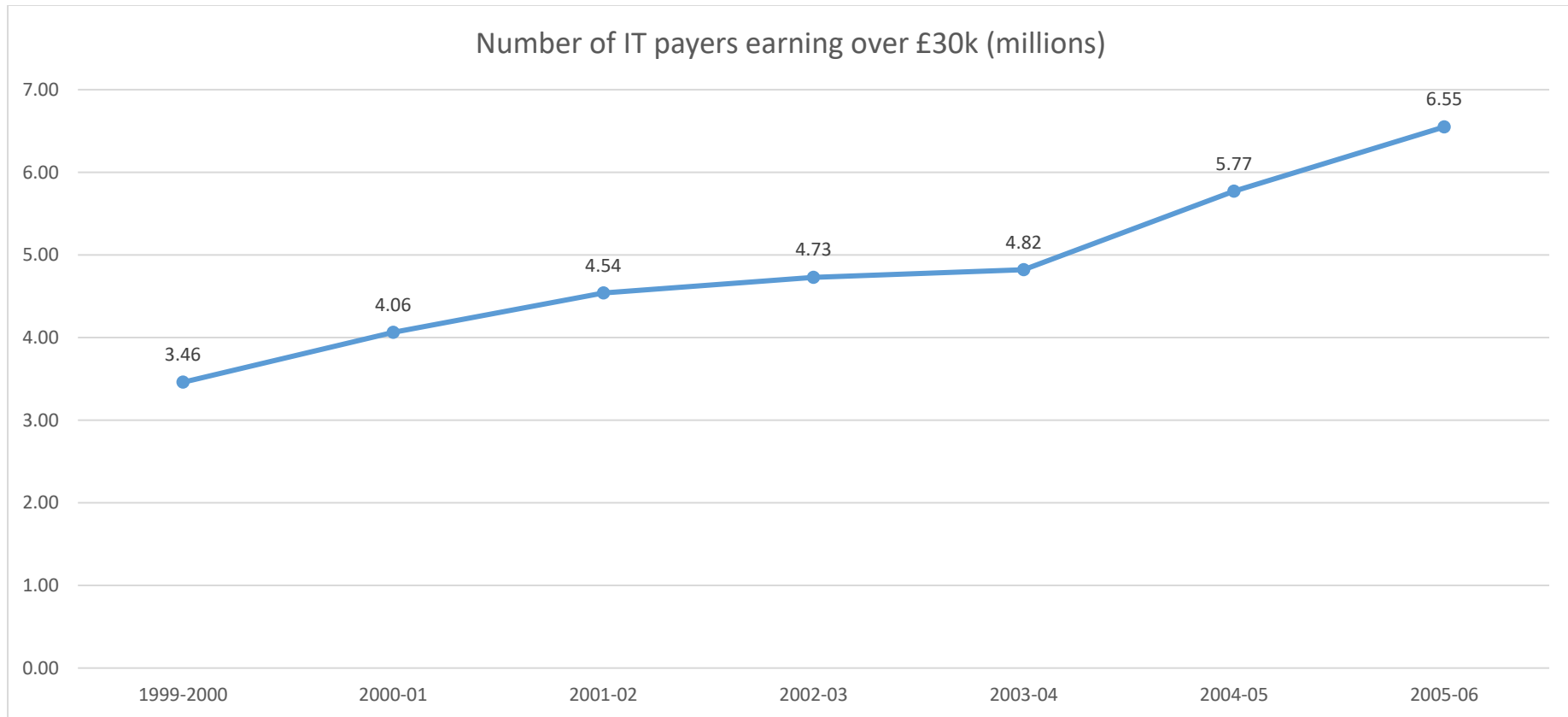
The tax with the largest yield is income tax. The yield from this is determined by the number of people paying the tax and how much each of them contributes. Most of the yield is paid from tax on earnings. People paying income tax on earnings can be divided into basic rate and higher rate taxpayers and the chart below shows how many fell into each category over the period.

Figure 14



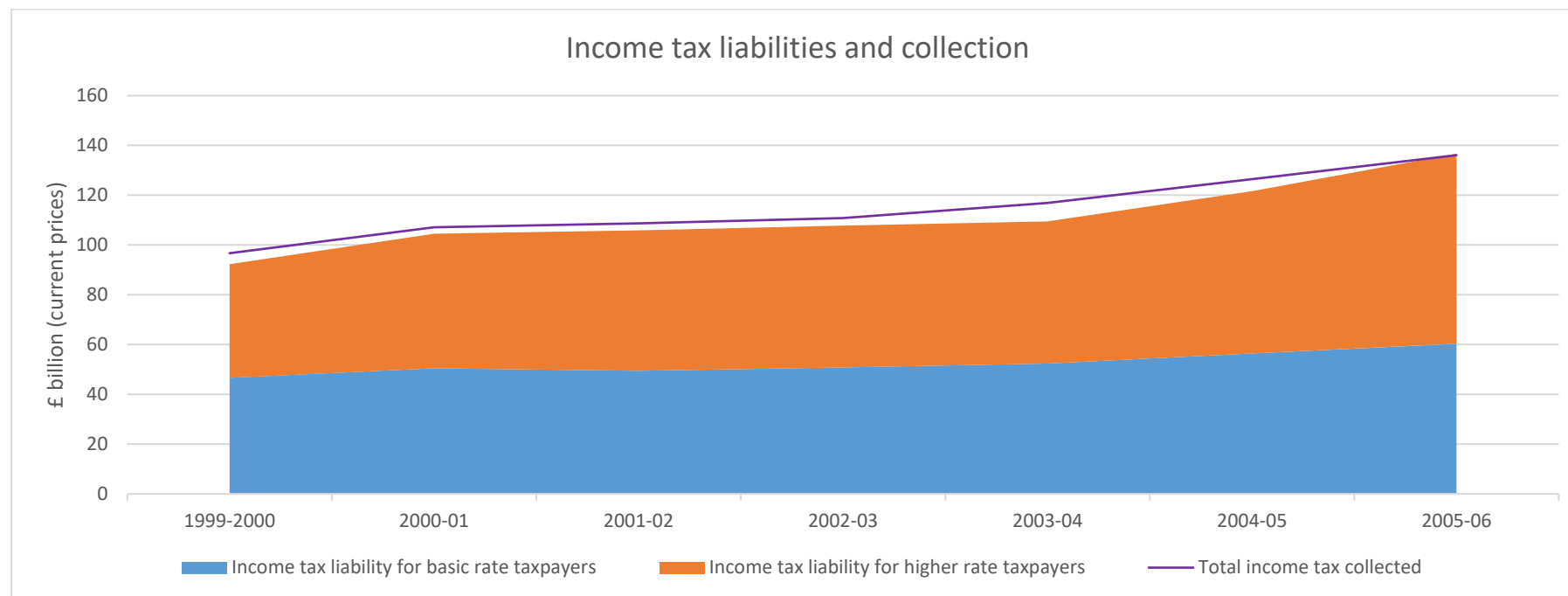
Between 1999-2000 and 2005-06, the number of basic rate tax payers rose by 7.9%, while the number of higher rate tax payers rose by a huge 43.0%. This compares to an increase in the UK population of 2.9% during this period. This is a sign of increasing prosperity; this is also borne out by looking at the number of taxpayers with a total income of £30,000 or more:

Figure 15



Higher rate tax payers contribute far more per head to the tax yield than basic rate tax payers. The contributions of the two groups are shown below, along with the total amount received by central government. This is slightly higher than the sum of the two; income tax is also levied on savings and dividends, and collection will differ slightly from liability due to rebates, delays in collection, etc. Nonetheless, it's clear that much of the rise in receipts is due to higher rate tax payers being liable for more tax.

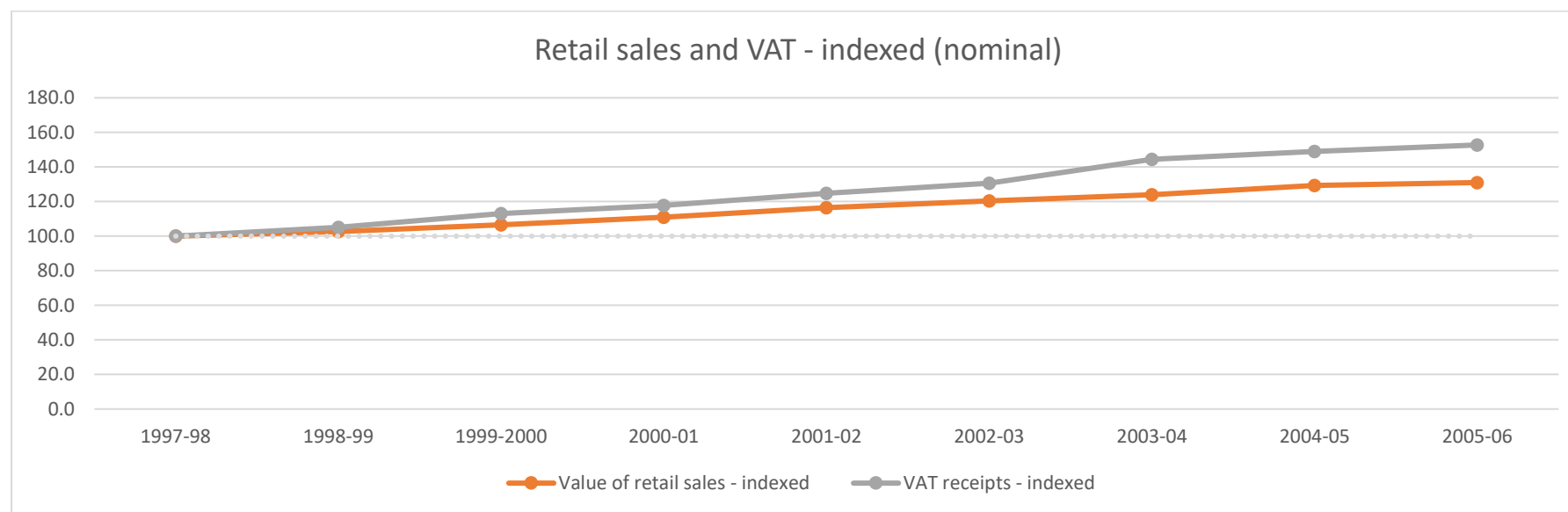
Figure 16



Indeed, while the total liability for basic rate tax payers rose by a very substantial 29.4% over the period, the liability for higher rate tax payers rose by a whopping 67.2%. This resulted in the total yield rising by 40.7%.

If we now turn to VAT, we would expect the yield to rise with the value of retail sales. Again, the figures bear this out, as shown below – indeed, once again, tax receipt growth outstrips the growth in the underlying measure. (Although it should be noted these figures for the value of retail sales – taken from the Office for National Statistics (ONS) – include VAT, so there’s a measure of double-counting in this chart. It’s not possible to deduct VAT from the ONS figures, as they are provided in an indexed form, rather than absolute values. Also, they do not include sales in Northern Ireland.) The chart below shows values indexed to 1997-98, in current prices.

Figure 17



Again, this growth in retail sales is a sign of growing prosperity.

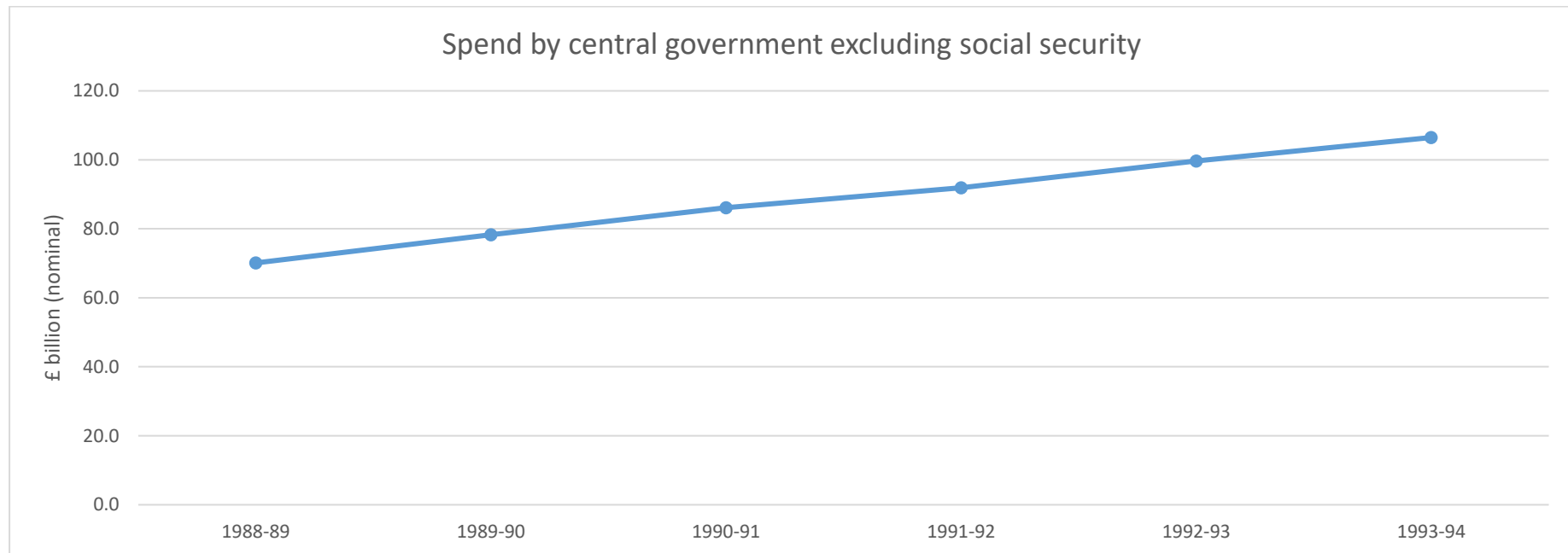
It is clear from studying both of these taxes, in the context of the wider analysis of the fiscal balance, that **prosperity pays for public services.**

Further areas for study

This report has been written within the time constraints of a general election campaign. Its scope is therefore necessarily limited. Should time and resources allow in future, there are other areas to which this analysis could be extended.

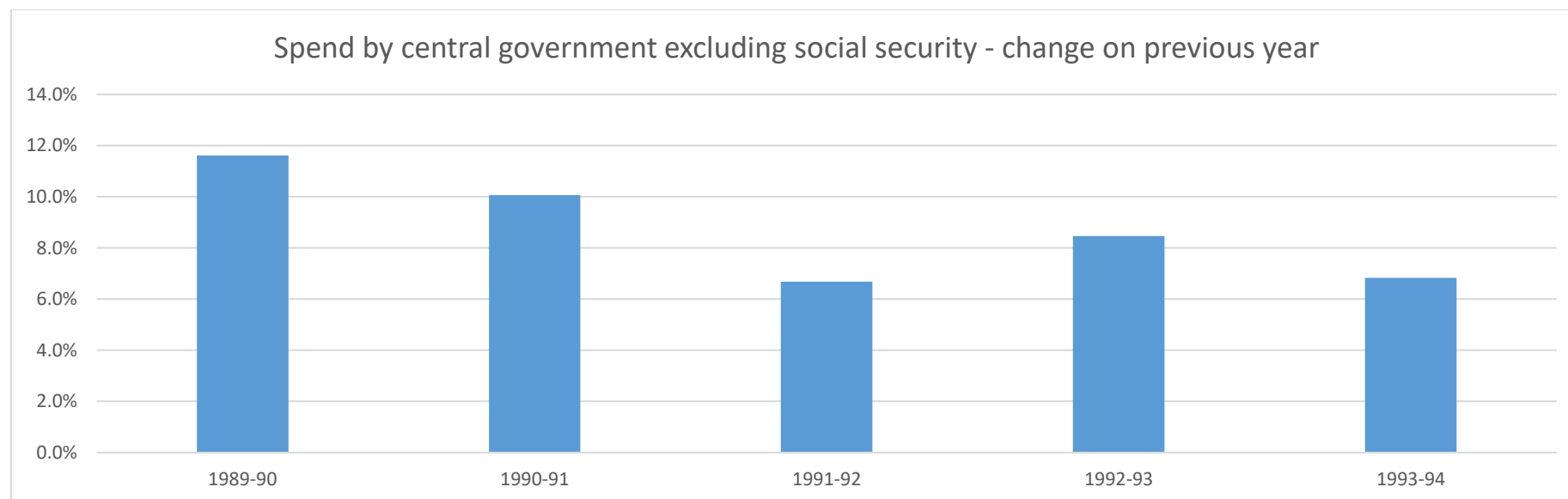
First, Figure 2 above shows that total expenditure by central government grew even more quickly (in nominal terms) between 1988-89 to 1992-93 than it did between 1999-2000 and 2005-06. Unfortunately, the data doesn't seem to exist to separate out spend on services and goods in the way that was done for the latter period in the last section. However, the data does exist to net off social security spend. The resulting spend is shown below.

Figure 18



The year-to-year change in this spend is shown in the next chart. The percentages here are indeed of the same order as those shown in Figure 6 for the early Blair years. It would be interesting to carry out analysis for these years similar to that in the previous section, but this would require identifying alternative sources of data.

Figure 19



Secondly, the analysis in the previous section shows that during one of the periods with highest increases in government expenditure, this increase was partly possible due to growing prosperity driving up tax receipts. It might be worth looking at the converse – for periods of more constrained government expenditure, were all of the indicators of prosperity also lower? Lived experience suggests that there was less affluence during these periods, but would the statistics bear this out?

Finally, for the period most heavily studied in this analysis, there are still gaps – the analysis could look at the other taxes and it could also look at the real-terms trajectories of the individual components of “other expenditure”.

Annex: methodology

The methodology used in this report can be summarised as follows:

- ◆ For total expenditure from 1981-82 as shown in Figures 1 & 2, source data is taken from [Public sector finances time series](#), published by ONS on 22 May 2024. Financial years are approximated by adding Q2-Q4 of one year and Q1 of the next.
- ◆ For “expenditure on services and goods” and “other expenditure” as shown in Figures 3, 5-7 and 10-11, source data is taken from [Public sector finances summary tables: Appendix M](#), published by ONS on 22 May 2024. Financial years are approximated by adding April-December of one year and January-March of the next. "Expenditure on goods & services" comprises (with ONS dataset identifier code in brackets): pay/staff costs (NMBG); procurement/purchase of goods & services (MF76); other expenditure on goods & services (NSRN-MUT5); subsidies (e.g. CJRS, SEISS) (NMCD); contributions to EU (M9LH); current transfers to/from abroad; transfers to local government; other current grants; net investment. "Other expenditure" comprises Interest payments (NMFJ); National Insurance Fund Benefits (QYRJ); Social Assistance (NZGO); Public Service Pension (net cost) (MF77-MF6Q); Depreciation (NSRN)
- ◆ Deflation for government spend from 1998-99 to 2022-23 is carried out using used the GVA implied deflator for public administration and defence (O (84)) for the UK, taken from Table 1d of the [Regional gross value added \(balanced\) by industry: all ITL regions](#) dataset, published by ONS on 24 April 2024. The GVA deflator for the calendar year most closely matching the financial year is used. (For example, 1998-99 spend is deflated using the GVA deflator for 1998.) GVA deflators for 1997 and 2023 are not available, so for these years, the annual average RPI is used.
- ◆ For “Receipts” and “(Net) Borrowing” as shown in Figures 10-11, source data is taken from [Public sector finances summary tables: Appendix M](#), published by ONS on 22 May 2024 (ONS dataset identifier codes ANBV and -NMFJ). Financial years are approximated by adding April-December of one year and January-March of the next.
- ◆ For receipts from individual taxes as shown in Figures 12, 16 and 17, and underlying some statistics on p.4 and p.25, source data is taken from [Public sector finances summary tables: Appendix M](#), published by ONS on 22 May 2024. Financial years are approximated by adding April-December of one year and January-March of the next. “Duties on

consumables” comprises Alcohol Duty, Tobacco Duty and Fuel Duty. “Other taxes and duties” includes Vehicle Duty, Customs Duties, Petroleum Revenue Tax, television licence, bank levy and various other/miscellaneous taxes which are not separately listed in the data.

- ◆ The figures in Table 1 are taken from tables of policy decisions in the stated Budget reports and PBS. Budget 2001 also provides a total cost to the Treasury for each year of a "pensioners' package". This has not been included in Table 1 as the impact on tax yields appears to be consequential on the main benefits of the package, so it is likely that most of the cost for each year relates to the primary benefits, rather than the impact on tax yields.
- ◆ “GVA (whole economy)” data from 1998-99, as shown in Figure 13, is the UK current prices estimate for total GVA across all industries, taken from Table 1c of the [Regional gross value added \(balanced\) by industry: all ITL regions](#) dataset, published by ONS on 24 April 2024. The GVA figure for the calendar year most closely matching the financial year is used. (For example, 1998-99 spend is deflated using the GVA deflator for 1998.) These figures form a smooth curve, so GVA for 1997 is estimated by assuming it grows in the same proportion between 1997 and 1998 as it does between 1998 and 1999.
- ◆ Data on income tax liability and number of income tax payers, as shown in Figures 14-16 and underlying some statistics quoted on p.4 and p.24-25, is taken from [Table 2.5a - Income Tax liabilities by income range for historic years](#), published by HMRC on 29 June 2023.
- ◆ The population increase stated on p.24 is calculated using the data underlying the chart in Section 1 of the ONS publication [The changing UK population](#), published 15 January 2015. This is taken from 2013 Mid-Year Estimates.
- ◆ Data for retail sales, as shown in Figure 17 and underlying some statistics quoted on p.4, is taken from the [Retail Sales Index](#) dataset, published by ONS on 21 June 2024. Financial years are approximated by adding April-December of one year and January-March of the next.
- ◆ The data used in Figures 18 & 19 on central government spend from 1988-89 to 1993-94 is taken from Table 3.4 of [Public Expenditure – Statistical Supplement to the Financial Statement and Budget Report 1994-95](#).