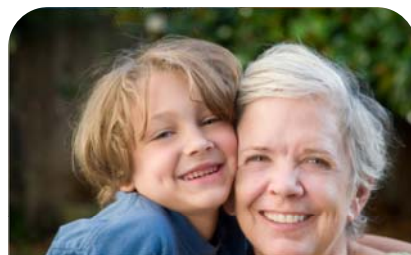


The effects of taxes and benefits on household income, 2009/10

Further analysis and methodology

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Office for National Statistics



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1 The data used in this article are taken from the full set of Reference Tables accompanying the *Effects of taxes and benefits on household income* statistical bulletin. Each table/figure title within this article provides the source Reference Table number from which the data are taken. These tables are available in the **Appendix** and in Excel format at:

<http://www.ons.gov.uk/ons/publications/re-reference-tables.html?edition=tcm%3A77-231970>

Introduction

This supplementary material is intended to provide further analysis on *The effects of taxes and benefits on household income* and to illustrate how these data are derived. It follows a similar structure to the statistical bulletin and also provides details on the methodology, concepts, sources and information on their quality. Data on *The effects of taxes and benefits on household income* are also available on ONS's YouTube channel (<http://www.youtube.com/user/onsstats>)

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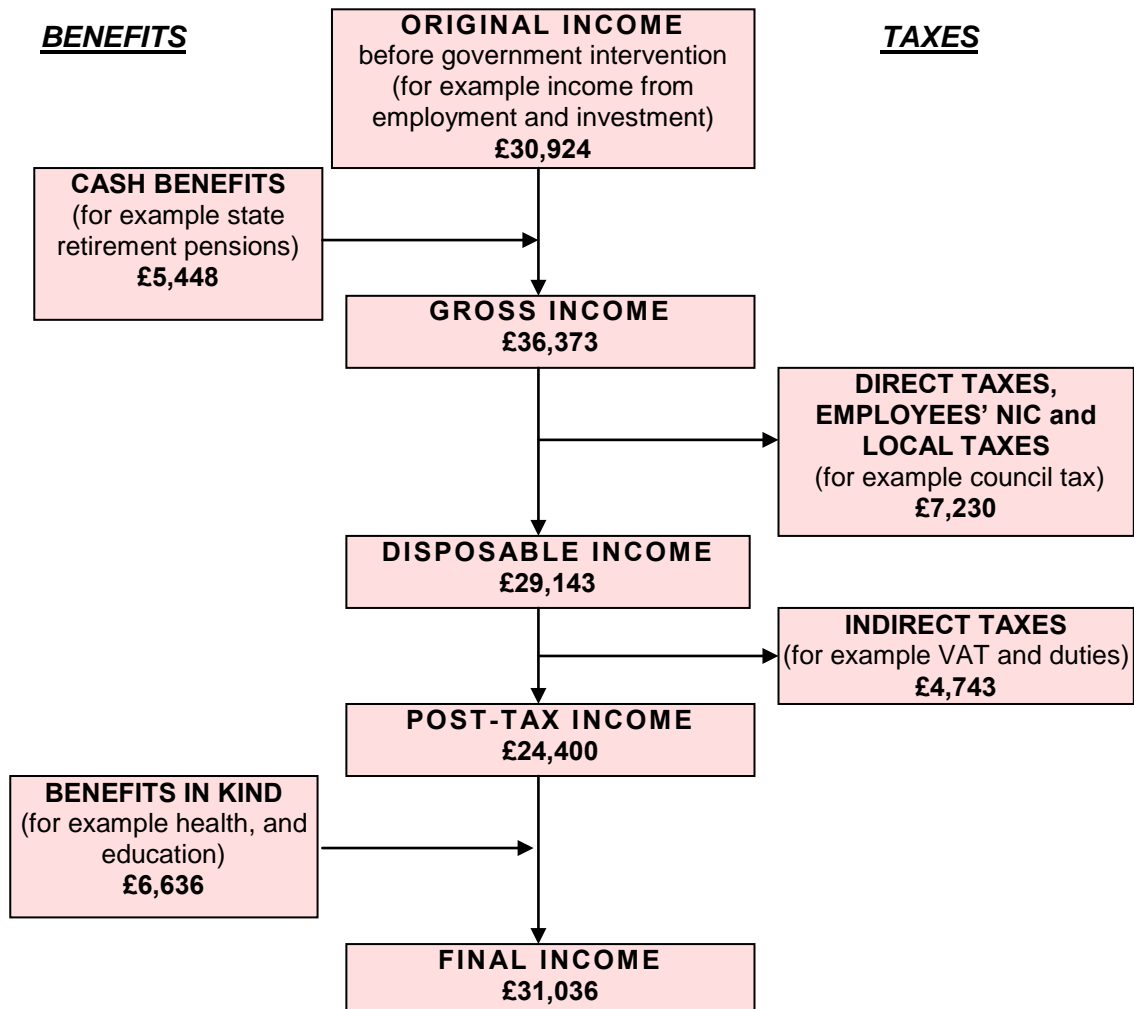
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1. Redistribution of income

Diagram A shows the five stages of household income in these analyses.

Diagram A: Average household income, cash benefits and taxes, 2009/10



Source: Office for National Statistics

The five stages can be summarised as follows:

1. **Original income.** To begin with, household members receive income from employment and self-employment, occupational pensions, investments and from other non-government sources.
2. **Gross income.** This is original income, plus income from cash benefits (for example state retirement pension, income support and pension credit).
3. **Disposable income.** This is gross income minus households payment of direct taxes such as income tax, employees' National Insurance contributions and council tax.

4. **Post-tax income.** This is disposable income after households pay indirect taxes (for example Value Added Tax (VAT)).
5. **Final income.** This is the estimate of income after notional benefits in kind provided to households by the Government are added.

Note that at no stage are deductions made for housing costs.

2. Original income

The starting point of the analysis is **original income**. This is the annualised income in cash of all members of the household before the deduction of taxes or the addition of any state benefits. It includes income from employment, self-employment, investment income, occupational pensions and annuities. The term 'annualised' refers to the estimate of income expressed at an annual rate based on the respondent's assessment of his 'normal' wage or salary subject to his current employment status. Where a respondent has been unemployed for less than one year, their normal wage or salary (for their last job) is abated for the number of weeks absence (where the respondent is off sick; receiving incapacity benefit; on a government training scheme; on maternity leave or receiving job seeker's allowance).

Similarly, for those in employment, this annualised estimate is 'abated' for the number of weeks lost in the last 12 months due to sickness, maternity and so on. This is to avoid double counting wages and salaries, and cash benefits. The abatement figure is taken as the number of weeks lost in the 12 months prior to interview.

About 98 per cent of original income comes from earnings, occupational pensions (including annuities) and investment income. The very small bit remaining comes from a variety of sources: trade union benefits, income of children under 16, private scholarships, earnings as a mail order agent or baby-sitter, regular allowance from a non-spouse, allowance from an absent spouse and the imputed value of rent-free accommodation. Households living in rent-free dwellings are each assigned an imputed income (although this is counted as employment income if the tenancy depends on the job). This imputed income is estimated based on mortgage interest payment data for each of the regions and UK countries.

In addition to salary, many employees receive fringe benefits as part of their income such as company cars, private medical insurance and beneficial loans (loans with a rate of interest that is below the market rate). The company car benefit, together with the benefit from fuel for personal use, has been included in the analysis since 1990. This is by far the most important fringe benefit,

accounting for around 60 per cent of total taxable benefits according to HM Revenue and Customs' (HMRC) statistics.

The imputed income allocated to households is the taxable value of the benefit in accordance with HMRC rules. Although, for those earning below £8,500 per year the benefit is not taxable, here the benefit has been allocated to all those with a company car regardless of the level of earnings. This imputation uses data from a number of sources. Administrative data from the Vehicle Collection Agency (VCA) is used to calculate average CO₂ emissions and the average value of the car is taken from the LCF. This data is then used to calculate this benefit according to HMRC rules, which also includes a fuel element.

The benefit of subsidised loans from employers for house purchase has been allocated, since the 1992 analysis. The benefit is taken to be the difference between the interest payments on such loans as reported in the LCF and the interest payments that would have been payable at the ruling market rate of interest.

3. Gross income

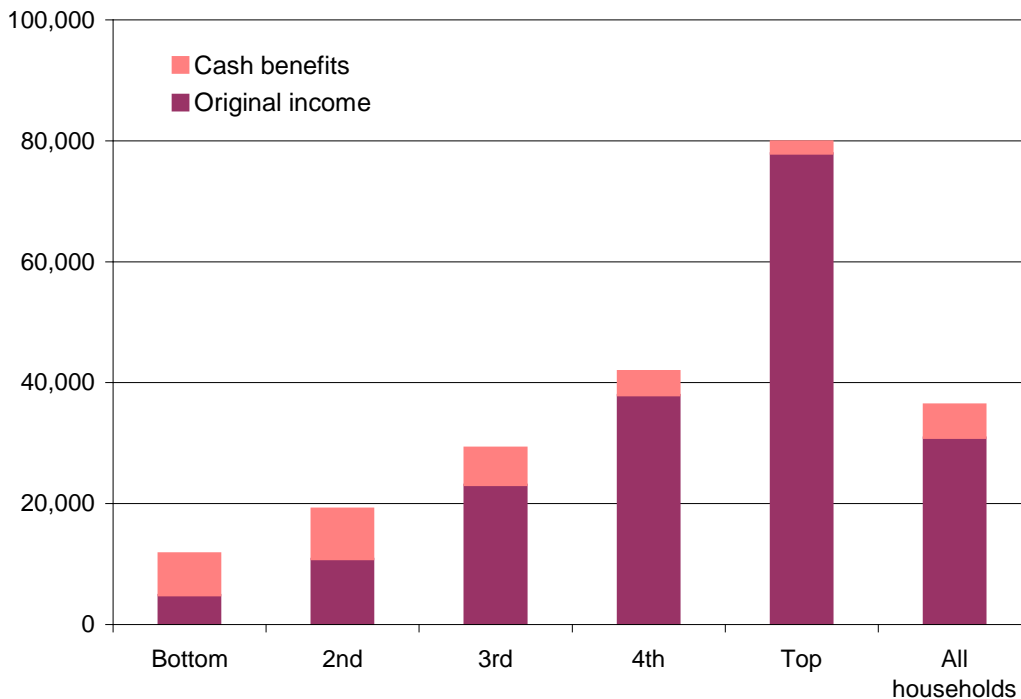
The next stage of the analysis is to add cash benefits and tax credits to original income to obtain **gross income**. This is slightly different from the 'gross normal weekly income' used in the LCF report *Family Spending*¹, as the gross income measure in *The effects of taxes and benefits on household income* analysis makes adjustments to abate for weeks of work lost for reasons discussed in section 2. **Original income**. Cash benefits and tax credits include:

1. Contributory benefits: Retirement pension, contribution based job seeker's allowance, incapacity benefit, widows' benefits, and statutory maternity pay.
2. Non-contributory: Income support, income based job seeker's allowance, child benefit, housing benefit (council tax benefit and rates rebates are treated as deductions from council tax and Northern Ireland rates), statutory sick pay, carer's allowance, attendance allowance, disability living allowance, war pensions, severe disablement allowance, industrial injury disablement benefits, child tax credit and working tax credit, pension credit, over 80 pension, Christmas bonus for pensioners, government training scheme allowances, student support, and winter fuel payments.

¹<http://www.ons.gov.uk/ons/taxonomy/index.html?nscl=Effects+of+Taxes+and+Benefits+on+Individuals>

Figure A shows the extent to which cash benefits increase incomes, from the bottom fifth to the top fifth of households. It can also be seen that the majority of cash benefits go to low income households. In 2009/10, the average cash benefits received by households was £5,400 per year, 15 per cent of average gross incomes. This proportion was 14 per cent in 2008/09.

Figure A (Reference Table 14A): Gross income by quintile groups¹ of ALL households, 2009/10
Average per household (£ per year)



Source: Office for National Statistics

¹ Households are ranked by equivalised disposable income, using the modified-OECD scale.

Statutory maternity pay is classified as a cash benefit even though it is paid through the employer. Statutory sick pay receives the same treatment and is included as part of other non-contributory benefits. From 2005/06, student support included educational maintenance allowance as well as other education grants. Winter fuel payments are included within the category 'other non-contributory benefits'.

Child tax credit (CTC) and working tax credit (WTC) are more complicated. They are classified as a negative income tax, but only to the extent that income tax less tax credits, remains greater than or equal to zero, for each household. So, for households paying relatively little or no income tax, tax credit payments are regarded either partially or wholly, as cash benefits.

Income from short-term benefits (for example job seeker's allowance) is taken as the product of the last weekly payment and the number of weeks the benefit was received in the 12 months prior to interview. Income from long-term benefits (for example disability living allowance), and from housing benefits, is based on current rates.

In this analysis, the retirement pension is considered a contributory cash benefit. As a result, retired households (see section **18. Definitions and classifications**) contributory benefits accounted for 75 per cent of the total cash benefits. However, for non-retired households, non-contributory benefits make up nearly three-quarters of all cash benefits on average. **Table A** gives a summary of the cash benefits that each non-retired quintile group received in 2009/10.

Table A (Reference Table 7): Cash benefits for NON-RETIRED households by quintile groups,¹ 2009/10

	Quintile groups of NON-RETIRED households ¹					All non-retired households
	Bottom	2nd	3rd	4th	Top	
Average per household (£ per year)						
Contributory						
Retirement pension	164	727	928	850	572	648
Incapacity benefit ²	497	439	175	86	12	242
Job seeker's allowance ³	137	63	19	7	1	45
Other	24	90	175	147	232	133
Total contributory	822	1 319	1 297	1 089	817	1 069
Non-contributory						
Income support and pension credit ²	1 035	499	230	56	17	367
Tax credits ⁴	1 359	1 011	305	95	12	557
Child benefit	782	794	603	438	357	595
Housing benefit	1 523	942	350	103	10	586
Job seeker's allowance ⁵	298	81	48	6	9	88
Sickness/disablement related	443	720	562	249	93	413
Other	255	195	109	167	178	181
Total non-contributory	5 695	4 242	2 207	1 115	677	2 787
Total cash benefits	6 518	5 560	3 505	2 204	1 494	3 856
Cash benefits as a percentage of gross income	49	22	10	4	2	9

Source: Office for National Statistics

Notes:

- 1 Households are ranked by equivalised disposable income, using the modified-OECD scale.
- 2 Including employment support allowance.
- 3 Contribution based.
- 4 Child tax credit and working tax credit.
- 5 Income based.

Most non-contributory benefits, particularly income support, tax credits and housing benefit, are income related and so payments are concentrated in the two lowest quintile groups. The presence of some individuals with low incomes in high income households means that some payments are recorded further up the income distribution. Of the total amount of income support, tax credits and housing benefit paid to non-retired households, just over half goes to households in the bottom quintile group.

As households at the lower end of the distribution tend to have more children, we also see higher levels of child benefit at this end of the distribution.

In contrast to non-contributory benefits, the criterion for receipt of contributory benefits is the amount of National Insurance contributions that have been paid by, or on behalf of, the individual. The amounts received from these benefits are also higher in the lower half of the distribution, but to a lesser extent than for non-contributory benefits.

In 2009/10 cash benefits provided 49 per cent of gross income for households in the bottom quintile group, cash benefits make up just 2 per cent of gross income for households in the top quintile group. Their payment results in a significant reduction in income inequality.

4. Disposable income

Income tax, council tax and Northern Ireland rates, and employees' and self-employed National Insurance contributions are grouped as **direct taxes**. When direct taxes are subtracted from gross income it forms **disposable income**. Taxes on capital, such as capital gains tax and inheritance tax, are not included in these deductions because there is no clear conceptual basis for doing so, and the relevant data are not available from the LCF.

As previously mentioned, income tax is shown after the deduction of those tax credit payments which are regarded as negative income tax.

The figures for 'Council tax and Northern Ireland rates' include council tax (for households in Great Britain), and domestic rates (for households in Northern Ireland). Council tax is shown after discounts, for example, the discount of 25 per cent for single person households. All council tax and Northern Ireland rates are shown after the deduction of council tax benefit and rate rebates. This is in line with the UK National Accounts which treat such rebates as revenue foregone. Up to, and including, 1995/96 these rebates were included as part of housing benefits.

Up to, and including 2001/02, the figures for local taxes also included charges made by water authorities for water, environmental and sewerage services. From 2002/03, charges made by water authorities were treated as charges for a service rather than a tax, so the figures for council tax and Northern Ireland rates from 2002/03 onwards are not strictly comparable with those for local taxes up to and including 2001/02.

The tax estimates are based on the amount deducted from the last payment of employment income and pensions, and on the amount paid in the last 12 months in respect of income from self-employment, interest, dividends and rent. The income tax payments recorded will therefore take account of a household's tax allowances, with the exception of tax credits and life assurance premium relief. Where households are eligible for either of these reliefs, deductions are made from recorded income tax payments.

Households with higher incomes paid both higher amounts of direct tax and higher proportions of their income in direct tax. The top quintile group paid an average of £19,500 per household per year in direct taxes. In contrast, the direct tax bill for households in the bottom quintile group was around £1,200 per year. As a result, direct taxes reduced inequality of income, that is, they were progressive. The top quintile group paid 24 per cent of their gross income in direct taxes, while the bottom quintile group paid 10 per cent as shown in **Table B**.

Table B (Reference Table 3): Direct taxes as a percentage of gross income for ALL households by quintile groups,¹ 2009/10

	Quintile groups of ALL households ¹					All households
	Bottom	2nd	3rd	4th	Top	
Percentages						
Direct taxes						
Income tax ²	3.1	5.1	8.9	11.9	17.4	12.6
Employees' National Insurance Contributions	1.4	2.5	4.3	5.4	5.2	4.6
Council tax & Northern Ireland rates ³	5.8	3.8	3.4	2.7	1.8	2.7
All direct taxes	10.2	11.5	16.6	20.1	24.4	19.9

Source: Office for National Statistics

Notes:

- 1 Households are ranked by equivalised disposable income, using the modified-OECD scale.
- 2 After deducting tax credits and tax relief at source on life assurance premiums.
- 3 After deducting discounts, council tax benefits and rates rebates.

However, while direct taxes are progressive when taken as a whole, some direct taxes are progressive, whereas others are regressive. For example income tax is progressive. Households at the lower end of the income distribution pay smaller amounts of income tax as a proportion of

gross income compared with higher income households. This is because this tax is not paid at all on the first part of income and higher rates of income tax are paid on higher incomes. On the other hand, although the proportion of gross income paid in National Insurance Contributions (NICs) rises with income, it does so only until the fourth quintile group. In 2009/10, employees' NICs were levied at 11 per cent on weekly earnings from £110 to £844 and at 1 per cent above this. Thus, incomes above the higher threshold of £844 per week are subject to a much lower rate than for incomes between £110 and £844 per week. As a result, NICs are progressive only up until the fourth quintile group.

In contrast, council tax (and domestic rates in Northern Ireland) is regressive, even after taking into account council tax benefits and rates rebates. Although households in the lower part of the income distribution pay smaller absolute amounts - average net payments by the bottom fifth of households are half those of the top fifth - when expressed as a proportion of gross income, the burden decreases as income rises. Council tax in Great Britain and domestic rates in Northern Ireland represented 5.8 per cent of gross income for those in the bottom fifth but only 1.8 per cent for those in the top fifth.

Disposable income is equivalised to rank households from richest to poorest. Equivalisation is a process that makes adjustments to incomes, so that households with different compositions can be analysed in a sensible way. This reflects the common sense notion that, in order to enjoy a comparable standard of living, a household of, for example, three adults will need a higher level of income than a household of one person.

This analysis uses the *modified-OECD* scale to equivalise household incomes. It was proposed by Hagenars, De Vos and Zaidi in 1994 for use across the world and has been applied to a number of UK Government sources, such as the Households Below Average Income (HBAI) series. The modified-OECD scale usually assigns a weight of 1.0 for the first adult in a household, 0.5 for each additional adult and a weight of 0.3 for each child (aged 0–14 years).

However, in this analysis the modified-OECD scale has been rescaled so that a two adult household equivalence value is 1.0. This makes it easier to compare with data which uses the McClements equivalence scale but this makes no difference to the overall results (see below for more details about the McClements scale).

The modified-OECD scale in this analysis uses the following weights:

Type of household member	Modified-OECD Equivalence value
First adult	0.67
Second and subsequent adults	0.33 (per adult)
Child aged 13 and under	0.20
Child aged 14 and over	0.33

The values for each household member are added together to give the total equivalence number for that household. This number is then used to divide disposable income for that household to give **equivalised disposable income**. For example, take a household that has a married couple with two children (aged six and nine) plus one adult lodger. The household's equivalence number is $0.67 + 0.33 + 0.20 + 0.20 + 0.33 = 1.73$. The household's disposable income is £20,000, and so its equivalised disposable income is £11,561 ($£20,000/1.73$).

Equivalised disposable income is used to produce the single ranking used in all the tables in this analysis (apart from the Gini coefficients which have to be ranked afresh for each different definition of income).

Historically, the equivalence scale used in this analysis was the *McClements scale* (before housing costs are deducted). The scales (separate ones for before and after housing costs) were developed by Dr L D McClements at the Department of Health and Social Security (DHSS) in the mid-1970s, based on expenditure data from the 1971 and 1972 Family Expenditure Survey. However, to allow for comparability with other data sources which use the modified-OECD scale, this analysis adopted the modified-OECD scale for the 2009/10 article, although a set of tables using the McClements scale have also been provided for comparison. Where the McClements equivalence scale is used (**McClements Tables 3, 14, 14A, 16 and 18**), the equivalence factors are:

Type of household member	McClements Equivalence value
Married Household Reference Person (such as a married or cohabiting couple)	1.00
1st additional adult	0.42
2nd (or more) additional adult	0.36 (per adult)
Single Household Reference Person (adult)	0.61
1st additional adult	0.46

2nd additional adult	0.42
3rd (or more) additional adult	0.36 (per adult)
Child aged:	
16-18	0.36
13-15	0.27
11-12	0.25
8-10	0.23
5-7	0.21
2-4	0.18
Under 2	0.09

It is important to note that most monetary values shown in the analysis are ordinary (i.e. un-equivalised) £ per year, not equivalised £ per year. Where equivalised values do appear (e.g. the quintile points in 14 of the Reference Tables), they are shown in *italics*.

5. Post-tax income

The next step is to deduct **indirect taxes** to give **post-tax income**.

These types of taxes can be divided into two key types; those on final goods and services and those on intermediate goods. Final goods and services are those that are sold to final users (in this case household consumers), while intermediate goods are those that are used in the production of final goods. For example, in the case of a company importing washers to produce water taps to sell to consumers, the washer is the intermediate good and the tap is the final good. Throughout this analysis we assume that the incidence of intermediate taxes is born by the consumer who purchases the final good (in this case households). That is to say that companies pass on the full cost of intermediate taxes to the consumer in the price of the final good. In the above example the company would pass on any import duties on the washer to the consumer of the tap.

Indirect tax on final consumer goods and services include:

- Duties on alcoholic drinks, tobacco, petrol, oil, betting;
- Value Added Tax (VAT);
- Customs (import) duties;
- Motor vehicle duties;
- Air passenger duty;

- Insurance premium tax;
- Driving licenses;
- Television licenses;
- Stamp duties;
- Camelot: payments to National Lottery Distribution Fund.

Taxes levied on final goods and services are assumed to be fully incident on the consumer, and can be imputed from a household's LCF expenditure record. For example, the amount of VAT that is paid by the household is calculated from the household's total expenditure on goods and services which are subject to VAT. Some goods and services are exempt meaning they are out of the conceptual scope of taxable goods and services. There are three rates of VAT; standard, reduced, and zero. Most goods and services are taxed at the standard rate of VAT whereas others, such as gas and electricity for the home, children's car seats, and some energy-saving materials, are at a reduced rate. Some goods and services, which include most (but not all) foods, children's clothes, and books, are zero rated.

In the period 2009/10 there were two different standard rates. These have been incorporated into the results according to when (in the household diary) the purchase was made. The different rates are as follows:

VAT rate	April to December 2009	January to March 2010
Standard rate	15.0 per cent	17.5 per cent
Reduced rate	5.0 per cent	5.0 per cent
Zero rate	0.0 per cent	0.0 per cent

To illustrate how the VAT is calculated here are three examples which could be taken from householders expenditure diaries:

Standard rate

- A household spends £169.00 on a garden shed which is at the standard rate of 17.5% VAT
 The cost of the shed excluding VAT is therefore £143.83 (169.00/1.175)
 The VAT is £25.17 (169.00-143.83)

The household therefore pays **£25.17** in VAT on this purchase.

Reduced rate

- A household spends £125.00 on a solar panel which is at the reduced rate of 5% VAT.
The cost of the solar panel excluding VAT is therefore £119.05 ($125.00/1.05$)
The VAT is £5.95 ($£125.00-119.05$)

The household therefore pays **£5.95** in VAT on this purchase.

Zero rate

- A household spends £1.20 (120 pence) on bread which is zero rated VAT
The cost of the bread excluding VAT is £1.20 ($120 /1.0$)
The VAT is £0 ($£1.20-1.20$)

The household therefore pays **£0** in VAT on this purchase.

The prices of second hand cars is in part determined by the prices of new cars because as VAT is levied on new cars, VAT also affects the price of second-hand cars (and is therefore assumed to be incident on the purchasers of both). In allocating taxes, expenditures recorded in the LCF on alcoholic drinks, tobacco, ice cream, soft drinks and confectionery are grossed up to allow for the known under-recording of these items in the sample. The true expenditure in each case is assumed to be proportional to the recorded expenditure. This approach has its drawbacks because there is some evidence to suggest that heavy drinkers, for example, are under-represented in the LCF.

The incidence of stamp duty on house purchase on an owner-occupying household has been taken as the product of the hypothetical duty payable on buying their current dwelling (estimated from valuations given in the LCF) and the probability of a household of that type moving in a given year (estimated from the General Household Survey).

Indirect taxes on intermediate goods and services include:

- Rates on commercial and industrial property;
- Motor vehicle duties;
- Duties on hydrocarbon oils;
- Employers' contributions to National Insurance, the National Health Service, the industrial injuries fund and the redundancy payments scheme;
- Customs (import) duties;
- Stamp duties;

- VAT;
- Independent Commission franchise payments;
- Landfill tax;
- Consumer Credit Act fees.

As discussed above, the incidence of intermediate taxes are born by the consumer of the final good. In this analysis only taxes on goods and services consumed by households are included. The allocations between different categories of consumers' expenditure are based on the relation between intermediate production and final consumption using estimated input-output techniques. This process is not an exact science, and many assumptions have to be made. Some analyses, such as that by Dilnot, Kay and Keen *Allocating Taxes to Households: A Methodology*, suggest that the taxes could be progressive rather than regressive if different incidence assumptions were to be used.

Because indirect taxes are taxes that are paid on items of expenditure, the amount of indirect tax each household pays is determined by their expenditure rather than their income. While the payment of indirect taxes can be expressed as a percentage of gross income, in the same way as for direct taxes shown in Table B, this can be potentially misleading. This is because some households have an annual expenditure that exceeds their annual income, particularly those towards the bottom of the income distribution. For these households, their expenditure is not being funded entirely from income. It is possible that, for these households, expenditure is a better indicator of standard of living than income. Therefore, payment of indirect taxes is also presented as a percentage of expenditure to give a more complete picture of the impact of indirect taxes.

Carrera (2010) presented some of the most common alternative methods that were used to fund expenditure in households where their expenditure was at least twice the level of their disposable income. For these households the most common source of funds was savings, followed by credit/store cards and then loans. This may be due to a number of reasons. For example, the bottom decile in particular includes some groups who have, or report, very little income (for example people not currently in employment and some self-employed people). For some people, this spell of very low income may only be temporary and, during this period, they may continue with previous patterns of spending. Secondly, some types of one-off receipts are not included as income in this analysis, for example, inheritance and severance payments. Finally, the income and expenditure data are measured in different ways in the LCF, and either could be affected by measurement errors of different kinds.

When expressed as a percentage of expenditure, as shown in **Table C**, the proportion paid in indirect tax tends to be lower for households at the top of the distribution compared with those lower down (15.2 per cent for the top quintile compared with 19.6 per cent for the bottom quintile). The higher percentage of expenditure by low income groups on tobacco (2.1 per cent of total expenditure for the bottom quintile group compared with 0.4 per cent for the top quintile group) and on the 'other indirect taxes' which include television licences, stamp duty on house purchases and the Camelot National Lottery Fund (7.3 per cent compared with 5.3 per cent, respectively) accounts for part of this difference.

Table C (Reference Table 3): Indirect taxes as a percentage of gross income, disposable income and expenditure for ALL households by quintile groups,¹ 2009/10

	Quintile groups of ALL households ¹					All households
	Bottom	2nd	3rd	4th	Top	
(a) Percentages of gross income						
Indirect taxes						
VAT	8.7	6.5	5.7	5.0	4.0	5.1
Duty on alcohol	1.4	1.1	1.0	0.9	0.7	0.9
Duty on tobacco	2.7	1.8	1.2	0.8	0.3	0.9
Duty on hydrocarbon oils & vehicle excise duty	3.0	2.2	2.1	1.9	1.2	1.7
Other indirect taxes	9.4	6.5	5.2	4.3	3.3	4.6
All indirect taxes	25.3	18.1	15.3	12.9	9.3	13.0
(b) Percentages of disposable income						
VAT	9.7	7.4	6.9	6.3	5.2	6.3
Duty on alcohol	1.6	1.2	1.2	1.1	0.9	1.1
Duty on tobacco	3.0	2.1	1.4	1.0	0.3	1.1
Duty on hydrocarbon oils & vehicle excise duty	3.4	2.5	2.5	2.3	1.6	2.1
Other indirect taxes	10.4	7.3	6.3	5.4	4.3	5.7
All indirect taxes	28.1	20.5	18.3	16.1	12.3	16.3
(c) Percentages of expenditure²						
VAT	6.8	7.1	7.0	6.8	6.5	6.7
Duty on alcohol	1.1	1.1	1.2	1.2	1.1	1.1
Duty on tobacco	2.1	2.0	1.5	1.0	0.4	1.1
Duty on hydrocarbon oils & vehicle excise duty	2.4	2.4	2.6	2.5	1.9	2.3
Other indirect taxes	7.3	7.0	6.4	5.9	5.3	6.1
All indirect taxes	19.6	19.6	18.6	17.4	15.2	17.4

Source: Office for National Statistics

Notes:

1 Households are ranked by equivalised disposable income, using the modified-OECD scale.

2 Calculated to be consistent with disposable income.

On the other hand, the impact of indirect taxes, as a proportion of gross or disposable income, declines much more sharply as income rises. So for example, VAT accounted for 8.7 per cent of gross income for households in the bottom quintile and this fell to 4.0 per cent for households in

the top quintile. There were similar patterns for the other indirect taxes shown in Table C and this overall pattern was also consistent when these taxes were calculated as a proportion of disposable income. This is because, those in higher income groups tend to channel a larger proportion of their income into places which do not attract indirect taxes, such as savings and mortgage payments. For this reason, and those already mentioned regarding high expenditure households, indirect taxes expressed as a proportion of income appear more regressive than when expressed as a proportion of expenditure.

The measure of expenditure used in this analysis has been customised to be comparable to the definition of disposable income. For instance, because the imputed benefit of company cars and beneficial loans will have boosted the figure for disposable income, these items have been added to this expenditure measure. Expenditure on alcohol, tobacco and confectionery has been grossed up for under-recording in line with the treatment of the indirect taxes on these items. Payments deemed to be made out of income such as superannuation, regular savings, mortgage repayments and so on, have been included and adjusted where necessary but not items such as lump sum capital payments in line with the exclusion of capital gains and windfalls from income.

6. Final income

This analysis adds notional benefits in kind provided to households by the Government for which there is a reasonable basis for allocation to households, to obtain **final income**. There are some items of Government expenditure, such as capital expenditure and expenditure on defence and on the maintenance of law and order, for which there is no clear conceptual basis for allocation, or for which we do not have sufficient information to make an allocation. The benefits in kind allocated are:

- National Health Service;
- State education;
- School meals and Healthy Start Vouchers;
- Housing subsidy;
- Railway travel subsidy;
- Bus travel subsidy (including concessionary fares schemes).

A switch to more timely health cost data from the 2008/09 analysis means that the time series for the National Health Service are not directly comparable with previous years. Analysis is planned to produce a consistent time series for the National Health Service.

The current method uses data that are available on the average cost to the Exchequer of providing the various types of health care - hospital inpatient/outpatient care, GP consultations, and pharmaceutical services, and so on. Each individual in the LCF is allocated a benefit from the National Health Service according to the estimated average use made of these various types of health service by people of the same age and sex, and according to the total cost of providing those services. The benefit from maternity services is assigned separately to those households containing children under the age of 12 months. No allowance is made for the use of private health care services. The assigned benefit is relatively high for young children, low in later childhood and through the adult years until it begins to rise from late middle age onwards. For all households this benefit is lower in the top two quintiles. This pattern is a reflection of the demographic composition of households. Studies by Sefton (2002) have attempted to allow for variations in use of the health service according to socio-economic characteristics. Due to data limitations, this analysis does not take account of these variations in the use of the health service. The benefit given to households for the NHS is estimated to be equivalent to 12 per cent of the average post-tax income for non-retired households, or an average of £3,400 per year.

Table D shows the benefits in kind for non-retired households in 2009/10, and shows that the main sources of benefits in kind for these households are education and the National Health Service. The table also shows that the picture for retired households is different as these households make far less use of state education and much more use of health services. As a result around 95 per cent of the benefits in kind allocated to retired households were for the National Health Service.

Education benefit is estimated from information provided by the Department for Education and, by local authorities, of the cost per full-time equivalent pupil or student in maintained special schools, primary and secondary schools, universities, and other further education establishments.

The value of the benefits attributed to a household depends on the number of people in the household recorded in the LCF as receiving each kind of state education (students away from the household are excluded). The estimates serve as a proxy for the unit cost per full-time equivalent pupil per year in the UK. There is just one estimate for secondary school children available although it is conceded that the cost climbs steeply with the age of the pupil. Therefore, in this analysis, there is a split in the allocation of per capita expenditure on children between those aged 11 and 15, and those 16 and over at secondary schools. No benefit is allocated for pupils attending private schools.

Table D shows that households in the lower quintile groups received the highest benefit from education. This is due to the concentration of children in this part of the distribution. In addition,

children in households in the higher quintiles are more likely to be attending private schools and an allocation is not made in these cases. The benefit given to households for the education is estimated to be equivalent to 12 per cent of the average post-tax income for non-retired households, or an average of £3,433 per year.

Table D (Reference Tables 10, 18A): Benefits in kind for NON-RETIRED and RETIRED households by quintile groups,¹ 2009/10

	Quintile groups of households ¹					All households
	Bottom	2nd	3rd	4th	Top	
Average per household (£ per year)						
Non-retired households						
Education	5 037	4 375	3 418	2 468	1 869	3 433
National health service	3 307	3 660	3 488	3 262	3 117	3 367
Housing subsidy	53	31	14	7	0	21
Rail travel subsidy	11	10	14	27	54	23
Bus travel subsidies	60	69	68	61	91	70
School meals and Healthy Start Vouchers	143	77	18	7	1	49
All benefits in kind	8 611	8 221	7 020	5 831	5 133	6 963
Retired households						
Benefits in kind						
Education	68	106	41	380	104	140
National health service	5 407	5 489	5 254	5 584	5 497	5 446
Housing subsidy	8	32	32	30	11	23
Rail travel subsidy	1	2	4	5	9	4
Bus travel subsidy	118	126	125	122	142	126
School meals and Healthy Start Vouchers	1	1	2	-	2	1
All benefits in kind	5 603	5 755	5 457	6 120	5 765	5 740

Source: Office for National Statistics

Notes:

¹ Households are ranked by equivalised disposable income, using the modified-OECD scale.

The value of free school meals is based on their costs to the public authorities. Taking administrative data on the quantity of school meals and the cost per unit, an aggregate cost is calculated. This aggregate cost is then divided amongst those children who are identified in the LCF as being eligible for free school meals. Information on Healthy Start Vouchers is collected directly in the LCF (Healthy Start vouchers replaced welfare milk). Free school meals and Healthy Start Vouchers go

predominantly to lower income groups, where children are more likely to have school meals provided free of charge.

In this analysis, public sector tenants are defined to include the tenants of local authorities, Scottish Homes, Northern Ireland Housing Executive (NIHE), housing associations and registered social landlords. The total housing subsidy includes the contribution from central Government to the housing revenue accounts of local authorities, and grants paid to Scottish Homes, the NIHE, housing associations and registered social landlords. Within Greater London, the rest of England, Wales, Scotland and Northern Ireland each public sector tenant has been allocated a share of the region's total relevant subsidy based on the council tax band of the dwelling and the weighted average (by type of property) property price within each country or region. Housing subsidy does not include, rent rebates and allowances or local tax rebates. It fell in the years leading to 2006/07, as the proportion of households in public sector, housing association and Registered Social Landlord housing declined. The average value attributed to housing subsidy for all households remained unchanged between 2008/09 and 2009/10 at £21.

Travel subsidies cover the support payments made to bus and train operating companies. The use of public transport by non-retired households is partly related to the need to travel to work and therefore to the number of economically active people in a household. This results in estimates of these subsidies being higher for households in higher income quintiles. This pattern is also due to London and the South East having higher levels of commuting by public transport together with higher than average household incomes. Rail subsidy is allocated to households based on their spending on rail travel taken from the LCF. The level of subsidy to those living in London and the South East is calculated separately from the rest of the UK, reflecting higher levels of subsidy for London transport and the assumption that a higher number of households in the South East will commute into London and thus benefit from this subsidy. In making these allocations, allowances are also made for the use of rail travel by the business sector, tourists and the institutional part of the personal sector. Bus travel is calculated in a similar way but additional levels of benefit are allocated to those household containing individuals who indicate in the LCF that they hold a concessionary bus pass. A methodological change introduced in 2009/10, incorporating newly available administrative data, means that the rail subsidy time series is not comparable with earlier year's analysis. The average value attributed to rail and bus travel subsidies in 2009/10 was £103.

7. General assumptions

We must emphasise that the analysis provides only a rough guide to the kinds of household which benefit from government expenditure, and by how much, and to those which finance it. Apart from

the fact that large parts of expenditure and receipts are not allocated, the criteria used both to allocate taxes and to value and apportion benefits to individual households could be regarded as too simplistic.

For example, the lack of data forces us to assume that the incidence of direct taxes falls on the individual from whose income the tax is deducted. This implies that the benefit of tax relief for a life assurance premium, for example, accrues directly to the taxpayer rather than to some other party, for instance, the seller of the policy. It also implies that the working population is not able to pass the cost of the direct tax back to employers through lower profits, or to consumers through higher prices.

In allocating indirect taxes we assume that the part of the tax falling on consumers' expenditure is borne by the households which buy the item or the service taxed, whereas in reality the incidence of the tax is spread by pricing policies and probably falls in varying proportions on the producers of a good or service, on their employees, on the buyer, and on the producers and consumers of other goods and services.

Another example is that we know only an estimate of the total financial cost of providing benefits such as education, and so we have to treat that cost as if it measured the benefit which accrues to recipients of the service. In fact, the value the recipients themselves place on the service may be very different to the cost of providing it. Moreover, there may be households in the community, other than the immediate beneficiaries, who receive a benefit indirectly from the general provision of the service.

8. Measuring inequality of household income

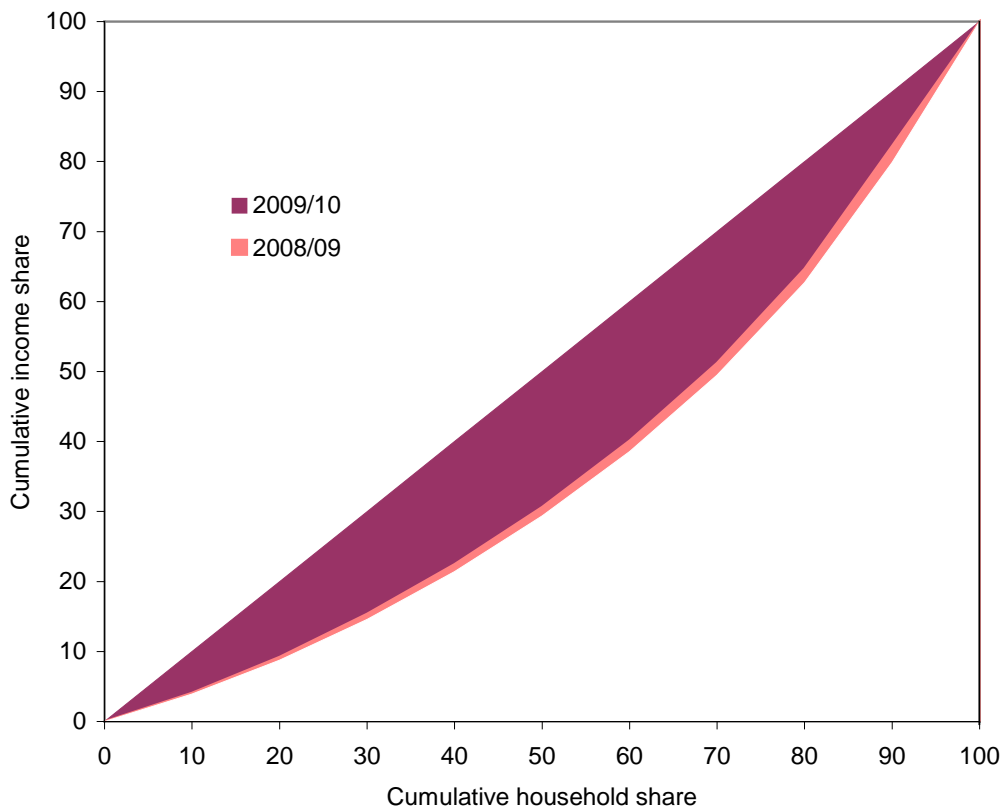
Inequality of household income can be illustrated graphically using a Lorenz curve. A Lorenz curve is created by ranking households from poorest to richest and graphing the cumulative share of household income and the cumulative share of households, as proportions of the total household income and the total number of households, respectively. The cumulative share of households gives a 45 degree line. When the cumulative share of income also gives a 45 degree line, this represents a situation where income is equally divided amongst all households. Higher income inequality is represented by an increase in the area between the cumulative share of household income curve and the cumulative share households curve. Where all the area under the 45 degree line is shaded, income is at its most unequal – all income is held by one household.

Using data from this analysis, **Figure B** shows Lorenz curves for equivalised disposable income (using the modified-OECD scale) in 2008/9 and 2009/10 and shows that income inequality fell over

the period. For example, in 2009/10, 31 per cent of income was received by the bottom 50 per cent of households, compared with 29 per cent in 2008/09. In this example, a visual inspection of the Lorenz curves shows that inequality decreased over the period.

If the lines for the respective years crossed, the situation would be less clear from a visual inspection alone. At the points where the more recent line was closer to the 45 degree line than the earlier line it could be said that for this section of the income distribution inequality had reduced over the time period. Similarly, where the more recent line was further away from the 45 degree line than the earlier line it could be said that for this section of the income distribution inequality had increased. Thus, from a visual inspection it would not be clear whether overall inequality had reduced over the time period.

Figure B: Lorenz curve by equivalised disposable income for ALL households,¹ 2008/09 and 2009/10²
 Percentages



Source: Office for National Statistics

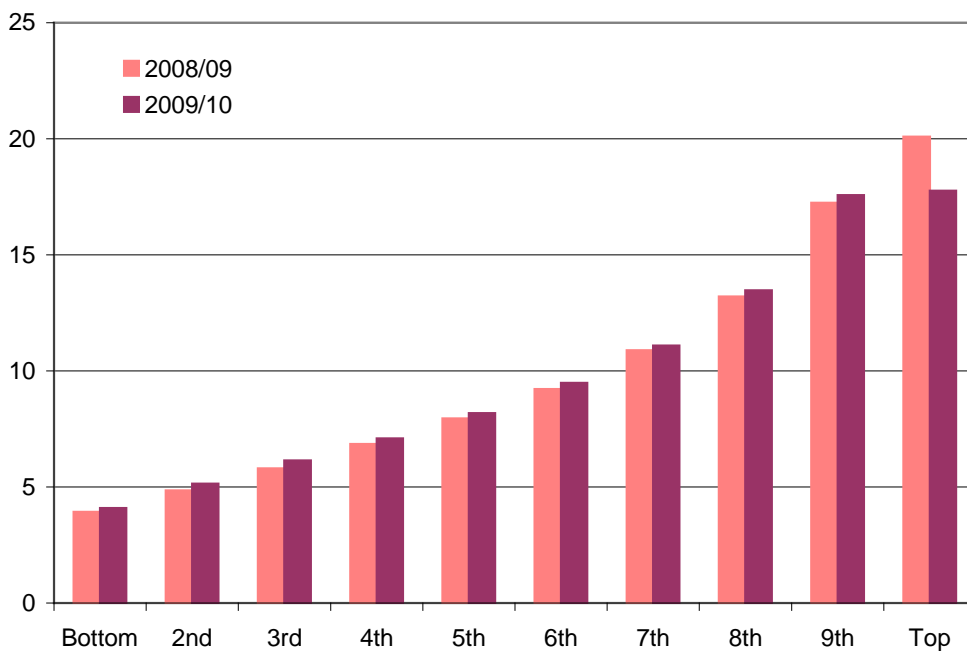
1 Households are ranked by equivalised disposable income, using the modified-OECD scale.

2 Percentages for 2009/10 are calculated using data from Reference Table 14. Data for 2008/09 are taken from OECD Table 14 in the 2008/09 publication.

Figure C shows that the proportion of aggregate income held by each of the bottom nine decile groups increased between 2008/09 and 2009/10 and that the percentage of aggregate income held by the top decile group decreased over the same period. In the top decile group the share of income fell by 2.3 percentage points. Generally speaking, the richest households became relatively (although not necessarily absolutely) worse off over the period, while the poorest became relatively (although not necessarily absolutely) better off.

Figure C: Percentage of equivalised disposable income held by each decile,¹ 2008/09 and 2009/10²

Percentages



Source: Office for National Statistics

Notes:

1 Households are ranked by equivalised disposable income, using the modified-OECD scale.

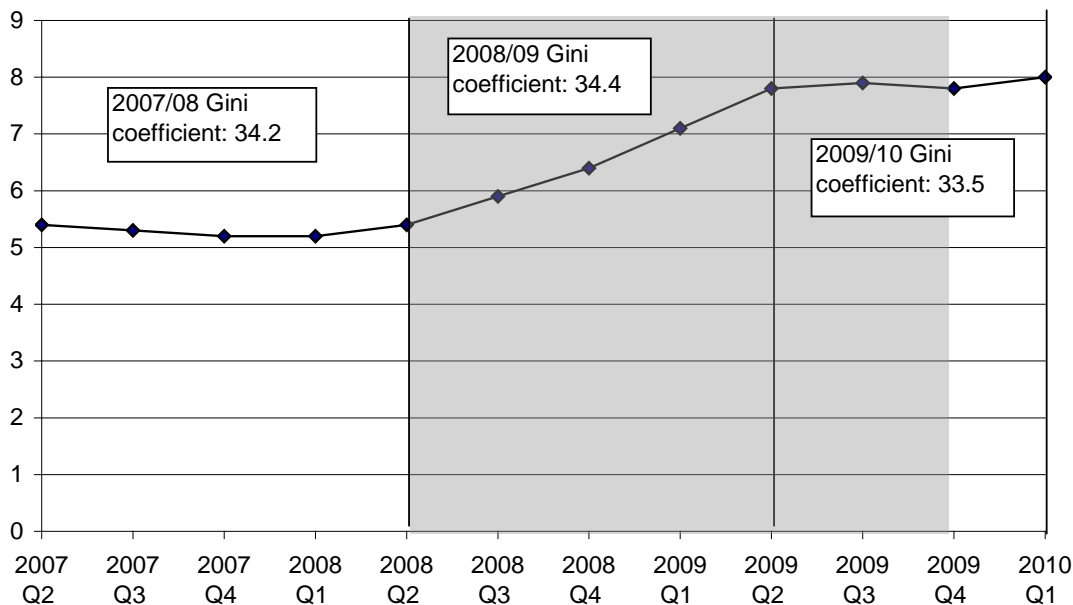
2 Percentages for 2009/10 are calculated using data from Reference Table 14. Data for 2008/09 are taken from OECD Table 14 in the 2008/09 publication.

It is possible to summarise a Lorenz curve in a single figure – a Gini coefficient. This value is useful to summarise and highlight changes to the level of inequality. Using the Lorenz curve, the Gini coefficient is calculated by taking the ratio of the shaded area and the area below the 45 degree line of perfect equality (the 45 degree line triangle). A distribution of perfectly equal incomes has a Gini coefficient of zero (or zero per cent). As inequality increases (and the Lorenz curve bellies out), so does the Gini coefficient, until it reaches its maximum value of 1 (or 100 per cent). The Gini coefficient for disposable income in 2009/10 was 33 per cent, a fall of one percentage point on its 2008/09 value. Thus, the Gini coefficient also shows that inequality fell over the period.

Changes in inequality are often related to changes in the overall economy. The UK experienced negative economic growth in 2009 quarters 2 and 3 and low levels of growth in 2009 quarter 4 and 2010 quarter 1. During periods of recession inequality tends to fall or increase very slowly. This can be attributed in part to the differences in sources of income of those at the top and those at the bottom of the income distribution; those at the bottom of the income distribution are more likely to rely on stable sources of income, such as benefits and pensions, while those at the top of the income distribution are more likely to rely on sources of income that are more susceptible to volatility during a recession, such as earned, property and investment income. This theory is supported by Figure C, which shows that there was a reduction in relative disposable income of the richest households and an increase in the poorest between 2008/09 and 2009/10. This theory is also supported by analysis of the results for 2008/09 compared with those for 2007/08. During this period, there was a very small annual increase (of 0.2 per cent) in the Gini coefficient for disposable income. For the entire period of the 2008/09 analysis, the UK economy was in a period of recession and also experienced quarter on quarter increases in the rate of unemployment, from 5.4 per cent in Q2 2008 to 7.1 per cent in Q1 2009 as shown in **Figure D**.

Figure D: Quarterly unemployment rate¹ and the annual Gini coefficient² for disposable income of ALL households, 2007/08 to 2009/10

Percentages



Source: Office for National Statistics

Notes:

1 Data are for people aged 16 and over and are seasonally adjusted. Data are from the Labour Force Survey. Shaded area indicates quarters of recession in the UK economy.

2 Data are from the Living Costs and Food Survey.

Unemployment was more stable at around 7.9 per cent during 2009/10. As the LCF collects data evenly over the year, the full effects of the recession and the rise in the rate of unemployment would not be fully included in the results for 2008/09. This is a possible explanation for why there was a larger effect on the results in 2009/10.

9. Inequality in retired and non-retired households

Table E shows that original income is more unequal for retired households than for non-retired households. This is because the majority of those who are retired have little income from wages and salaries as they are not active in the labour market. The Gini coefficient for gross income is markedly reduced among retired households (26 per cent). The gross income Gini coefficient for non-retired households is 37 per cent. This is primarily because of the addition of the retirement pension and pension credit. Inequality as measured by the Gini coefficient is lower for retired households at both the disposable and post-tax income stages than for non-retired households.

In all Gini coefficients shown, income measures are equivalised using the modified-OECD scale. Strictly speaking, it could be argued that the equivalence scales used here are only applicable to disposable income because this is the only income measure relating directly to spending power. Since the scales are often applied, in practice, to other income measures, we are content to use them to equivalise original, gross and post-tax income for the purpose of producing Gini coefficients. However, we do not think it is appropriate to equivalise the final income measure because this contains notional income from benefits in kind (such as that from the National Health Service): the equivalence scales used in this analysis are based on actual household spending and do not, therefore, apply to such items as notional income.

Table E (Reference Tables 2, 5, 11): Gini coefficients,¹ of households, 2009/10

	Original income	Gross income	Disposable income	Post-tax income
Percentages				
Non-retired households	45	37	34	38
Retired households	61	26	24	28
All households	52	37	33	37

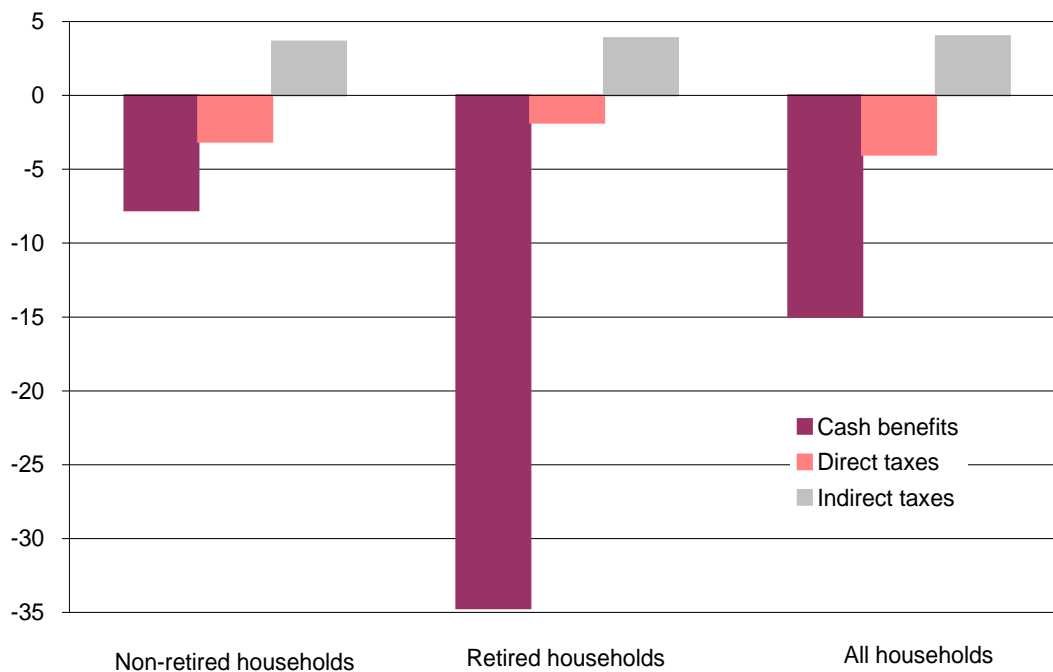
Source: Office for National Statistics

Notes:

1 Ranking and calculation are based on each equivalised income measure presented, using the modified-OECD scale.

The effectiveness of taxes and benefits in reducing inequality can be investigated by looking at the changes in the Gini coefficients at each stage of the redistributive process. As illustrated in **Figure E**, cash benefits had the largest effect in reducing inequality of both retired and non-retired households, leading to a 35 and 8 percentage point reduction in the relative Gini coefficients, respectively. As stated above, the primary reason for the large effect on the inequality of incomes of retired households is the addition of income from the retirement pension and pension credits. Direct taxes reduced inequality for both non-retired and retired households by 3 and 2 percentage points, respectively. Indirect taxation increased inequality by 4 percentage points for both non-retired and retired households. Measured in these terms, taken as a whole, in 2009/10 the UK tax and benefits system reduced inequality. Progressive direct taxes and cash benefits outweighed slightly regressive indirect taxation.

Figure E (Reference Tables 2, 5, 11): Percentage point reduction in Gini coefficient¹ because of cash benefits and taxes, 2009/10



Source: Office for National Statistics

Notes:

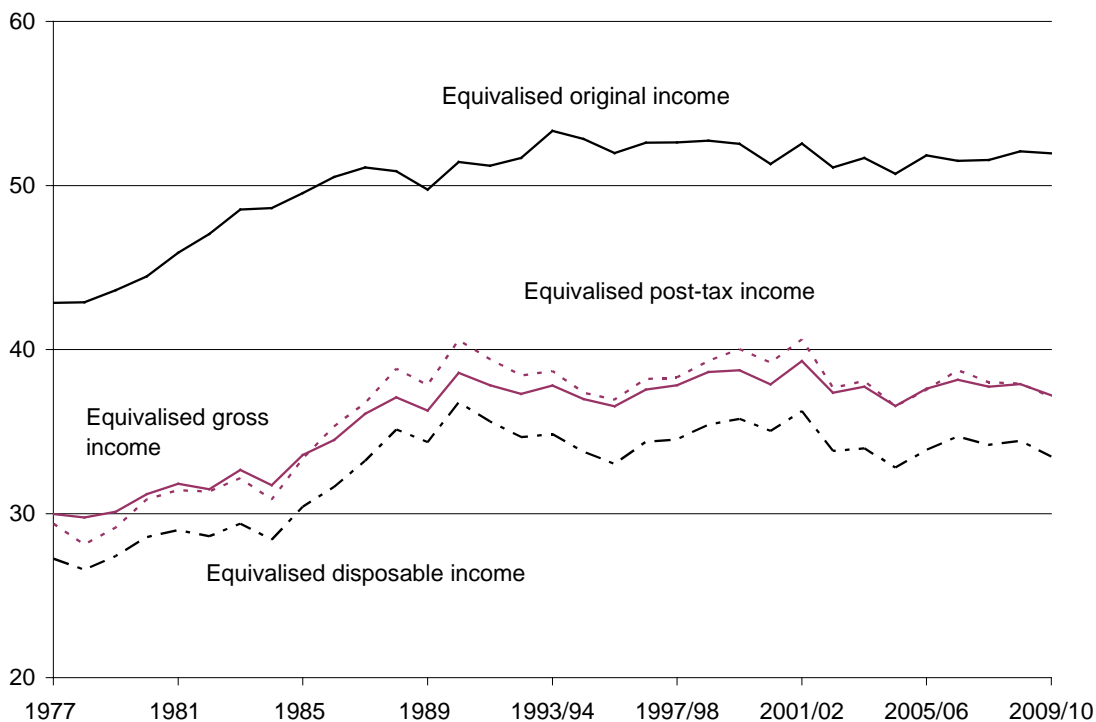
1 Households are ranked by equivalised disposable income, using the modified-OECD scale.

10. Changes in inequality over time

Figure F shows how the Gini coefficients for the various measures of income have changed since 1983. By looking at these data it is possible to see some underlying trends.

Inequality of disposable income increased in the late 1980s and, to a lesser extent, during the late 1990s during periods of faster growth in income from employment, and fell in the early 1990s during a period of slower growth in employment income. Households which typically benefit the most during periods of growth in employment income are those in the middle and upper part of the income distribution. This is due to there being a much higher proportion of economically active adults in higher quintile households compared with households in the lower part of the income distribution. Therefore during periods of growth the gap between the poorest and richest increases and inequality rises

Figure F (Reference Figure 5): Gini coefficients,¹ 1977 to 2009/10
 Percentages



Source: Office for National Statistics

Notes:

1 Ranking and calculation are based on each equivalised income measure presented, using the modified-OECD scale.

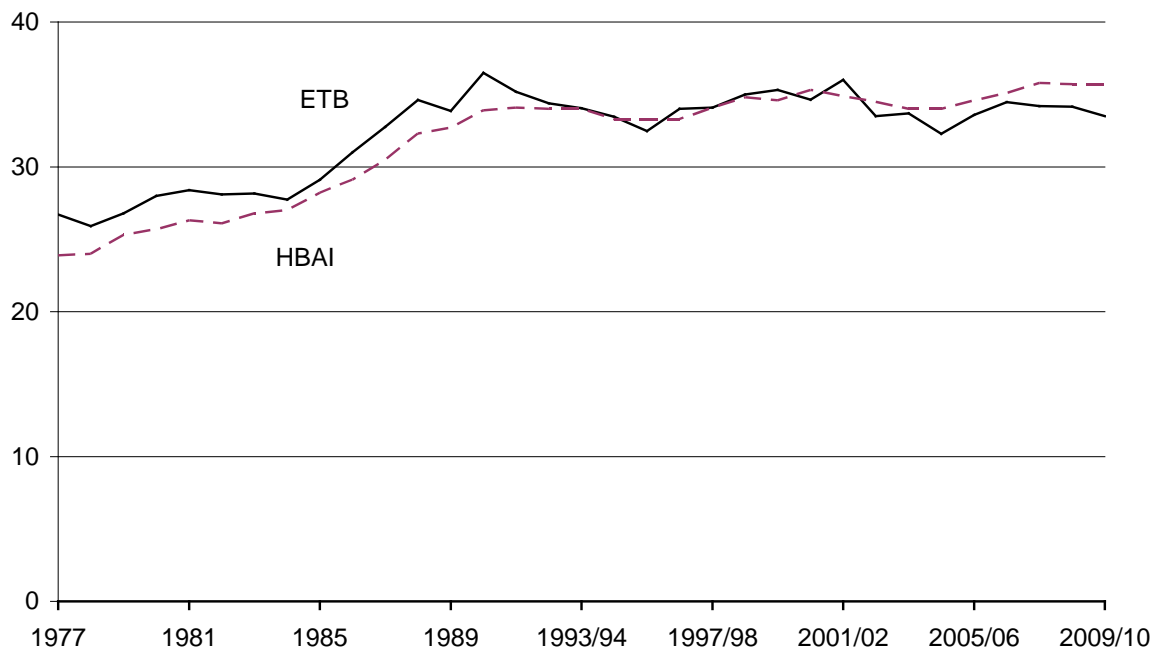
Between 2001/02 and 2004/05 income inequality fell. Over this period there was a slight fall in inequality of original income, due to faster growth in income from earnings and self-employment income at the bottom end of the income distribution. Policy changes such as the increases in the national minimum wage, increases in tax credit payments, and the increase in National Insurance contributions in 2003/04 also resulted in small reductions in inequality of disposable and post-tax income.

Between 2004/05 and 2006/07 there was a slight increase in inequality, due to increased inequality of original income. It was due, in part, to the faster rate of growth of wages and salaries and investment income in the upper part of the distribution compared with the low. The Gini coefficient for disposable income fell slightly between 2006/07 and 2007/08 and was then unchanged between 2007/08 and 2008/09, at 34 per cent. The Gini coefficient for original income was unchanged between 2008/09 and 2009/10, while the Gini coefficients for all other levels of income reduced over the same period. This indicates that the overall change in inequality was due to changes in taxes and benefits rather than earned income.

11. Comparison with Households Below Average Income (HBAI)

Figure G shows the 2009/10 Gini coefficients for disposable income from the *Effects of taxes and benefits (ETB)* compared with *Households Below Average Income (HBAI)*.

Figure G (Reference Figure 6): Gini coefficients¹ from the Effects of Taxes and Benefits (ETB) analysis (disposable income) and Households Below Average Income (HBAI) (BHC² income) Percentages



Source: Office for National Statistics

Notes:

1 Households are ranked by equivalised disposable income, using the modified-OECD scale.

2 Before housing costs.

HBAI is published each year by the Department for Work and Pensions (DWP) and provides analysis of the income distribution based on data from the Family Resources Survey. Due to HBAI being based on a different survey, and some methodological differences (for example HBAI measures inequality on an individual basis whereas ETB measures inequality on a household basis), HBAI and ETB estimates differ slightly. However, historical trends are similar.

12. Characteristics of households

Some types of household are more likely to be located in one part of the income distribution than another, hence it is possible to provide analysis of how different household characteristics may affect households' incomes. Information about the characteristics of households in different income groups is shown in **Table F**. Household size does not vary much across the income distribution, with an average of between 2.2 and 2.4 people per household in each quintile group in 2009/10. However, there are some notable differences. For example there are fewer children in the upper part of the income distribution. Men are slightly more likely to be in the upper part of the distribution, while women are spread more evenly across the distribution. Households in higher income groups also contain more economically active people; in 2009/10 the top fifth of households had just over two and a half times as many economically active people as the bottom fifth.

Of those households in the top quintile group, 57 per cent were one or two adult non-retired households without children. In fact, childless two adult non-retired households made up 40 per cent of the total households in the top quintile group. For two adult households with children, the position in the income distribution tends to vary according to the number of children. Households with more children, unless there is a corresponding increase in income, will have on average, lower equivalised incomes to reflect the additional demand on resources. Non-retired households with one adult and one or more children are concentrated in the lower groups. Whereas these households made up 5 per cent of all households, they constituted 12 per cent of the bottom quintile group and only 1 per cent of the top quintile group.

Retired households are over-represented at the lower end of the income distribution. Although 27 per cent of all households were retired, these households made up 35 and 46 per cent of the bottom and second quintile groups, respectively, but only 7 per cent of the top group.

Table F (Reference Table 15A): Household characteristics of quintile groups of ALL households, 2009/10

	Quintile groups of all households ¹					All households
	Bottom	2nd	3rd	4th	Top	
Average per household (number)						
People	2.26	2.20	2.43	2.42	2.36	2.34
<i>Adults</i>	1.63	1.67	1.91	1.98	1.98	1.83
<i>Men</i>	0.74	0.76	0.93	1.01	1.03	0.89
<i>Women</i>	0.89	0.92	0.98	0.97	0.95	0.94
<i>Children</i>	0.63	0.53	0.53	0.44	0.38	0.50
Economically active people	0.66	0.74	1.23	1.55	1.76	1.19
Retired people	0.49	0.66	0.50	0.32	0.15	0.43
Household type (percentages)						
Retired	35	46	29	17	7	27
Non-retired						
1 adult without children	18	12	14	14	17	15
2 adults without children	11	10	18	29	40	22
1 adult with children	12	6	3	2	1	5
2 adults with children	16	18	21	23	21	20
3 or more adults ²	8	8	15	15	14	12
All household types	100	100	100	100	100	100
Household tenure (percentages)						
Rented	48	44	30	22	15	32
Owner occupied	52	56	70	78	85	68
Employment status of chief economic supporter (percentages)						
Self-employed	6	4	7	8	10	7
Full-time employee	11	25	46	62	77	44
Part-time employee	12	11	9	8	4	9
Unemployed	9	3	2	1	0	3
Unoccupied and under minimum NI age	29	12	6	4	2	11
Retired/unoccupied over minimum NI age	33	44	29	17	7	26
Other	0	0	0	0	-	0

Source: Office for National Statistics

Notes:

1 Households are ranked by equivalised disposable incomes, using the modified-OECD scale.

2 With or without children.

As a proportion of the total, 32 per cent of households rented their primary living accommodation in 2009/10 and this group were more likely to be in the bottom two quintile groups. Conversely, those who own their own household were more likely to be located in the top three quintile groups, with 85 per cent of households being owner occupiers in the top quintile group, compared to 68 per cent overall.

In this analysis, the chief economic supporter is the head of the first benefit unit within the household, as defined by the LCF. Those who are self employed and full-time employed were more likely to be in the top two income quintile groups. Those who were part-time employed, unemployed or unoccupied and under the minimum National Insurance age were all more likely to be located in the bottom two quintile groups. Households where the chief economic supporter is unemployed made up 9 per cent of the bottom quintile group compared to a negligible number of households in the top quintile. Households where the chief economic supporter is retired were more likely to be in the bottom three quintiles, constituting 33 and 44 per cent of the bottom two quintiles, respectively, compared to 26 per cent of the overall household population.

13. Data sources

The estimates in this analysis are based mainly on data derived from the Living Costs and Food Survey (LCF), which replaced the Family Expenditure Survey (FES) from 2001/02, and was known as the Expenditure and Food Survey until 2008. The LCF is an annual survey of the expenditure and income of private households. People living in hotels, lodging houses, and in institutions such as old peoples' homes are excluded. Each person aged 16 and over keeps a full record of payments made during 14 consecutive days and answers questions about hire purchase and other payments; children aged seven to 15 keep a simplified diary. The respondents also give detailed information, where appropriate, about income (including cash benefits received from the state) and payments of income tax. Information on age, occupation, education received, family composition and housing tenure is also obtained. The survey covers the whole 12-month period. *Family Spending 2010*, published on the ONS website in November 2010, shows detailed results on expenditure and income from the 2009 survey. The Family Spending report also includes an outline of the survey design.

The number of households in Great Britain responding to the LCF in 2009 as defined below was 5,019, and a further 204 households provided enough information to be included in the sample. The response rate was 50 per cent. An additional sample of 602 households covered Northern Ireland, where the response rate was 56 per cent. To count as a co-operating household, all members aged 16 and over must fill in the diaries for both weeks and give full details of income.

The LCF is designed primarily as a survey of expenditure on goods and services by households. It has been developed to gather information about the income of household members, and is an important and detailed source of income data. However, no information is collected that would enable a balance sheet of income and expenditure to be drawn up for a household over any particular period. Much expenditure relates to the two-week period after the interview, whereas many income components refer to a much longer period (such as investment income over the previous 12

months). LCF income does not include proceeds from the sale of assets (for example, a car) or windfalls such as inheritances. But recorded expenditure might reflect these items, as well as the effects of living off savings, using capital or borrowing money. Hence, there is no reason why income and expenditure should balance either for an individual household or even averaged over a group of households. Indeed, for many households in the bottom part of the income distribution, measured expenditure exceeds measured income. Moreover, the difference between income and expenditure is not necessarily a measure of savings or dis-savings (where expenditure is greater than income). See *How indirect taxes can be regressive and progressive* for further data in income and expenditure distributions from the LCF:

<http://www.ons.gov.uk/ons/rel/household-income/how-indirect-taxes-can-be-regressive-and-progressive/2001-02---2008-09/index.html>

The LCF data used in this analysis is grossed so that totals reflect the total population of private households in the UK. Households are assigned different initial weights. The non-response weights are then calibrated so that weighted totals match population totals, for males and females in different age groups and for regions and countries. For more information on weighting and population totals see section **14. Quality information**.

This analysis uses a number of administrative sources to improve the quality of estimates, particularly to estimate income and benefits in kind. A full list of administrative data used in this and other ONS publications, is available in the ONS statement of administrative sources:

<http://www.ons.gov.uk/ons/guide-method/the-national-statistics-standard/code-of-practice/statement-of-administrative-sources/statistical-usage-of-administrative-or-management-sources/index.html>

14. Quality information

The Summary Quality Report for *The effects of taxes and benefits on household income* is available online at

<http://www.ons.gov.uk/ons/guide-method/method-quality/quality/quality-information/economic-statistics/summary-quality-report-for-household-income-and-expenditure-analysis.pdf>

The effects of taxes and benefits on household income has recently undergone assessment by the UK Statistics Authority to assess the compliance of this National Statistic against the code of practice for official statistics. The report is available online at

<http://www.statisticsauthority.gov.uk/assessment/assessment-reports/assessment-report-94---effects-of-taxes-on-benefits.pdf>

15. Sampling error

Sampling error occurs as a result of the selection of a sample to represent a population. In most analysis it is not feasible to gain data on the whole population (a notable exception would be a Census). As the LCF is a sample survey, data from it will differ in varying degrees from those of all households in the UK. The degree of difference will depend on how widely particular categories of income and expenditure vary between households. This 'sampling error' is smallest in relation to large groups of households and measures that do not vary greatly between households. Conversely, it is largest for small groups of households, and for measures that vary considerably between households. A broad numerical measure of the amount of variability is provided by the quantity known as the standard error. To give some idea of sampling variability, the percentage standard error for average gross household income for all households is approximately 1.2 per cent, which implies a 95 per cent confidence interval of ± 2.4 per cent (**Table G**). There will be greater sampling variability associated with estimates for decile and quintile groups, and for particular household types mainly because the sample sizes are smaller. For decile and quintile groups of given household types, the sample sizes are of course smaller still, which will increase sampling variability further.

Table G (Reference Table 32): 95 per cent confidence intervals for gross and disposable income of households,¹ and as a percentage of the published estimate, 2009/10

		Gross income				Disposable income			
		Lower bound	Published estimate	Upper bound	% \pm	Lower bound	Published estimate	Upper bound	% \pm
Average per household (£ per year)									
All households	Bottom decile group	8 838	9 275	9 712	4.7	7 737	8 162	8 587	5.2
	Mean	35 493	36 373	37 252	2.4	28 473	29 143	29 813	2.3
	Top decile group	97 208	101 808	106 408	4.5	72 356	76 089	79 822	4.9
Retired households	Bottom decile group	7 552	7 901	8 250	4.4	6 697	7 022	7 347	4.6
	Mean	18 185	18 834	19 483	3.4	16 157	16 675	17 193	3.1
	Top decile group	40 053	44 135	48 217	9.2	33 963	36 963	39 963	8.1
Non-retired households	Bottom decile group	9 554	10 187	10 820	6.2	8 366	8 973	9 580	6.8
	Mean	41 604	42 782	43 960	2.8	32 808	33 699	34 590	2.6
	Top decile group	105 341	111 355	117 369	5.4	77 675	82 654	87 633	6.0

Source: Office for National Statistics

Notes:

¹ Households are ranked by equivalised disposable income, using the modified-OECD scale.

16. Non-sampling error

Non-sampling error includes all sources of data error that are not as a result of the way the sample is selected. The wide definition and the nature of non-sampling error mean that it is difficult to quantify. However, areas where non-sampling error is introduced into analysis can be identified, the possible effects highlighted and steps to minimise the error implemented.

Coverage error

Coverage error occurs when households relevant to the population being analysed are not included within the sampling frame. The LCF draws its sample using the Small User Postal Address File (PAF). It is acknowledged that this source contains some errors in content and in coverage. A Reverse Record Check conducted by ONS in 1994 used census data to show that coverage in the PAF was 93.0 per cent. When including addresses that were incomplete, but that provided sufficient detail for an interview to be conducted, PAF coverage increased to 96.6 per cent. Three-quarters of missing addresses in 1991 were still missing in 1993 suggesting missing data was not due to a time lag. The make up of the missing addresses is unknown and the omission of these addresses could provide some bias in the estimates. ONS update the sampling frame using the PAF on a six monthly basis. Where an address is sampled that does not fit the survey parameters it is removed, for example a business address. The PAF is used as the sample frame for ONS's social surveys, therefore any error or bias will therefore be in line with other surveys. The survey uses a complex stratified sample that draws sample characteristics from the 2001 Census. While the census is not a sample survey it does have its own sources of non-sampling error, for example non completion and incorrect response. Any bias from the Census will also be reflected in the analysis here.

Non-response bias

Non-response includes both households not responding at all to the survey (unit non-response) and households who participate in the survey but do not provide a response to particular questions (item non-response). If non-responders and responders have the same characteristics then there will be no bias. Respondents may not answer specific questions that households deem private or personal. This is particularly relevant for the LCF, a survey that asks a variety of questions based on household income and expenditure. The response rate to the income questions in the LCF is fairly high – where respondents do not answer income questions they are generally not included in the survey as this is a fundamental part of the LCF. Very little imputation is done for non-response to income questions. While there are a number of alternative sources of income data, such as the Family Resources Survey (FRS), all come with their own non-sampling error. Estimates from the Survey of Personal Incomes are thought to be quite robust, particularly for cases at the higher end of the income distribution.

The LCF assigns weights to cases to correct for unit non-response in the survey sample. Households are assigned different initial weights based on a comparison of response in the 2001 Family Expenditure Survey (FES) with 2001 Census-linked data. A comparison was made of the households responding in the 1991 FES with those not responding, based on information from the 1991 Census of Population (*A comparison of the Census characteristics of respondents and non-*

respondents to the 1991 FES by K Foster, ONS Survey Methodology Bulletin No. 38, Jan 1996). Results from the study indicate that response was lower than average in Greater London, higher in non-metropolitan areas and that non-response tended to increase with increasing age of the head of the household, up to age 65. Households that contained three or more adults, or where the head was born outside the United Kingdom or was classified to an ethnic minority group, were also more likely than others to be non-responding. Non-response was also above average where the head of the household had no post-school qualifications, was self-employed, or was in a manual social class group. The data are re-weighted to compensate for the main non-response biases identified from the 1991 Census comparison. ONS has completed a similar comparative exercise, with the 2001 Census data, which resulted in an update of the non-response weights for the 2007 and subsequent EFS/LCF estimates. Another linkage study will be undertaken in the wake of the 2011 Census, which will feed into an update of the LCF weights.

A calibration weight is also calculated, this ensures that the sample is reflective of the entire population when it is grossed to create population aggregates. This also uses 2001 Census based population projections. Weighted totals match population totals, for males and females, in different age groups and for regions and countries in the UK.

Factors influencing non-response that are within the control of the ONS are the survey design and the interviewer characteristics. Any significant changes to the survey design are considered at length both to see if there is really a need for the information that is being collected and to see the effect that it will have on the burden of the survey. At present the questionnaire takes approximately 55 minutes to complete. To increase the incentive to participate, ONS provides a book of stamps with the initial invitation. Furthermore, those who complete the expenditure diary receive a small token. From January 2010 this was a £10 high street voucher (£5 for children); prior to 2010 this incentive was given in cash. The effectiveness of these measures is frequently monitored. Interviewers receive full training aimed at increasing participation and the accuracy of the data that is collected, and interviewers call at different times of the day to attempt to maximise participation from sample households. Interviewers receive reasonable quotas to ensure that they are able to work each case effectively and maximise potential participation. The LCF is conducted using Computer Assisted Personal Interviewing (CAPI) in common with all ONS Social Surveys, this helps to eliminate item non-response occurring due to routing errors in the administering of the questionnaire. Since 2001/02 proxy responses have been accepted in some cases. Proxy cases occur where one member of the households answers questions on the behalf of another member of the household. The inclusion of proxy data reduces non-response but may increase error relating the accuracy of the response to the true value. 20 per cent of data at a person level is from proxy respondents, this is approximately double the 2001/02 level.

Some of the data that are used in ROI are subject to imputation; the methodology for this is outlined throughout this paper. However, in general terms, the use of imputation is likely to result in an increase in the non-sampling error. Often these imputations make use of both administrative and survey data together. The limitations of the survey data have already been discussed. There are details of how to access a list of administrative sources used in the data sources section, each of these data come with their own non-sampling error, although there will usually be fewer sources of such error in administrative data than in survey data.

Measurement error

Measurement error occurs when reported survey responses are different from the true value. This can occur for a variety of reasons, but the LCF take a number of steps to minimise this error. In some cases, the respondent may be unable or unwilling to provide a true answer to the question. This is particularly relevant in areas that are sensitive, related to the LCF income questions. Respondents are encouraged to consult their payslip where possible to aid the provision of accurate information. Measurement error can also occur if the question is unclear or if participants are unable to understand the question; this is addressed in the LCF through extensive testing of new questions, this includes cognitive testing. A recent example of cognitive testing is a new question on combined utility expenditure, data from this question is used in estimates of indirect taxation. The use of CAPI minimises collection error, but it may be off-putting compared to other methods that allow anonymity from the interviewer and less pressure from interviewer time restrictions. A further source of measurement error is the participant's response to the interviewer; in some cases the socioeconomic characteristics of the interviewer make the participant feel uncomfortable in giving a true answer.

Assurances are given to respondents that their data will be treated in line with the National Statistics Code of Practice and the practicalities of what this means are explained. In the case of personal information, such as income and expenditure, this is particularly relevant; some respondents may report income that is in line with their tax returns rather than the true value. It is therefore likely that there will be some under-estimation of income. Research suggests a larger level of under-reporting for self-employed income than income from wages and salaries. From an expenditure point of view, households may be reluctant to give true estimates of some items. As discussed above, there is known under reporting of alcohol, tobacco and confectionary, so an adjustment is made.

This analysis deals with some income concepts that may differ from the common perception of income. Steps have been taken to break the questions on income down to components to ensure that the desired level of conceptual accuracy is collected. Exact figures are requested where

possible; where these are not available estimates are allowed, notably income from self employment and interest and dividend income. In some cases we anticipate that respondents may in reality provide a rounded figure. As stated above, respondents are encouraged to consult documentation to increase the accuracy of their response.

Systems error

A number of the processes undertaken to conduct the LCF and the ETB (Effects of taxes and benefits) analysis are automated. Therefore, there is a possibility that error could arise as a result of a misspecification of some of these computerised processes. However, the data undergo rigorous quality assessment processes to look for any indication that an error has occurred; this enables any errors to be rectified at an early stage. However, it is impossible to assure 100 per cent system accuracy. Using systems saves both resources and also limits non-sampling error that could occur as a result of carrying out the same processes manually. Aside from methodological improvements, the same processes are used year on year and are quality assured each year. Therefore, it seems unlikely that large error would emerge from our automated systems.

Moreover, while the use of CAPI minimises data entry error it is still possible that keying errors can occur when the interviewer enters the response.

Editing error

The LCF undergoes a variety of editing checks from both the LCF and ETB teams. This is to ensure the quality of the data and to highlight and correct cases that are deemed to be in error. This process is usually automated with software flagging erroneous cases. The number of edited cases is small and changes are only made where it appears clear that the response is an error. Data editing may also occur during the interview, with the interviewer flagging responses that do not appear to be consistent. The *Blaise* computer assisted interviewing program that is used by ONS for social surveys, will not allow an interview to be proceed where a response is not possible and will flag with the interviewer responses that seem unlikely, in order that it can be queried at the point of interview.

Data transmission error

It is possible that data can lose its integrity when it is transferred between areas and systems. Data is transmitted from the field to the sources division and then to the team that carry out the analysis. At each stage, checks are undertaken to ensure that the data has maintained its integrity. Large errors would be detected and the data transferred again. Any error is therefore likely to be the result of differences in rounding precision in different systems and therefore negligible.

17. Advice on historical comparisons

This analysis is the latest in an annual series covering the years from 1957 onwards. From 1987 onwards, the analyses have used a very different methodology; in particular households are ranked by their equivalised disposable income. Hence, the results are not comparable with earlier years'. A list of the previous articles is included in the article published in March 1997. Where historical comparisons are shown prior to 1987 within that article, they are presented on a similar basis.

From 2009/10, where equivalisation is applied, the modified-OECD scale is used whereas in previous ETB analyses the McClements scale was used. For more information see section

4. Disposable income. Due to a change in methodology, data on benefits in kind and final income are no longer directly comparable with previous years. Further analysis is to follow. For more information see section **6. Final income.**

The results in all analyses are intended to be free standing: they were not designed for direct comparison with other years except where some limited comparisons are made within. The estimated values of taxes and benefits reflect the methodology used in this study. They are based on assumptions about which taxes and benefits should be covered and to whom they should apply. Where it is practical, the methodology used is similar to that used in previous years. However, there have been some changes in the underlying surveys and improvements made to the methodology. For this reason, one should be cautious about making direct comparisons with earlier years. Comparisons with previous years are also affected by sampling error (for more details see the quality information section). This is especially true for estimates which are based on sub-samples such as the results for decile or quintile groups, or particular types of household. Time series are presented for some of the more robust measures, and these include Gini coefficients and other measures of inequality. A look at long term trends from *The effects of taxes and benefits on household income* will be published in June 2011.

18. Definitions and classifications

Unit of analysis

The basic **unit of analysis** used is the household, and not the family, individual or benefit unit. A household is defined in terms of the harmonised definition as used in the Census and nearly all other government household surveys since 1981. This is one person, or a group of persons, who have the accommodation as their only or main residence and (for a group) share the living accommodation, that is a living or sitting room, or share meals together or have common housekeeping. Up until 1999-2000, the definition was based on the pre-1981 Census definition and required members to share eating and budgeting arrangements as well as shared living accommodation. The effect of the change was fairly small, but not negligible. Spending on many items, particularly on food, housing,

fuel and light, is largely joint spending by the members of the household. Without further information or assumptions it is difficult to apportion indirect taxes between individuals or other sub-divisions of households.

The sample households have been classified according to their compositions at the time of the interview. This classification is sensible for the vast majority of households, but it can be misleading for the very small number of cases where a spouse is absent from the household at the time of interview. The absent spouse may well be working away from home, or living separately - but contributing financially to the household's upkeep. These contributions would be picked up as part of the household's original income. Also, it is likely that some households will have changed their composition during the year.

Retired household

A **retired household** is defined as one where the combined income of retired members amounts to at least half the total gross income of the household, where a retired person is defined as anyone who describes themselves as 'retired' or anyone over minimum national insurance (NI) pension age describing themselves as 'unoccupied' or 'sick or injured but not intending to seek work'.

By no means are all retired people in retired households. For example, households comprising one retired and one non-retired adult are often classified as non-retired. Around one in five households comprising three or more adults contains retired people.

Children

In classifying the households into various types, a child (i.e. a dependent) is defined as:

- either aged under 16
- or aged 16, 17 or 18 not married, and receiving full-time non-advanced further education.

Economically active

Economically active people comprise persons aged 16 or over who, at the time of interview, were:

- employees at work
- employees temporarily away from work, for example through illness, temporary lay-off or industrial action
- on government training programmes
- self-employed
- not in employment but who had sought work within the last four weeks, or were waiting to start a job already obtained

Imputed Income from benefits in kind – See section **2. Original income**.

Benefits in kind – See section **6. Final income**.

Equivalisation – **Equivalisation** adjusts income to account for the effect of household composition on standard of living. This analysis primarily uses the modified-OECD scale but some reference tables use the McClements, for comparability with historical publications where this scale was used. For more information see section **4. Disposable income**, and Anyaegbu (2010) which compares results using the modified-OECD and McClements scales.

Expenditure – See section **5. Post-tax income**.

Lorenz curve – See section **8. Measuring inequality of household income**.

Gini coefficient – See section **8. Measuring inequality of household income**.

Population weighting – see ‘Non-response bias’ in section **16. Non-sampling error**.

In all of classifications, sometimes the criteria we impose are not sufficient to meet every sample household scenario. Where this occasionally occurs analysts make the best common sense judgement from the available survey data available for each case.

Acknowledgements

The authors gratefully acknowledge the considerable work done for this study by Grace Anyaegbu and Nathan Thomas.

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http://eprints.lse.ac.uk/6377/1/Recent_Changes_in_the_Distribution_of_the_Social_Wage.pdf

Appendix - Reference Tables

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FIGURE 1

Gini coefficients 1977 to 2009/10

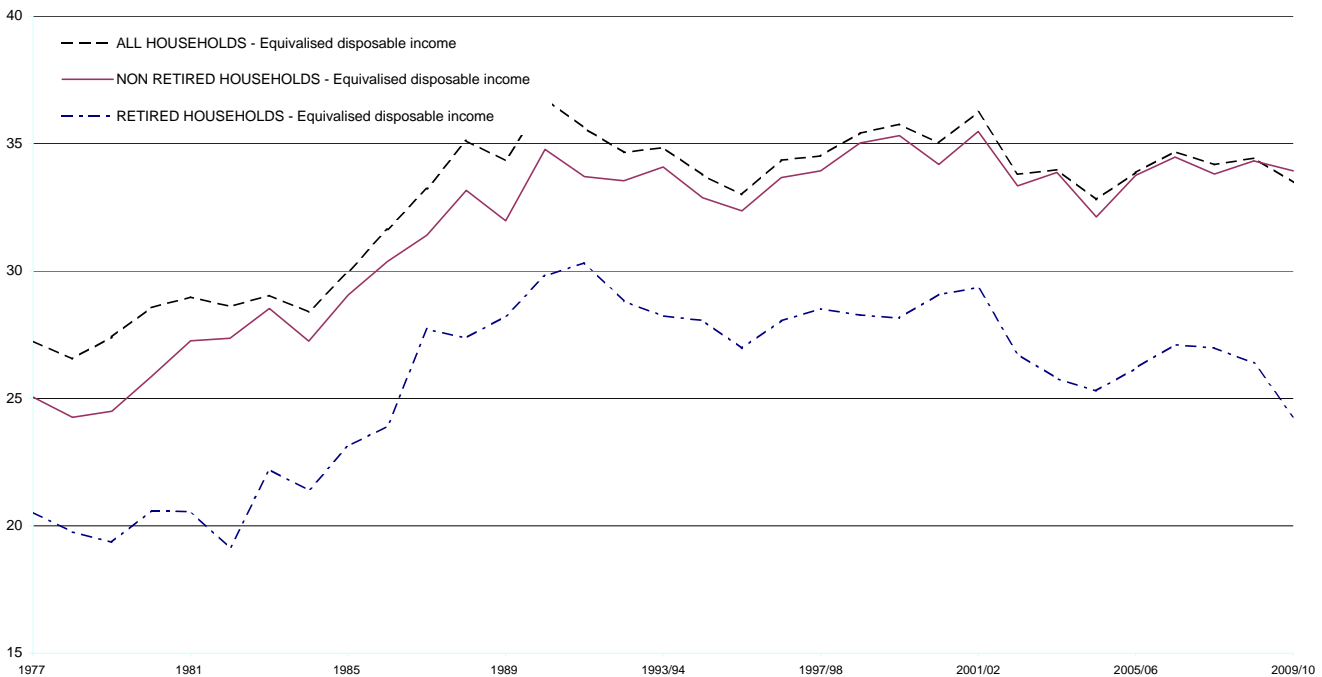
Percentages	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
ALL HOUSEHOLDS - Equivalised disposable income	27.2	26.6	27.4	28.6	29.0	28.6	29.1	28.4	30.0	31.6	33.2	35.1	34.4
NON RETIRED HOUSEHOLDS - Equivalised disposable income	25.0	24.3	24.5	25.9	27.3	27.4	28.5	27.2	29.1	30.4	31.4	33.2	32.0
RETIRED HOUSEHOLDS - Equivalised disposable income	20.5	19.8	19.4	20.6	20.6	19.1	22.2	21.4	23.1	23.9	27.7	27.4	28.2
	1990	1991	1992	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03
ALL HOUSEHOLDS - Equivalised disposable income	36.8	35.6	34.7	34.8	33.8	33.0	34.4	34.5	35.4	35.8	35.0	36.2	33.8
NON RETIRED HOUSEHOLDS - Equivalised disposable income	34.8	33.7	33.5	34.1	32.9	32.4	33.7	33.9	35.0	35.3	34.2	35.5	33.3
RETIRED HOUSEHOLDS - Equivalised disposable income	29.8	30.3	28.8	28.2	28.1	27.0	28.1	28.5	28.3	28.1	29.1	29.4	26.7
	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10						
ALL HOUSEHOLDS - Equivalised disposable income	34.0	32.8	33.9	34.7	34.2	34.4	33.5						
NON RETIRED HOUSEHOLDS - Equivalised disposable income	33.9	32.1	33.8	34.5	33.8	34.3	33.9						
RETIRED HOUSEHOLDS - Equivalised disposable income	25.8	25.3	26.2	27.1	27.0	26.4	24.3						

Note:

1 Households are ranked throughout by their equivalised disposable incomes, using the modified-OECD scale.

Source: Office for National Statistics

Percentage



Note:

1 Households are ranked throughout by their equivalised disposable incomes, using the modified-OECD scale.

Source: Office for National Statistics

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FIGURE 2

**Original income and Final income
by quintile groups for ALL households, 2009/10**

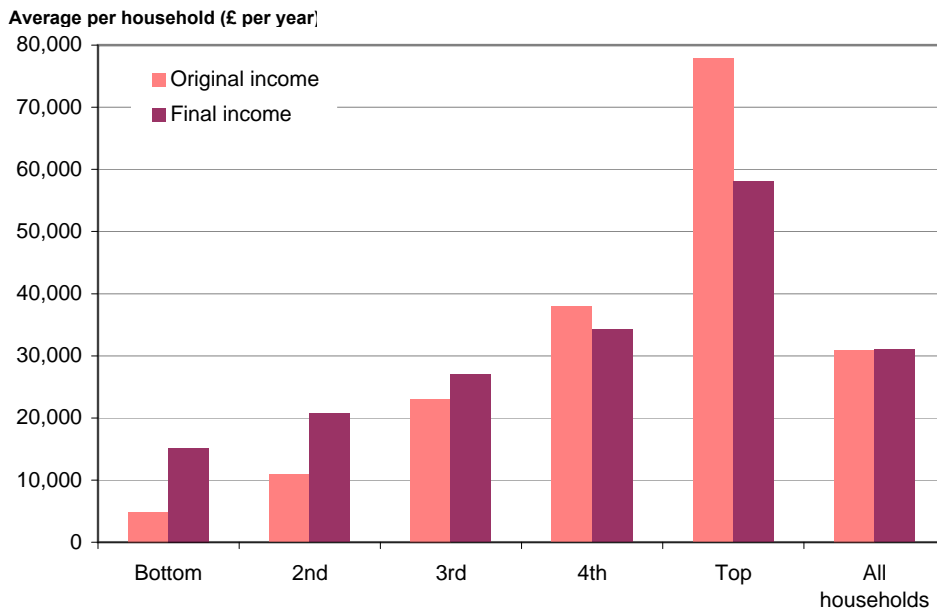
Average income per household (£ per year)	Bottom	2nd	3rd	4th	Top	All households
Original income	4847	10853	23088	37937	77896	30924
Final income	15125	20719	27006	34259	58070	31036

Source: Office for National Statistics

Note:

1 Households are ranked throughout by their equivalised disposable incomes, using the modified-OECD scale.

Figure 2: Original income and Final income by quintile groups for ALL households,



Note:

Source: Office for National Statistics

1 Households are ranked throughout by their equivalised disposable incomes, using the modified-OECD scale.

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FIGURE 3

Gross income by quintile groups for ALL households, 2009/10

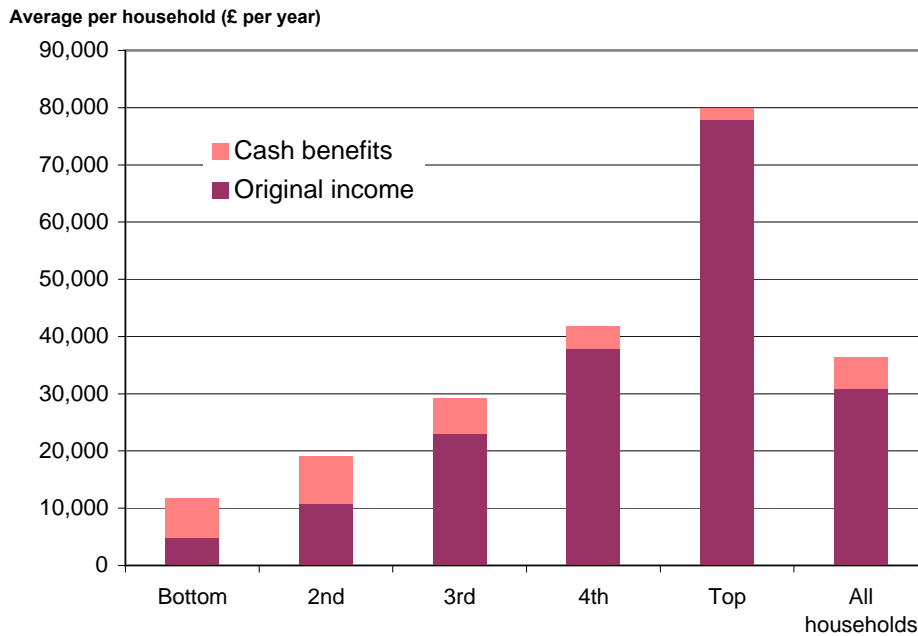
Average income per household (£ per year)	Bottom	2nd	3rd	4th	Top	All households
Original income	4847	10853	23088	37937	77896	30924
Cash benefits	6883	8280	6139	3949	1992	5448

Source: Office for National Statistics

Note:

1 Households are ranked throughout by their equivalised disposable incomes, using the modified-OECD scale.

Figure 3: Gross income by quintile groups for ALL households, 2009/10



Source: Office for National Statistics

Note:

1 Households are ranked throughout by their equivalised disposable incomes, using the modified-OECD scale.

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FIGURE 4

Summary of the effects of taxes and benefits on ALL households, 2009/10

Average income per household (£ per year)	Quintile groups ¹					All households
	Bottom	2nd	3rd	4th	Top	
Cash benefits	6 883	8 280	6 139	3 949	1 992	5 448
Benefits in kind	7 555	7 252	7 088	6 162	5 123	6 636
Direct taxes	-1 195	-2 200	-4 850	-8 403	-19 500	-7 230
Indirect taxes	-2 965	-3 466	-4 459	-5 386	-7 441	-4 743

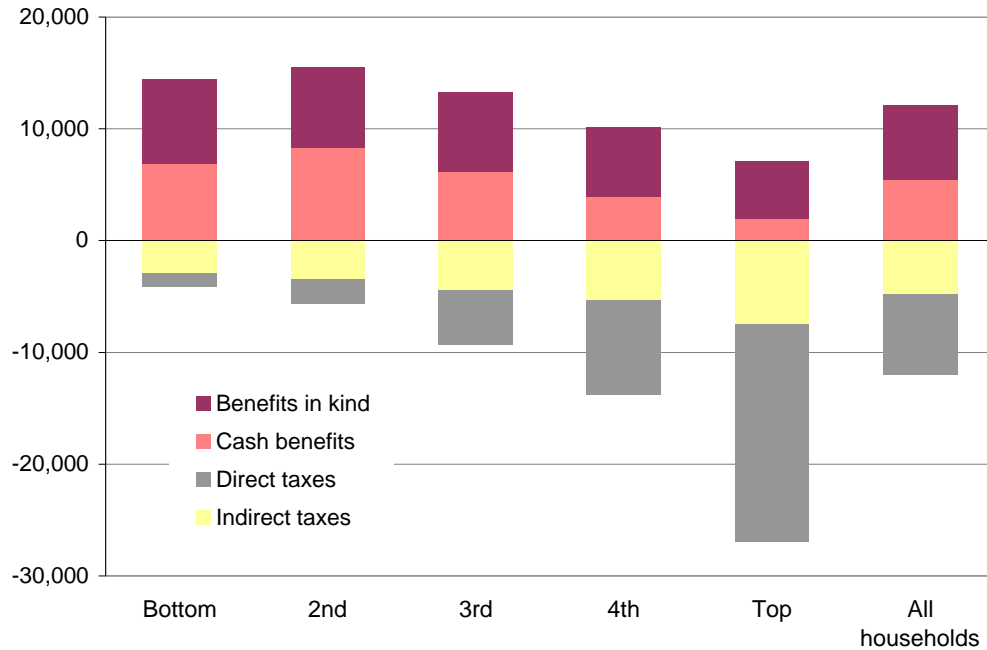
Source: Office for National Statistics

Note:

1 Households are ranked throughout by their equivalised disposable incomes, using the modified-OECD scale.

Summary of the effects of taxes and benefits on ALL households, 2009/10

Average per household (£ per year)



Source: Office for National Statistics

Note:

1 Households are ranked throughout by their equivalised disposable incomes, using the modified-OECD scale.

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FIGURE 5

Gini coefficients^{1,2} 1977 to 2009/10

Percentages	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
Equivalised original income	42.9	42.9	43.6	44.5	45.9	47.0	48.5	48.6	49.5	50.5	51.1	50.9	49.7
Equivalised gross income	30.0	29.8	30.1	31.2	31.8	31.5	32.7	31.7	33.6	34.5	36.1	37.1	36.3
Equivalised disposable income	27.2	26.6	27.4	28.6	29.0	28.6	29.4	28.4	30.4	31.6	33.2	35.1	34.4
Equivalised post-tax income	29.4	28.1	29.1	30.9	31.4	31.3	32.2	30.8	33.3	35.3	36.7	38.8	37.8

Percentages	1990	1991	1992	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03
Equivalised original income	51.4	51.2	51.7	53.3	52.8	52.0	52.6	52.6	52.7	52.5	51.3	52.6	51.1
Equivalised gross income	38.6	37.8	37.3	37.8	37.0	36.5	37.6	37.8	38.6	38.7	37.9	39.3	37.4
Equivalised disposable income	36.8	35.6	34.7	34.8	33.8	33.0	34.4	34.5	35.4	35.8	35.0	36.2	33.8
Equivalised post-tax income	40.6	39.4	38.4	38.7	37.4	36.9	38.2	38.3	39.3	40.0	39.2	40.6	37.7

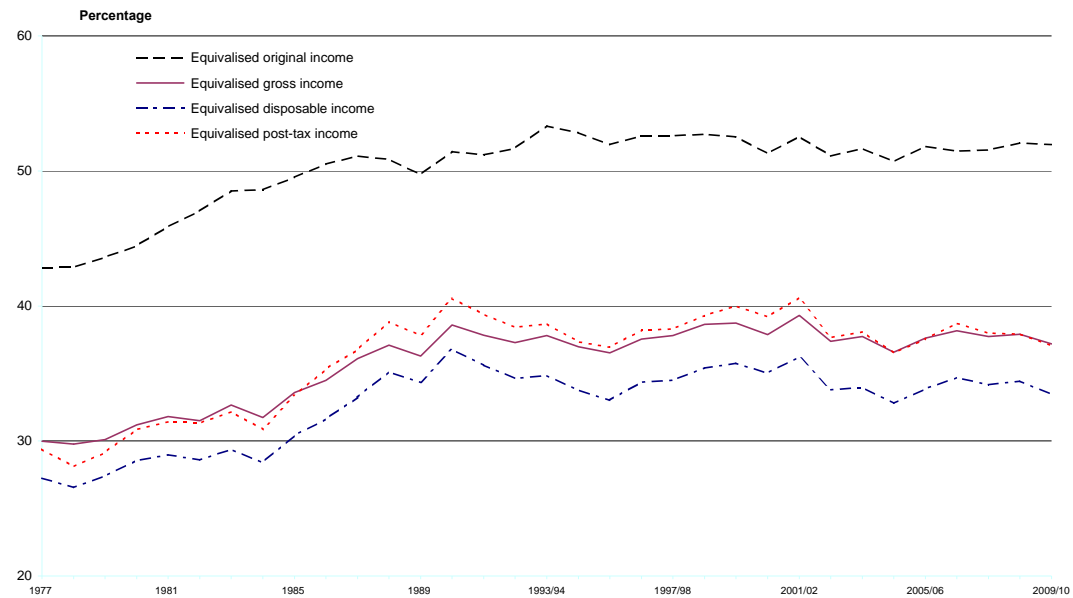
	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Equivalised original income	51.7	50.7	51.8	51.5	51.6	52.1	52.0
Equivalised gross income	37.7	36.6	37.6	38.2	37.7	37.9	37.2
Equivalised disposable income	34.0	32.8	33.9	34.7	34.2	34.4	33.5
Equivalised post-tax income	38.1	36.5	37.5	38.7	38.0	37.9	37.1

Notes:

1 See Further Analysis and Methodology section for the definition of the Gini coefficient.
 2 Ranking and calculation are based on each equivalised income measure presented.

Source: Office for National Statistics

Figure 5: Gini coefficients^{1,2} 1977 to 2009/10



Notes:

1 See Further Analysis and Methodology section for the definition of the Gini coefficient.
 2 Ranking and calculation are based on each equivalised income measure presented.

Source: Office for National Statistics

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Figure 6
Gini coefficients¹ from the Effects of Taxes and Benefits (ETB) analysis (disposable income²) and Households Below Average Income (HBAI³ income)

	Gini coefficient for equivalised disposable income (ETB)	Gini coefficient for equivalised BHC income (HBAI)
1977	26.7	23.9
1978	25.9	24.0
1979	26.8	25.3
1980	28.0	25.7
1981	28.4	26.3
1982	28.1	26.1
1983	28.2	26.8
1984	27.7	27.0
1985	29.1	28.2
1986	31.0	29.1
1987	32.8	30.5
1988	34.6	32.3
1989	33.9	32.7
1990	36.5	33.9
1991	35.2	34.1
1992	34.4	34.0
1993/94	34.1	34.0
1994/95	33.5	33.3
1995/96	32.5	33.3
1996/97	34.0	33.3
1997/98	34.1	34.1
1998/99	35.0	34.8
1999/00	35.3	34.6
2000/01	34.6	35.3
2001/02	36.0	34.9
2002/03	33.5	34.5
2003/04	33.7	34.0
2004/05	32.3	34.0
2005/06	33.6	34.6
2006/07	34.5	35.1
2007/08	34.2	35.8
2008/09	34.2	35.7
2009/10	33.5	35.7

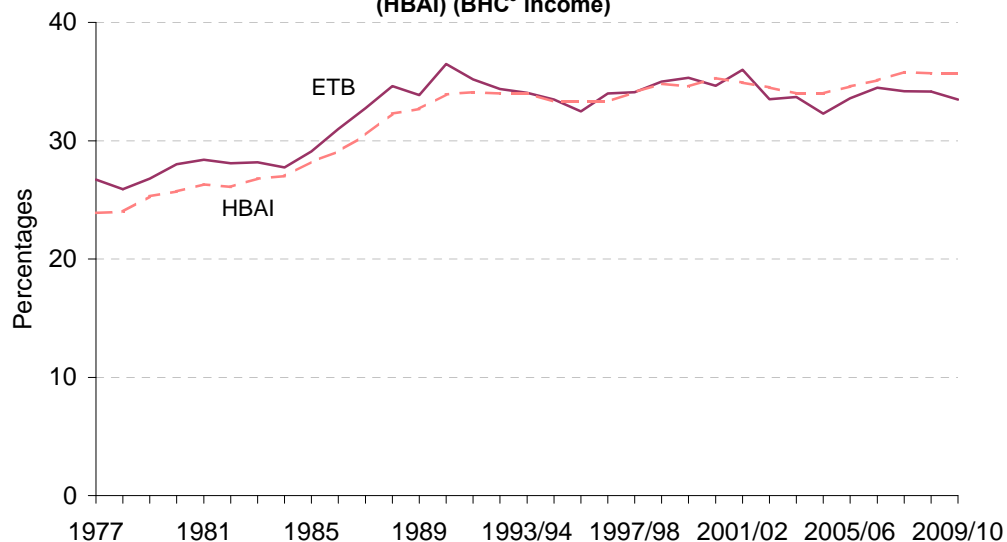
Source: Office for National Statistics and Department for Work and Pensions

Notes:

- 1 See Further Analysis and Methodology section for the definition of the Gini coefficient.
- 2 Households are ranked throughout by their equivalised disposable incomes, using the modified-OECD scale.
- 3 Before housing costs.

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Figure 6: Gini coefficients¹ from the Effects of Taxes and Benefit (ETB) analysis (disposable income²) and Households Below Average Income (HBAI) (BHC³ income)



Source: Office for National Statistics and Department for Work and Pensions

Notes:

- 1 See Further Analysis and Methodology section for the definition of the Gini coefficient.
- 2 Households are ranked throughout by their equivalised disposable incomes, using the modified-OECD scale.
- 3 Before housing costs.

FIGURE 7

Income stages by non-retired household types, 2009/10

Average income per household (£ per year)	Original income	Gross income	Disposable income	Post-tax income	Final income
Household type					
1 adult non-retired	22 050	24 564	19 074	16 071	17 593
2 adults non-retired	43 116	45 534	35 030	29 447	32 707
1 adult with children	10 050	19 195	17 421	14 004	25 438
2 adults with children	46 067	50 455	39 777	33 652	45 987
3 or more adults ¹	51 959	57 052	45 797	38 219	47 848

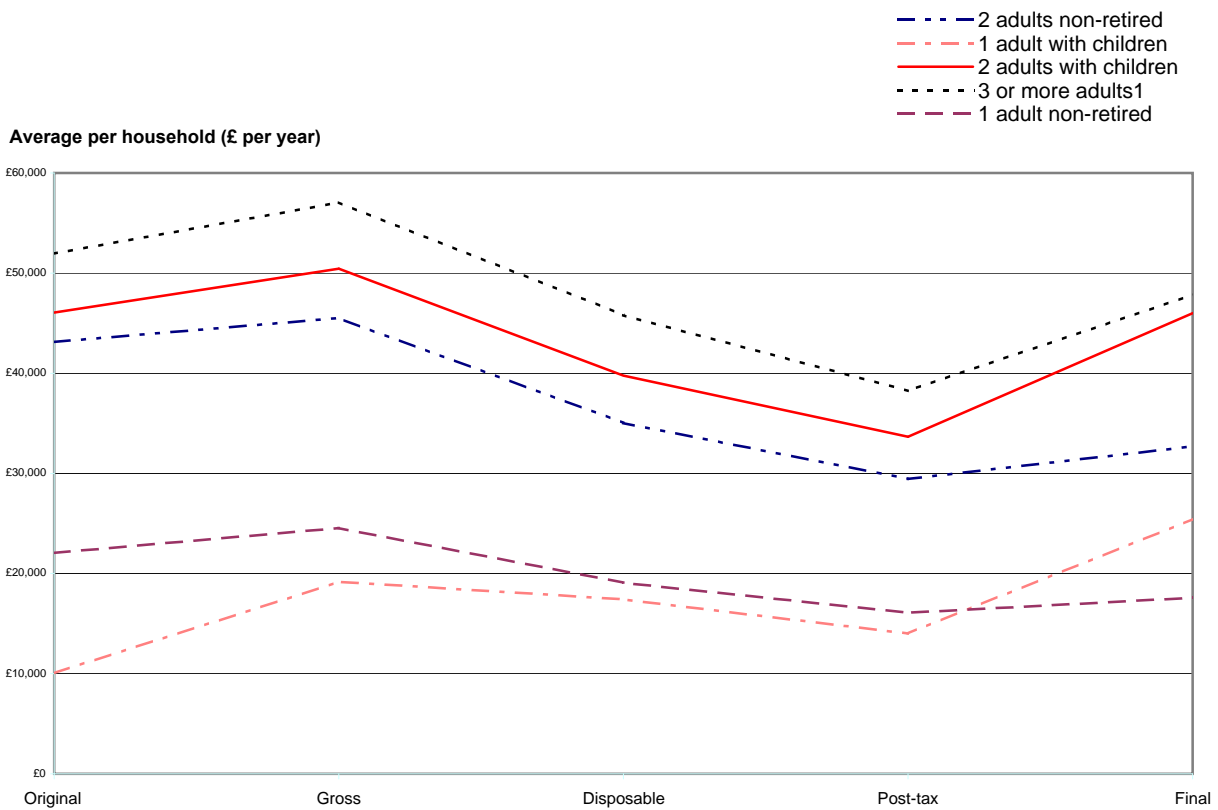
Notes:

Source: Office for National Statistics

1 With or without children.

2 Households are ranked throughout by their equivalised disposable incomes, using the modified-OECD scale.

Figure 7: Income stages by non-retired household types, 2009/10



Notes:

Source: Office for National Statistics

1 With or without children.

2 Households are ranked throughout by their equivalised disposable incomes, using the modified-OECD scale.

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TABLE 1: Summary of the effects of taxes and benefits by quintile groups on ALL households,¹ 2009/10

	Quintile groups of ALL households ¹					All households	Ratio Top/Bottom quintile
	Bottom	2nd	3rd	4th	Top		
Income, taxes and benefits per household (£ per year)²							
Original income	4 847	10 853	23 088	37 937	77 896	30 924	16
<i>plus</i> cash benefits	6 883	8 280	6 139	3 949	1 992	5 448	0
Gross income	11 730	19 133	29 227	41 886	79 889	36 373	7
<i>less</i> direct taxes ³ and employees' NIC	1 195	2 200	4 850	8 403	19 500	7 230	16
Disposable income	10 535	16 933	24 377	33 483	60 388	29 143	6
<i>less</i> indirect taxes	2 965	3 466	4 459	5 386	7 441	4 743	3
Post-tax income	7 570	13 467	19 918	28 097	52 947	24 400	7
<i>plus</i> benefits in kind	7 555	7 252	7 088	6 162	5 123	6 636	1
Final income	15 125	20 719	27 006	34 259	58 070	31 036	4

Notes:

Source: Office for National Statistics

1 Households are ranked by equivalised disposable income, using the modified-OECD scale.

2 All the tables in Part 1 of this article show unequivalised income. Equivalised income has only been used in the ranking process to produce the quintile groups (and to produce the percentage shares and Gini coefficients).

3 These are income tax (which is after deducting tax credits and tax relief at source on life assurance premiums), council tax and Northern Ireland rates but after deducting discounts, council tax benefits and rates rebates.

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TABLE 2: Percentage shares of equivalised household income and Gini coefficients,¹ 2009/10

	Percentage shares of equivalised income for ALL households			
	Original income	Gross income	Disposable income	Post-tax income
Quintile group²				
Bottom	3	7	8	6
2nd	7	11	12	12
3rd	14	16	16	16
4th	24	22	22	22
Top	51	44	41	43
All households	100	100	100	100
Decile group²				
Bottom	1	3	3	2
Top	33	28	26	28
Gini coefficient (per cent)	52	37	33	37

Source: Office for National Statistics

Notes:

1 This is a measure of the dispersion of each definition of income (see Further Analysis and Methodology section).

2 Households are ranked by equivalised disposable income, using the modified-OECD scale.

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TABLE 3: Taxes as a percentage of gross income, disposable income and expenditure for ALL households by quintile groups,¹ 2009/10

(a) Direct and indirect taxes as a percentage of gross income

(b) Indirect taxes as a percentage of disposable income

(c) Indirect taxes as a percentage of expenditure²

	Quintile groups of ALL households ¹					All households
	Bottom	2nd	3rd	4th	Top	
(a) Percentages of gross income						
Direct taxes						
Income tax ³	3.1	5.1	8.9	11.9	17.4	12.6
Employees' NIC	1.4	2.5	4.3	5.4	5.2	4.6
Council tax & Northern Ireland rates ⁴	5.8	3.8	3.4	2.7	1.8	2.7
<i>All direct taxes</i>	<i>10.2</i>	<i>11.5</i>	<i>16.6</i>	<i>20.1</i>	<i>24.4</i>	<i>19.9</i>
Indirect taxes						
VAT	8.7	6.5	5.7	5.0	4.0	5.1
Duty on alcohol	1.4	1.1	1.0	0.9	0.7	0.9
Duty on tobacco	2.7	1.8	1.2	0.8	0.3	0.9
Duty on hydrocarbon oils & vehicle excise duty	3.0	2.2	2.1	1.9	1.2	1.7
Other indirect taxes	9.4	6.5	5.2	4.3	3.3	4.6
<i>All indirect taxes</i>	<i>25.3</i>	<i>18.1</i>	<i>15.3</i>	<i>12.9</i>	<i>9.3</i>	<i>13.0</i>
<i>All taxes</i>	<i>35.5</i>	<i>29.6</i>	<i>31.9</i>	<i>32.9</i>	<i>33.7</i>	<i>32.9</i>
(b) Percentages of disposable income						
VAT	9.7	7.4	6.9	6.3	5.2	6.3
Duty on alcohol	1.6	1.2	1.2	1.1	0.9	1.1
Duty on tobacco	3.0	2.1	1.4	1.0	0.3	1.1
Duty on hydrocarbon oils & vehicle excise duty	3.4	2.5	2.5	2.3	1.6	2.1
Other indirect taxes	10.4	7.3	6.3	5.4	4.3	5.7
<i>All indirect taxes</i>	<i>28.1</i>	<i>20.5</i>	<i>18.3</i>	<i>16.1</i>	<i>12.3</i>	<i>16.3</i>
(c) Percentages of expenditure²						
VAT	6.8	7.1	7.0	6.8	6.5	6.7
Duty on alcohol	1.1	1.1	1.2	1.2	1.1	1.1
Duty on tobacco	2.1	2.0	1.5	1.0	0.4	1.1
Duty on hydrocarbon oils & vehicle excise duty	2.4	2.4	2.6	2.5	1.9	2.3
Other indirect taxes	7.3	7.0	6.4	5.9	5.3	6.1
<i>All indirect taxes</i>	<i>19.6</i>	<i>19.6</i>	<i>18.6</i>	<i>17.4</i>	<i>15.2</i>	<i>17.4</i>

Notes:

1 Households are ranked by equivalised disposable income, using the modified-OECD scale.

2 Calculated to be consistent with disposable income. See Further Analysis and Methodology section for the definition of expenditure.

3 After deducting tax credits and tax relief at source on life assurance premiums.

4 After deducting discounts, council tax benefits and rates rebates.

Source: Office for National Statistics

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TABLE 4: Summary of household characteristics of quintile groups of ALL households,¹ 2009/10

	Quintile groups of ALL households ¹					All households
	Bottom	2nd	3rd	4th	Top	
Number of individuals per household						
<i>Children</i> ²	0.6	0.5	0.5	0.4	0.4	0.5
<i>Adults</i>	1.6	1.7	1.9	2.0	2.0	1.8
<i>Men</i>	0.7	0.8	0.9	1.0	1.0	0.9
<i>Women</i>	0.9	0.9	1.0	1.0	0.9	0.9
People	2.3	2.2	2.4	2.4	2.4	2.3
People in full-time education	0.7	0.5	0.5	0.4	0.4	0.5
Economically active people	0.7	0.7	1.2	1.6	1.8	1.2
Retired people	0.5	0.7	0.5	0.3	0.1	0.4
Household type (percentages)						
Retired	35	46	29	17	7	27
Non-retired						
1 adult without children	18	12	14	14	17	15
2 adults without children	11	10	18	29	40	22
1 adult with children ³	12	6	3	2	1	5
2 adults with children	16	18	21	23	21	20
3 or more adults ⁴	8	8	15	15	14	12
All household types	100	100	100	100	100	100

Notes:

Source: Office for National Statistics

1 Households are ranked by equivalised disposable income, using the modified-OECD scale.

2 Children are defined as people aged under 16 or aged between 16 and 18, unmarried and receiving non-advanced further education.

3 This group is smaller than the category of 'one parent families' because some of these families will be contained in the larger household types.

4 With or without children.

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TABLE 5: Percentage shares of equivalised household income and Gini coefficients¹ for NON-RETIRED households, 2009/10

	Percentage shares of equivalised income for NON-RETIRED households			
	Original income	Gross income	Disposable income	Post-tax income
Quintile group ²				
Bottom	3	6	7	6
2nd	10	11	12	12
3rd	16	16	17	16
4th	24	23	23	23
Top	46	43	41	43
All non-retired households	100	100	100	100
Decile group ²				
Bottom	1	2	3	2
Top	30	27	26	27
Gini coefficient (per cent)	45	37	34	38

Source: Office for National Statistics

Notes:

1 This is a measure of the dispersion of each definition of income (see Further Analysis and Methodology section).

2 Households are ranked by equivalised disposable income, using the modified-OECD scale.

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TABLE 6: Summary of the effects of taxes and benefits by quintile groups on NON-RETIRED households,¹ 2009/10

	Quintile groups of Non-Retired households ¹					All households	Ratio Top/Bottom quintile
	Bottom	2nd	3rd	4th	Top		
Income, taxes and benefits per household (£ per year)							
Original income	6 772	20 167	33 072	47 346	87 273	38 926	13
<i>plus</i> cash benefits	6 518	5 560	3 505	2 204	1 494	3 856	0.2
Gross income	13 290	25 728	36 576	49 550	88 767	42 782	7
<i>less</i> direct taxes ² and employees' NIC	1 370	3 955	7 121	10 848	22 121	9 083	16
Disposable income	11 920	21 773	29 455	38 702	66 647	33 699	6
<i>less</i> indirect taxes	3 318	4 469	5 307	5 998	7 874	5 393	2
Post-tax income	8 602	17 303	24 149	32 705	58 773	28 306	7
<i>plus</i> benefits in kind	8 611	8 221	7 020	5 831	5 133	6 963	0.6
Final income	17 213	25 524	31 169	38 536	63 906	35 270	4
Number of individuals per household							
<i>Children</i> ³	1.0	0.9	0.6	0.5	0.4	0.7	
<i>Adults</i>	1.7	1.9	2.1	2.1	2.0	2.0	
<i>Men</i>	0.8	0.9	1.0	1.1	1.1	1.0	
<i>Women</i>	0.9	1.0	1.0	1.0	0.9	1.0	
People	2.7	2.8	2.7	2.5	2.4	2.6	
People in full-time education	1.0	0.9	0.6	0.5	0.4	0.7	
Economically active people	1.0	1.5	1.8	1.9	1.9	1.6	
Retired people	0.0	0.1	0.1	0.1	0.1	0.1	

Notes:

1 Households are ranked by equivalised disposable income, using the modified-OECD scale.

2 These are income tax (which is after deducting tax credits and tax relief at source on life assurance premiums), council tax and Northern Ireland rates but after deducting discounts, council tax benefit and rates rebates.

3 Children are defined as people aged under 16 or aged between 16 and 18, unmarried and receiving non-advanced further education.

Source: Office for National Statistics

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TABLE 7: Cash benefits for NON-RETIRED households by quintile groups,¹ 2009/10

	Quintile groups of NON-RETIRED households ¹					All non-retired households
	Bottom	2nd	3rd	4th	Top	
Average per household (£ per year)						
Contributory						
Retirement pension	164	727	928	850	572	648
Incapacity benefit ²	497	439	175	86	12	242
Job seeker's allowance ³	137	63	19	7	1	45
Other	24	90	175	147	232	133
Total contributory	822	1 319	1 297	1 089	817	1 069
Non-contributory						
Income support and pension credit ²	1 035	499	230	56	17	367
Tax credits ⁴	1 359	1 011	305	95	12	557
Child benefit	782	794	603	438	357	595
Housing benefit	1 523	942	350	103	10	586
Job seeker's allowance ⁵	298	81	48	6	9	88
Sickness/disablement related	443	720	562	249	93	413
Other	255	195	109	167	178	181
Total non-contributory	5 695	4 242	2 207	1 115	677	2 787
Total cash benefits	6 518	5 560	3 505	2 204	1 494	3 856
Cash benefits as a percentage of gross income	49	22	10	4	2	9

Source: Office for National Statistics

Notes:

- 1 Households are ranked by equivalised disposable income, using the modified-OECD scale.
- 2 Including employment support allowance.
- 3 Contribution based.
- 4 Child tax credit and working tax credit.
- 5 Income based.

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TABLE 8: Taxes as a percentage of gross income for NON-RETIRED households by quintile groups,¹ 2009/10

	Quintile groups of NON-RETIRED households ¹					All non-retired households
	Bottom	2nd	3rd	4th	Top	
Percentages						
Direct taxes						
Income tax ²	3.4	7.3	10.8	13.2	18.0	13.5
Employees' NIC	2.1	4.5	5.7	6.2	5.2	5.3
Council tax & NI rates	4.8	3.5	2.9	2.5	1.6	2.5
All direct taxes	10.3	15.4	19.5	21.9	24.9	21.2
All indirect taxes	25.0	17.4	14.5	12.1	8.9	12.6
All taxes	35.3	32.7	34.0	34.0	33.8	33.8

Source: Office for National Statistics

Notes:

1 Households are ranked by equivalised disposable income, using the modified-OECD scale.

2 After deducting tax credits and tax relief at source on life assurance premiums.

3 Council tax and Northern Ireland rates after deducting discounts, council tax benefit and rates rebates.

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TABLE 9: Indirect taxes as a percentage of (a) disposable income and (b) household expenditure¹ for NON-RETIRED households by quintile groups,² 2009/10

	Quintile groups of NON-RETIRED households ²					All non-retired households
	Bottom	2nd	3rd	4th	Top	
(a) Percentages of disposable income						
VAT	9.3	7.3	6.8	6.0	5.1	6.2
Duty on alcohol	1.5	1.1	1.2	1.1	0.8	1.0
Duty on tobacco	3.6	2.2	1.5	0.8	0.3	1.1
Duty on hydrocarbon oils & vehicle excise duty	3.3	2.8	2.6	2.4	1.4	2.2
Other indirect taxes	10.2	7.1	5.9	5.2	4.1	5.5
All indirect taxes	27.8	20.5	18.0	15.5	11.8	16.0
(b) Percentages of expenditure¹						
VAT	6.5	6.8	6.8	6.5	6.4	6.6
Duty on alcohol	1.0	1.0	1.2	1.2	1.0	1.1
Duty on tobacco	2.5	2.0	1.5	0.8	0.4	1.2
Duty on hydrocarbon oils & vehicle excise duty	2.3	2.6	2.6	2.6	1.8	2.3
Other indirect taxes	7.2	6.6	5.9	5.6	5.2	5.8
All indirect taxes	19.5	19.0	18.1	16.7	14.8	17.0

Notes:

Source: Office for National Statistics

1 Calculated to be consistent with disposable income. See Further Analysis and Methodology section for the definition of expenditure.

2 Households are ranked by equivalised disposable income, using the modified-OECD scale.

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TABLE 10: Benefits in kind for NON-RETIRED households by quintile groups,¹ 2009/10

	Quintile groups of NON-RETIRED households ¹					All non-retired households
	Bottom	2nd	3rd	4th	Top	
Average per household (£ per year)						
Education	5 037	4 375	3 418	2 468	1 869	3 433
National health service	3 307	3 660	3 488	3 262	3 117	3 367
Housing subsidy	53	31	14	7	0	21
Rail travel subsidy	11	10	14	27	54	23
Bus travel subsidies	60	69	68	61	91	70
School meals and Healthy Start Vouchers ²	143	77	18	7	1	49
All benefits in kind	8 611	8 221	7 020	5 831	5 133	6 963
Benefits in kind as a percentage of post-tax income						
	100	48	29	18	9	25

Source: Office for National Statistics

Note:

1 Households are ranked by equivalised disposable income, using the modified-OECD scale.

2 The Healthy Start Vouchers component includes school milk data for 2009.

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TABLE 11: Percentage shares of household income and Gini coefficients¹ for RETIRED households, 2009/10

	Percentage shares of equivalised income for RETIRED households ²			
	Original income	Gross income	Disposable income	Post-tax income
Quintile group ²				
Bottom	5	10	10	9
2nd	8	14	15	14
3rd	12	17	18	18
4th	21	22	22	22
Top	54	36	35	37
All households	100	100	100	100
Decile group ²				
Bottom	2	4	4	4
Top	38	23	21	22
Gini coefficient (per cent)	61	26	24	28

Notes:

Source: Office for National Statistics

1 This is a measure of the dispersion of each definition of income (see Further Analysis and Methodology section).

2 Households are ranked by equivalised disposable income, using the modified-OECD sca

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TABLE 12: Summary of the effects of taxes and benefits on RETIRED households by quintile groups,¹ 2009/10

	Quintile groups of RETIRED households ¹					All retired households	Ratio Top/Bottom quintile
	Bottom	2nd	3rd	4th	Top		
Income, taxes and benefits per household (£ per year)							
Original income							
Earnings	93	225	196	652	1 300	493	14
Occupational pensions	1 601	3 010	4 248	8 019	17 999	6 975	11
Investment income	341	426	447	680	4 607	1 300	14
Other income	1	78	99	443	676	260	490
Total original income	2 036	3 740	4 990	9 795	24 582	9 029	12
<i>plus</i> Contributory benefits	6 168	6 990	7 405	7 963	8 297	7 365	1
Non-contributory benefits	1 241	2 540	3 127	3 129	2 167	2 441	2
Total cash benefits	7 409	9 530	10 532	11 092	10 464	9 806	1
Gross income	9 445	13 270	15 522	20 887	35 046	18 834	4
<i>less</i> Income tax ²	199	434	585	1 359	3 844	1 284	19
Employees' NIC	3	10	6	26	81	25	27
Council tax & Northern Ireland rates ³	748	659	686	899	1 255	849	2
Disposable income	8 495	12 167	14 246	18 603	29 866	16 675	4
<i>less</i> Indirect taxes	2 225	2 541	2 635	3 146	4 279	2 966	2
Post-tax income	6 270	9 626	11 610	15 456	25 586	13 710	4
<i>plus</i> National health service	5 407	5 489	5 254	5 584	5 497	5 446	1
Housing subsidy	8	32	32	30	11	23	1
Other benefits in kind	188	234	171	507	257	271	1
Final income	11 874	15 381	17 067	21 576	31 351	19 450	3
Cash benefits as a percentage of gross income	78	72	68	53	30	52	
Retirement pension as a percentage of cash benefits	82	73	70	71	79	74	

Notes:

1 Households are ranked by equivalised disposable income, using the modified-OECD scale.

2 After deducting tax credits and tax relief at source on life assurance premiums.

3 Council tax and Northern Ireland rates after deducting discounts, council tax benefit and rates rebates.

Source: Office for National Statistics

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TABLE 13: Taxes and benefits allocated to households as a percentage of general government expenditure, 2009

Taxes and compulsory social contributions ¹ allocated to households			Benefits allocated to households		
	<u>£ million</u>	<u>% of GGE2</u>		<u>£ million</u>	<u>% of GGE2</u>
Income tax (gross)	137 930	20.1	Cash benefits		
Tax reliefs	- 90	0.0			
Income tax (net)	138 020	20.1	Contributory (National Insurance, etc)		
Employees' & self-employed NI contributions	40 540	5.9	Retirement	66 480	9.7
Council tax	25 050	3.6	Incapacity benefit	6 670	1.0
			Widows' and guardians' allowances	650	0.1
			Maternity/Statutory maternity pay	1 900	0.3
			Job seekers allowance	1 200	0.2
			Social fund	3 270	0.5
			Redundancy benefit and statutory sick pay	620	0.1
Taxes on final goods and services			Non-contributory		
VAT	53 220	7.8	Income support	16 580	2.4
Duty on hydrocarbon oils	13 060	1.9	Working and child tax credits	21 270	3.1
Duty on tobacco	8 470	1.2	Child benefit	11 880	1.7
Vehicle excise duty	4 590	0.7	War pensions	1 020	0.1
Duty on wines, cider, perry and spirits	5 340	0.8	Other ³	27 970	4.1
Duty on beer	2 980	0.4	Student support	970	0.1
Betting duties	930	0.1	Rent rebates and allowances	18 930	2.8
Camelot: payments to NLDF	1 420	0.2			
Stamp duty on house purchase	1 930	0.3			
Other ⁴	2 810	0.4			
Taxes & NI contributions on Intermediate goods & services ⁵			Benefits in kind		
Employers' NI contributions	18 990	2.8	Health services	110 170	16.0
Commercial & industrial rates	11 300	1.6	Education	76 370	11.1
Duty on hydrocarbon oils	6 560	1.0	Travel subsidies ⁶	2 589	0.4
VAT	3 850	0.6	Housing subsidy	559	0.1
Vehicle excise duty	520	0.1	School meals and Healthy Start Vouchers ⁸	686	0.1
Other ⁷	4 490	0.7			
Total	344 070	50.1	Total	369 780	53.9
Total government expenditure	686 520				

Notes:

- 1 Paid to UK central and local government and European Union institutions.
- 2 Expressed as a percentage of general government expenditure.
- 3 Includes non-contributory job seeker's allowance, attendance allowance, carer's allowance, severe disablement allowance, industrial injury disablement benefit and disability living allowance.
- 4 Includes customs duty, air passenger duty, insurance premium tax and non-domestic rates.
- 5 These are taxes paid by industry and commerce assumed to be passed on to households in the prices of goods and services they buy. For instance, duty on derv used in the transportation of goods is an 'intermediate' tax whereas the duty on petrol bought by the private motorist is a tax on final goods and services.
- 6 Including concessionary fares expenditure.
- 7 Includes intermediate taxes on beer, wines and spirits duty, tobacco duty, customs duty, stamp duty, air passenger duty, insurance premium tax, landfill tax, regulator fees and consumer credit fees.
- 8 The Healthy Start Vouchers component includes school milk data.

Source: United Kingdom National Accounts, 2010 Edition.

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TABLE 14: Average incomes, taxes and benefits by decile groups of ALL households, 2009/10

	Decile groups of all households ranked by equivalised ¹ disposable income										All households
	Bottom	2nd	3rd	4th	5th	6th	7th	8th	9th	Top	
Average per household (£ per year)											
<i>Decile points (equivalised £)</i>	11 103	13 975	16 691	19 274	22 221	25 780	30 132	36 596	47 749		
Number of households in the population ('000s)	2 599	2 609	2 602	2 611	2 602	2 605	2 604	2 609	2 600	2 612	26 053
Original income											
Wages and salaries	2 274	3 912	6 143	9 079	15 231	19 941	26 375	33 163	45 678	75 369	23 717
Imputed income from benefits in kind	22	27	12	39	60	198	192	447	703	1 554	325
Self-employment income	660	477	736	824	1 189	2 048	1 893	4 219	3 613	13 715	2 937
Occupational pensions, annuities	448	1 033	1 667	2 294	2 880	3 263	3 528	3 980	3 744	4 590	2 743
Investment income	199	256	246	240	338	431	609	742	1 399	4 636	910
Other income	284	101	185	242	243	355	452	274	501	291	293
Total	3 888	5 806	8 989	12 718	19 941	26 235	33 049	42 826	55 638	100 155	30 924
Direct benefits in cash											
Contributory											
Retirement pension	1 832	2 660	3 574	3 612	3 212	2 890	2 462	1 902	1 376	744	2 426
Job seeker's allowance (Contribution based)	125	76	69	28	39	10	13	8	-	2	37
Incapacity benefit ³	331	367	274	325	244	147	78	102	27	8	190
Widows' benefits	6	20	-	31	-	36	12	14	4	5	13
Statutory Maternity Pay/Allowance	0	6	14	42	82	117	139	95	73	306	87
Non-contributory											
Income support and pension credit ²	595	1 083	848	649	369	388	221	92	61	1	431
Child benefit	434	587	463	472	449	494	408	408	273	396	438
Housing benefit	772	1 369	1 154	1 147	618	443	316	175	25	4	602
Job seeker's allowance (Income based)	190	205	98	79	43	20	10	9	13	1	67
Carer's allowance	59	94	112	116	109	83	53	32	10	14	68
Attendance allowance	47	33	52	65	64	85	75	36	4	16	48
Disability living allowance	149	312	543	565	643	513	292	228	119	54	342
War pensions/War widows' pensions	3	4	2	19	15	41	2	20	5	21	13
Severe disablement allowance	8	8	49	13	32	26	35	14	5	-	19
Industrial injury disablement benefit	-	49	6	22	33	6	46	9	22	-	19
Student support	148	125	87	93	25	33	32	85	224	32	88
Government training schemes	8	12	9	13	2	4	37	0	-	4	9
Tax credits ³	532	1 194	814	677	352	309	111	106	18	5	412
Other non-contributory benefits	152	179	221	205	164	138	127	103	78	42	141
Total cash benefits	5 388	8 378	8 387	8 172	6 495	5 783	4 466	3 431	2 331	1 653	5 448
Gross income	9 275	14 184	17 375	20 890	26 435	32 019	37 515	46 257	57 969	101 808	36 373
Direct taxes and Employees' NIC											
Income tax	334	555	919	1 510	2 451	3 331	4 545	5 808	8 513	19 404	4 737
less: Tax credits ⁴	36	132	206	259	303	260	211	138	68	29	164
Employees' NI contributions	106	213	384	588	1 063	1 425	1 954	2 544	3 493	4 806	1 658
Council tax and Northern Ireland rates ⁵	1 022	1 018	999	1 021	1 084	1 170	1 186	1 241	1 356	1 546	1 165
less: Council tax benefit/Rates rebates	314	378	307	248	140	120	90	36	13	8	165
Total	1 113	1 277	1 788	2 612	4 155	5 545	7 386	9 421	13 281	25 719	7 230
Disposable income	8 162	12 907	15 587	18 278	22 281	26 473	30 129	36 836	44 688	76 089	29 143
<i>Equivalised disposable income</i>	<i>7 919</i>	<i>12 613</i>	<i>15 405</i>	<i>17 966</i>	<i>20 700</i>	<i>23 884</i>	<i>27 766</i>	<i>33 231</i>	<i>41 565</i>	<i>70 747</i>	<i>27 180</i>
Indirect taxes											
Taxes on final goods and services											
VAT	995	1 050	1 188	1 315	1 506	1 839	2 015	2 190	2 583	3 745	1 843
Duty on tobacco	280	361	323	382	330	372	376	274	227	185	311
Duty on beer and cider	77	69	77	85	108	150	149	161	194	163	123
Duty on wines & spirits	98	89	99	144	134	186	198	215	312	386	186
Duty on hydrocarbon oils	285	257	306	330	428	517	526	670	716	726	476
Vehicle excise duty	89	81	96	107	139	155	170	200	213	234	148
Television licences	112	113	104	110	115	118	121	131	131	138	119
Stamp duty on house purchase	45	37	36	36	58	78	91	111	153	302	95
Customs duties	21	21	23	24	27	31	32	36	41	54	31
Betting taxes	15	20	27	26	31	30	33	29	23	139	37
Insurance premium tax	24	24	27	29	39	43	50	57	65	93	45
Air passenger duty	13	14	27	20	45	43	44	67	114	105	49
Camelot National Lottery Fund	35	47	58	64	67	66	66	71	51	52	58
Other	2	11	12	21	23	11	21	14	34	24	17
Intermediate taxes											
Commercial and industrial rates	194	197	212	225	247	284	300	333	377	499	287
Employers' NI contributions	329	336	360	382	420	482	509	565	640	848	487
Duty on hydrocarbon oils	111	113	121	129	141	162	171	190	215	285	164
Vehicle excise duty	10	10	11	12	13	15	16	17	20	26	15
Other	170	173	186	198	217	249	263	292	331	438	252
Total indirect taxes	2 906	3 024	3 294	3 638	4 088	4 830	5 148	5 623	6 441	8 442	4 743
Post-tax income	5 256	9 884	12 294	14 640	18 192	21 643	24 981	31 213	38 247	67 647	24 400
Benefits in kind											
Education	3 563	3 074	2 615	2 684	2 493	2 980	2 190	2 399	1 629	1 890	2 552
National health service	3 835	4 201	4 573	4 257	4 285	4 128	3 856	3 640	3 210	3 248	3 923
Housing subsidy	33	46	36	29	28	20	12	7	2	-	21
Rail travel subsidy	11	4	6	9	8	11	14	28	31	59	18
Bus travel subsidy	68	87	99	95	85	83	84	73	84	90	85
School meals and Healthy Start Vouchers ⁶	59	128	58	43	39	15	11	8	2	1	36
Total	7 570	7 541	7 387	7 117	6 940	7 237	6 168	6 156	4 958	5 287	6 636
Final income	12 826	17 424	19 680	21 757	25 132	28 880	31 149	37 368	43 205	72 934	31 036

Notes:

- 1 Using the modified-OECD Scale.
- 2 Including employment support allowance.
- 3 Child tax credit and working tax credit.
- 4 Including tax relief at source on life assurance premiums.
- 5 Council tax and Northern Ireland rates after deducting discounts.
- 6 The Healthy Start Vouchers component includes school milk data for 2009.

Source: Office for National Statistics

TABLE 14A: Average incomes, taxes and benefits by quintile groups of ALL households, 2009/10

	Quintile groups of all households ranked by equivalised ¹ disposable income					All households
	Bottom	2nd	3rd	4th	Top	
Average per household (£ per year)						
<i>Quintile points (equivalised £)</i>		13 975	19 274	25 780	36 596	
Number of households in the population ('000s)	5 208	5 213	5 207	5 213	5 211	26 053
Original income						
Wages and salaries	3 093	7 611	17 586	29 769	60 523	23 717
Imputed income from benefits in kind	24	26	129	319	1 129	325
Self-employment income	568	780	1 618	3 056	8 664	2 937
Occupational pensions, annuities	740	1 981	3 071	3 754	4 167	2 743
Investment income	228	243	385	676	3 017	910
Other income	192	213	299	363	396	293
Total	4 847	10 853	23 088	37 937	77 896	30 924
Direct benefits in cash						
Contributory						
Retirement pension	2 246	3 593	3 051	2 182	1 060	2 426
Job seeker's allowance (Contribution based)	101	48	25	10	1	37
Incapacity benefit ²	349	300	196	90	18	190
Widows' benefits	13	16	18	13	5	13
Statutory Maternity Pay/Allowance	3	28	99	117	190	87
Non-contributory						
Income support and pension credit ²	839	749	379	156	31	431
Child benefit	510	467	471	408	335	438
Housing benefit	1 070	1 151	530	245	14	602
Job seeker's allowance (Income based)	198	89	32	9	7	67
Carer's allowance	76	114	96	42	12	68
Attendance allowance	40	59	75	55	10	48
Disability living allowance	230	554	578	260	87	342
War pensions/War widows' pensions	3	11	28	11	13	13
Severe disablement allowance	8	31	29	25	2	19
Industrial injury disablement benefit	24	14	20	27	11	19
Student support	136	90	29	58	128	88
Government training schemes	10	11	3	19	2	9
Tax credits ³	863	745	330	109	11	412
Other non-contributory benefits	165	213	151	115	60	141
Total cash benefits	6 883	8 280	6 139	3 949	1 992	5 448
Gross income	11 730	19 133	29 227	41 886	79 889	36 373
Direct taxes and Employees' NIC						
Income tax	445	1 214	2 891	5 177	13 959	4 737
less: Tax credits ⁴	84	233	282	174	49	164
Employers' NI contributions	160	486	1 244	2 249	4 149	1 658
Council tax and Northern Ireland rates ⁵	1 020	1 010	1 127	1 214	1 451	1 165
less: Council tax benefit/Rates rebates	346	277	130	63	10	165
Total	1 195	2 200	4 850	8 403	19 500	7 230
Disposable income	10 535	16 933	24 377	33 483	60 388	29 143
Equivalised disposable income	10 266	16 685	22 292	30 498	56 156	27 180
Indirect taxes						
Taxes on final goods and services						
VAT	1 023	1 252	1 672	2 102	3 164	1 843
Duty on tobacco	320	353	351	325	206	311
Duty on beer and cider	73	81	129	155	178	123
Duty on wines & spirits	93	122	160	206	349	186
Duty on hydrocarbon oils	271	318	473	598	721	476
Vehicle excise duty	85	102	147	185	223	148
Television licences	112	107	117	126	134	119
Stamp duty on house purchase	41	36	68	101	227	95
Customs duties	21	24	29	34	47	31
Betting taxes	17	26	31	31	81	37
Insurance premium tax	24	28	41	54	79	45
Air passenger duty	14	23	44	56	110	49
Camelot National Lottery Fund	41	61	67	68	52	58
Other	7	17	17	17	29	17
Intermediate taxes						
Commercial and industrial rates	196	218	266	316	438	287
Employers' NI contributions	332	371	451	537	744	487
Duty on hydrocarbon oils	112	125	152	181	250	164
Vehicle excise duty	10	11	14	16	23	15
Other	172	192	233	278	385	252
Total indirect taxes	2 965	3 466	4 459	5 386	7 441	4 743
Post-tax income	7 570	13 467	19 918	28 097	52 947	24 400
Benefits in kind						
Education	3 318	2 650	2 737	2 294	1 760	2 552
National health service	4 018	4 415	4 207	3 748	3 229	3 923
Housing subsidy	40	32	24	10	1	21
Rail travel subsidy	7	8	10	21	45	18
Bus travel subsidy	77	97	84	79	87	85
School meals and Healthy Start Voucher ⁶	94	51	27	10	1	36
Total	7 555	7 252	7 088	6 162	5 123	6 636
Final income	15 125	20 719	27 006	34 259	58 070	31 036

Notes:

1 Using the modified-OECD Scale.

2 Including employment support allowance.

3 Child tax credit and working tax credit.

4 Including tax relief at source on life assurance premiums.

5 Council tax and Northern Ireland rates after deducting discounts.

6 The Healthy Start Vouchers component includes school milk data for 2009.

Source: Office for National Statistics

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TABLE 15: Household characteristics of decile groups of ALL households, 2009/10

	Decile groups of all households ranked by equivalised ¹ disposable income										All households
	Bottom	2nd	3rd	4th	5th	6th	7th	8th	9th	Top	
Average per household (number)											
People	2.22	2.29	2.21	2.20	2.39	2.48	2.39	2.46	2.32	2.40	2.34
<i>Adults</i>	1.66	1.60	1.68	1.67	1.87	1.94	1.95	2.02	2.01	1.95	1.83
<i>Men</i>	0.80	0.68	0.74	0.77	0.92	0.93	0.96	1.05	1.05	1.02	0.89
<i>Women</i>	0.86	0.91	0.93	0.90	0.95	1.01	0.98	0.96	0.97	0.93	0.94
<i>Children</i>	0.56	0.70	0.53	0.53	0.51	0.54	0.44	0.44	0.30	0.45	0.50
Economically active people	0.70	0.62	0.69	0.80	1.13	1.33	1.44	1.66	1.76	1.77	1.19
Retired people	0.44	0.54	0.67	0.64	0.55	0.46	0.38	0.27	0.19	0.11	0.43
People in full-time education	0.69	0.64	0.50	0.51	0.47	0.55	0.44	0.44	0.33	0.42	0.50
<i>In state primary schools</i>	0.25	0.36	0.26	0.23	0.24	0.23	0.21	0.23	0.15	0.22	0.24
<i>In state secondary schools</i>	0.18	0.17	0.14	0.18	0.13	0.20	0.12	0.12	0.08	0.08	0.14
<i>In further and higher education</i>	0.23	0.09	0.08	0.09	0.09	0.09	0.08	0.06	0.09	0.05	0.10
<i>In other educational establishments</i>	0.03	0.02	0.03	0.02	0.02	0.02	0.02	0.03	0.01	0.06	0.02
Composition (percentages)											
Household type											
Retired											
1 adult	20	20	27	25	16	13	11	6	4	2	14
<i>1 adult men</i>	5	5	8	8	5	4	4	2	3	1	4
<i>1 adult women</i>	15	15	19	18	11	9	7	4	1	1	10
2 or more adults	12	18	21	19	16	14	10	8	5	3	12
Non-retired											
1 adult without children	21	15	11	13	14	13	14	14	16	18	15
<i>1 adult men</i>	14	8	6	6	9	6	7	9	9	13	9
<i>1 adult women</i>	7	8	5	7	5	7	7	5	7	5	6
2 adults without children	12	10	9	10	16	20	29	30	40	39	22
3 or more adults without children	6	3	4	4	9	9	10	13	13	10	8
1 adult with children	10	13	7	5	3	3	2	2	1	0	5
2 adults with 1 child	5	6	6	7	8	8	10	12	10	14	9
2 adults with 2 children	5	6	7	9	9	10	8	11	6	10	8
2 adults with 3 or more children	4	6	4	4	4	4	3	1	1	2	3
3 or more adults with children	6	2	4	4	5	6	4	3	3	2	4
Household tenure											
Rented											
Social rented	27	36	30	25	20	13	10	5	1	-	17
<i>Other rented unfurnished</i>	8	7	8	13	8	5	7	7	6	5	8
<i>Rented furnished</i>	10	6	6	5	5	6	6	5	7	6	6
<i>Rent free</i>	1	0	0	1	2	2	3	2	2	2	2
Owner occupied	54	50	55	56	65	74	75	80	83	87	68
<i>With mortgage</i>	16	15	20	21	31	44	42	52	57	63	36
<i>Rental purchase</i>	-	-	1	0	-	1	0	0	0	0	0
<i>Owned outright</i>	37	35	35	35	34	28	33	28	26	24	32
Age of chief economic supporter											
Under 25	10	6	5	3	3	3	4	2	2	1	4
Over 24 and under 35	13	14	11	8	13	10	15	19	22	20	15
Over 34 and under 45	16	15	14	17	18	20	18	24	21	29	19
Over 44 and under 55	18	14	12	15	15	20	21	22	24	26	19
Over 54 and under 65	15	17	15	17	16	17	20	17	19	19	17
Over 64 and under 75	10	15	18	20	19	15	11	9	8	4	13
Over 74	17	20	25	21	15	13	11	8	4	2	14
Employment status of chief economic supporter											
Self-employed	7	5	4	4	5	9	5	12	7	13	7
Full-time employee	7	15	21	28	43	50	60	64	77	78	44
Part-time employee	12	12	11	12	10	8	8	8	5	3	9
Unemployed	13	5	4	2	3	1	1	1	-	1	3
Unoccupied and under minimum NI age	30	27	14	10	7	6	6	3	2	1	11
Retired/unoccupied over minimum NI age	30	36	46	43	33	26	20	13	10	4	26
Other	0	0	0	0	-	0	0	-	-	-	0

Note:

Source: Office for National Statistics

1 Households are ranked throughout by their equivalised disposable incomes, using the modified-OECD scale.

TABLE 15A: Household characteristics of quintile groups of ALL households, 2009/10

	Quintile groups of all households ranked by equivalised ¹ disposable income					All households
	Bottom	2nd	3rd	4th	Top	
Average per household (number)						
People	2.26	2.20	2.43	2.42	2.36	2.34
<i>Adults</i>	1.63	1.67	1.91	1.98	1.98	1.83
<i>Men</i>	0.74	0.76	0.93	1.01	1.03	0.89
<i>Women</i>	0.89	0.92	0.98	0.97	0.95	0.94
<i>Children</i>	0.63	0.53	0.53	0.44	0.38	0.50
Economically active people	0.66	0.74	1.23	1.55	1.76	1.19
Retired people	0.49	0.66	0.50	0.32	0.15	0.43
People in full-time education	0.66	0.50	0.51	0.44	0.37	0.50
<i>In state primary schools</i>	0.30	0.24	0.23	0.22	0.19	0.24
<i>In state secondary schools</i>	0.18	0.16	0.16	0.12	0.08	0.14
<i>In further and higher education</i>	0.16	0.08	0.09	0.07	0.07	0.10
<i>In other educational establishments</i>	0.02	0.02	0.02	0.02	0.04	0.02
Composition (percentages)						
Household type						
Retired						
1 adult	20	26	14	8	3	14
1 adult men	5	8	4	3	2	4
1 adult women	15	18	10	5	1	10
2 or more adults	15	20	15	9	4	12
Non-retired						
1 adult without children	18	12	14	14	17	15
1 adult men	11	6	8	8	11	9
1 adult women	7	6	6	6	6	6
2 adults without children	11	10	18	29	40	22
3 or more adults without children	5	4	9	11	12	8
1 adult with children	12	6	3	2	1	5
2 adults with 1 child	5	7	8	11	12	9
2 adults with 2 children	6	8	9	9	8	8
2 adults with 3 or more children	5	4	4	2	2	3
3 or more adults with children	4	4	6	4	3	4
Household tenure						
Rented						
Social rented	31	28	17	7	1	17
Other rented unfurnished	8	11	6	7	6	8
Rented furnished	8	6	5	6	6	6
Rent free	1	1	2	2	2	2
Owner occupied						
With mortgage	16	20	38	47	60	36
Rental purchase	-	0	1	0	0	0
Owned outright	36	35	31	30	25	32
Age of chief economic supporter						
Under 25	8	4	3	3	1	4
Over 24 and under 35	13	10	12	17	21	15
Over 34 and under 45	16	15	19	21	25	19
Over 44 and under 55	16	13	18	22	25	19
Over 54 and under 65	16	16	17	18	19	17
Over 64 and under 75	13	19	17	10	6	13
Over 74	18	23	14	9	3	14
Employment status of chief economic supporter						
Self-employed	6	4	7	8	10	7
Full-time employee	11	25	46	62	77	44
Part-time employee	12	11	9	8	4	9
Unemployed	9	3	2	1	0	3
Unoccupied and under minimum NI age	29	12	6	4	2	11
Retired/unoccupied over minimum NI age	33	44	29	17	7	26
Other	0	0	0	0	-	0

Note:

1 Households are ranked throughout by their equivalised disposable incomes, using the modified-OECD scale.

Source: Office for National Statistics

TABLE 16: Average incomes, taxes and benefits by decile groups of NON-RETIRED households, 2009/10

	Decile groups of non-retired households ranked by equivalised ¹ disposable income										All households
	Bottom	2nd	3rd	4th	5th	6th	7th	8th	9th	Top	
Average per household (£ per year)											
<i>Decile points (equivalised £)</i>	11 385	15 039	18 392	21 731	24 983	28 788	34 063	40 947	52 464		
Number of households in the population ('000s)	1 906	1 907	1 910	1 906	1 911	1 906	1 911	1 906	1 909	1 910	19 080
Original income											
Wages and salaries	3 485	7 145	13 733	20 953	25 445	32 102	36 281	44 347	54 945	83 832	32 227
Imputed income from benefits in kind	34	32	60	72	252	244	202	817	989	1 743	444
Self-employment income	972	739	1 659	1 574	2 384	2 496	3 669	4 282	4 703	17 397	3 988
Occupational pensions, annuities	121	132	471	977	944	1 016	1 679	1 933	1 901	2 783	1 196
Investment income	163	107	85	203	261	303	343	706	1 579	3 917	767
Other income	393	221	215	333	210	487	213	221	416	340	305
Total	5 168	8 376	16 222	24 112	29 496	36 647	42 387	52 306	64 534	110 012	38 926
Direct benefits in cash											
Contributory											
Retirement pension	56	273	361	1 093	1 042	815	908	791	642	503	648
Job seeker's allowance (Contribution based)	179	95	76	49	23	15	14	0	1	2	45
Incapacity benefit ²	508	487	587	291	273	76	87	84	12	11	242
Widows' benefits	19	12	6	33	11	32	12	15	-	-	14
Statutory Maternity Pay/Allowance	0	16	44	96	181	127	194	73	188	275	119
Non-contributory											
Income support and pension credit ²	636	1 434	643	355	275	185	104	9	33	1	367
Child benefit	672	893	900	687	644	562	496	380	315	398	595
Housing benefit	1 153	1 893	1 357	527	433	267	202	4	15	5	586
Job seeker's allowance (Income based)	299	296	140	21	79	16	5	7	18	1	88
Carer's allowance	49	127	128	106	85	57	20	29	8	12	62
Attendance allowance	22	-	-	12	2	18	9	-	-	-	6
Disability living allowance	201	444	632	489	545	303	230	141	81	56	312
War pensions/War widows' pensions	-	-	-	-	-	-	21	-	20	-	4
Severe disablement allowance	8	10	29	16	42	34	11	-	7	-	16
Industrial injury disablement benefit	-	24	3	25	-	39	12	26	3	-	13
Student support	234	152	207	46	41	16	70	150	243	38	120
Government training schemes	12	10	19	3	6	39	12	-	-	5	11
Tax credits ³	926	1 792	1 464	559	404	206	170	21	18	7	557
Other non-contributory benefits	47	66	56	65	66	53	64	47	49	30	54
Total cash benefits	5 019	8 017	6 648	4 473	4 150	2 859	2 632	1 775	1 646	1 343	3 856
Gross income	10 187	16 393	22 870	28 585	33 646	39 506	45 019	54 081	66 180	111 355	42 782
Direct taxes and Employees' NIC											
Income tax	430	772	1 771	2 909	3 656	4 919	5 839	7 600	10 060	22 018	5 997
less: Tax credits ⁴	62	228	458	441	360	288	234	93	43	22	223
Employees' NI contributions	166	395	876	1 463	1 812	2 372	2 735	3 412	4 155	5 155	2 254
Council tax and Northern Ireland rates ⁵	1 000	960	1 032	1 078	1 158	1 152	1 209	1 270	1 376	1 561	1 180
less: Council tax benefit/Rates rebates	321	372	227	93	102	78	29	15	9	11	126
Total	1 213	1 527	2 994	4 916	6 165	8 077	9 521	12 174	15 540	28 701	9 083
Disposable income	8 973	14 866	19 876	23 669	27 482	31 429	35 498	41 907	50 640	82 654	33 699
<i>Equivalised disposable income</i>	<i>7 603</i>	<i>13 097</i>	<i>16 740</i>	<i>20 042</i>	<i>23 278</i>	<i>26 907</i>	<i>31 352</i>	<i>37 162</i>	<i>45 884</i>	<i>76 826</i>	<i>29 889</i>
Indirect taxes											
Taxes on final goods and services											
VAT	1 082	1 124	1 546	1 647	1 915	2 106	2 240	2 441	2 865	3 956	2 092
Duty on tobacco	357	494	452	497	414	462	303	291	225	188	368
Duty on beer and cider	95	77	94	131	169	174	163	203	196	166	147
Duty on wines & spirits	95	88	121	135	166	215	191	272	313	403	200
Duty on hydrocarbon oils	343	269	471	472	565	600	660	795	736	721	563
Vehicle excise duty	91	79	129	151	162	184	197	217	219	233	166
Television licences	136	139	144	137	136	134	138	141	136	139	138
Stamp duty on house purchase	45	32	43	57	84	87	113	132	177	315	108
Customs duties	24	24	29	29	32	34	36	39	44	56	35
Betting taxes	14	16	23	30	29	36	30	26	36	168	41
Insurance premium tax	24	21	33	40	43	53	51	67	65	94	49
Air passenger duty	10	16	28	51	44	37	57	78	133	111	57
Camelot National Lottery Fund	31	43	53	61	69	66	78	58	54	50	56
Other	2	15	27	30	12	24	20	24	22	25	20
Intermediate taxes											
Commercial and industrial rates	222	219	273	269	294	316	335	363	410	519	322
Employers' NI contributions	376	372	464	457	499	537	570	617	697	881	547
Duty on hydrocarbon oils	127	125	156	154	168	181	192	207	234	296	184
Vehicle excise duty	11	11	14	14	15	16	17	19	21	27	17
Other	195	192	240	236	258	278	295	319	360	456	283
Total indirect taxes	3 281	3 355	4 340	4 598	5 073	5 540	5 687	6 308	6 944	8 804	5 393
Post-tax income	5 692	11 511	15 536	19 071	22 409	25 888	29 811	35 599	43 695	73 850	28 306
Benefits in kind											
Education	5 318	4 756	5 077	3 673	3 817	3 018	2 795	2 142	1 708	2 029	3 433
National health service	3 222	3 391	3 582	3 737	3 556	3 421	3 442	3 083	3 117	3 117	3 367
Housing subsidy	47	58	33	29	14	14	9	4	1	-	21
Rail travel subsidy	15	8	11	8	14	15	27	26	42	66	23
Bus travel subsidy	50	70	72	66	67	69	69	53	93	90	70
School meals and Healthy Start Vouchers ⁶	103	184	91	64	16	20	10	3	1	1	49
Total	8 756	8 467	8 865	7 576	7 483	6 557	6 353	5 310	4 963	5 303	6 963
Final income	14 448	19 978	24 401	26 647	29 892	32 446	36 163	40 909	48 658	79 154	35 270

Notes: Source: Office for National Statistics

- Using the modified-OECD Scale.
- Including employment support allowance.
- Child tax credit and working tax credit.
- Including tax relief at source on life assurance premiums.
- Council tax and Northern Ireland rates after deducting discounts.
- The Healthy Start Vouchers component includes school milk data for 2009.

TABLE 16A: Average incomes, taxes and benefits by quintile groups of NON-RETIRED households, 2009/10

	Quintile groups of non-retired households ranked by equivalised ¹ disposable income					All households
	Bottom	2nd	3rd	4th	Top	
Average per household (£ per year)						
<i>Quintile points (equivalised £)</i>		15 039	21 731	28 788	40 947	
Number of households in the population ('000s)	3 813	3 816	3 817	3 816	3 819	19 080
Original income						
Wages and salaries	5 315	17 343	28 774	40 314	69 389	32 227
Imputed income from benefits in kind	33	66	248	509	1 366	444
Self-employment income	855	1 616	2 440	3 976	11 050	3 988
Occupational pensions, annuities	126	724	980	1 806	2 342	1 196
Investment income	135	144	282	524	2 748	767
Other income	307	274	349	217	378	305
Total	6 772	20 167	33 072	47 346	87 273	38 926
Direct benefits in cash						
Contributory						
Retirement pension	164	727	928	850	572	648
Job seeker's allowance (Contribution based)	137	63	19	7	1	45
Incapacity benefit ²	497	439	175	86	12	242
Widows' benefits	15	20	22	13	-	14
Statutory Maternity Pay/Allowance #	8	70	154	133	232	119
Non-contributory						
Income support and pension credit ²	1 035	499	230	56	17	367
Child benefit	782	794	603	438	357	595
Housing benefit	1 523	942	350	103	10	586
Job seeker's allowance (Income based)	298	81	48	6	9	88
Carer's allowance	88	117	71	25	10	62
Attendance allowance	11	6	10	5	-	6
Disability living allowance	323	561	424	185	69	312
War pensions/War widows' pensions	-	-	-	11	10	4
Severe disablement allowance	9	23	38	5	3	16
Industrial injury disablement benefit	12	14	19	19	2	13
Student support	193	126	29	110	140	120
Government training schemes	11	11	23	6	3	11
Tax credits ³	1 359	1 011	305	95	12	557
Other non-contributory benefits	56	61	60	56	39	54
Total cash benefits	6 518	5 560	3 505	2 204	1 494	3 856
Gross income	13 290	25 728	36 576	49 550	88 767	42 782
Direct taxes and Employees' NIC						
Income tax	601	2 340	4 288	6 720	16 039	5 997
less: Tax credits ⁴	145	450	324	164	33	223
Employees' NI contributions	280	1 170	2 092	3 074	4 655	2 254
Council tax and Northern Ireland rates ⁵	980	1 055	1 155	1 240	1 469	1 180
less: Council tax benefit/Rates rebates	347	160	90	22	10	126
Total	1 370	3 955	7 121	10 848	22 121	9 083
Disposable income	11 920	21 773	29 455	38 702	66 647	33 699
<i>Equivalised disposable income</i>	10 350	18 391	25 093	34 257	61 355	29 889
Indirect taxes						
Taxes on final goods and services						
VAT	1 103	1 596	2 010	2 341	3 410	2 092
Duty on tobacco	425	475	438	297	207	368
Duty on beer and cider	86	113	172	183	181	147
Duty on wines & spirits	91	128	191	232	358	200
Duty on hydrocarbon oils	306	472	583	728	728	563
Vehicle excise duty	85	140	173	207	226	166
Television licences	137	141	135	139	137	138
Stamp duty on house purchase	38	50	86	122	246	108
Customs duties	24	29	33	38	50	35
Betting taxes	15	26	32	28	102	41
Insurance premium tax	22	36	48	59	80	49
Air passenger duty	13	39	41	67	122	57
Camelot National Lottery Fund	37	57	68	68	52	56
Other	8	28	18	22	24	20
Intermediate taxes						
Commercial and industrial rates	220	271	305	349	465	322
Employers' NI contributions	374	461	518	593	789	547
Duty on hydrocarbon oils	126	155	174	200	265	184
Vehicle excise duty	11	14	16	18	24	17
Other	193	238	268	307	408	283
Total indirect taxes	3 318	4 469	5 307	5 998	7 874	5 393
Post-tax income	8 602	17 303	24 149	32 705	58 773	28 306
Benefits in kind						
Education	5 037	4 375	3 418	2 468	1 869	3 433
National health service	3 307	3 660	3 488	3 262	3 117	3 367
Housing subsidy	53	31	14	7	0	21
Rail travel subsidy	11	10	14	27	54	23
Bus travel subsidy	60	69	68	61	91	70
School meals and Healthy Start Vouchers ⁶	143	77	18	7	1	49
Total	8 611	8 221	7 020	5 831	5 133	6 963
Final income	17 213	25 524	31 169	38 536	63 906	35 270

Notes:

- 1 Using the modified-OECD Scale.
- 2 Including employment support allowance.
- 3 Child tax credit and working tax credit.
- 4 Including tax relief at source on life assurance premiums.
- 5 Council tax and Northern Ireland rates after deducting discounts.
- 6 The Healthy Start Vouchers component includes school milk data for 2009.

Source: Office for National Statistics

TABLE 17: Household characteristics of decile groups of NON-RETIRED households, 2009/10

	Decile groups of non-retired households ranked by equivalised ¹ disposable income										All households
	Bottom	2nd	3rd	4th	5th	6th	7th	8th	9th	Top	
Average per household (number)											
People	2.66	2.74	2.87	2.78	2.74	2.69	2.57	2.52	2.42	2.40	2.64
<i>Adults</i>	1.80	1.69	1.85	2.00	2.05	2.09	2.02	2.11	2.07	1.93	1.96
<i>Men</i>	0.92	0.72	0.88	1.01	1.02	1.02	1.05	1.09	1.09	1.02	0.98
<i>Women</i>	0.87	0.97	0.96	0.99	1.02	1.06	0.97	1.02	0.98	0.91	0.97
<i>Children</i>	0.86	1.05	1.03	0.78	0.70	0.60	0.55	0.41	0.35	0.47	0.68
Economically active people	1.02	1.00	1.33	1.59	1.69	1.84	1.82	1.95	1.95	1.80	1.60
Retired people	0.04	0.04	0.05	0.16	0.12	0.10	0.09	0.07	0.05	0.05	0.08
People in full-time education	1.03	0.95	0.98	0.74	0.70	0.60	0.52	0.43	0.35	0.45	0.67
<i>In state primary schools</i>	0.39	0.52	0.49	0.37	0.29	0.30	0.27	0.21	0.18	0.22	0.32
<i>In state secondary schools</i>	0.27	0.26	0.30	0.21	0.24	0.18	0.14	0.11	0.08	0.09	0.19
<i>In further and higher education</i>	0.33	0.14	0.15	0.14	0.14	0.09	0.08	0.09	0.08	0.06	0.13
<i>In other educational establishments</i>	0.05	0.03	0.04	0.01	0.03	0.02	0.03	0.02	0.02	0.08	0.03
Composition (percentages)											
Household type											
Non-retired											
1 adult without children	31	24	22	21	20	16	19	12	19	20	20
<i>1 adult men</i>	20	12	11	12	10	8	12	7	11	15	12
<i>1 adult women</i>	11	12	10	9	10	8	7	5	8	5	9
2 adults without children	17	16	18	23	27	34	33	45	40	41	29
3 or more adults without children	9	5	7	12	12	12	13	16	16	9	11
1 adult with children	15	22	10	7	4	3	2	2	1	0	7
2 adults with 1 child	7	10	12	11	13	12	16	11	11	15	12
2 adults with 2 children	8	10	16	13	13	12	11	10	7	11	11
2 adults with 3 or more children	6	8	8	6	5	3	2	1	1	2	4
3 or more adults with children	8	5	7	8	7	8	4	4	3	2	6
Household tenure											
Rented	64	66	51	36	28	26	21	17	17	14	34
<i>Social rented</i>	37	43	25	17	11	10	6	2	1	-	15
<i>Other rented unfurnished</i>	12	12	17	12	7	7	9	6	8	5	9
<i>Rented furnished</i>	14	11	10	6	8	8	4	7	7	7	8
<i>Rent free</i>	1	0	0	1	1	2	1	2	1	2	1
Owner occupied	36	34	49	64	72	74	79	83	83	86	66
<i>With mortgage</i>	23	21	34	44	52	54	58	61	61	66	48
<i>Rental purchase</i>	-	-	1	-	1	0	0	0	0	-	0
<i>Owned outright</i>	13	13	13	21	19	19	21	22	21	20	18
Age of chief economic supporter											
Under 25	14	10	7	4	6	5	2	3	2	0	5
Over 24 and under 35	19	22	18	18	15	18	21	24	23	21	20
Over 34 and under 45	24	26	28	26	29	24	26	26	24	30	26
Over 44 and under 55	27	21	26	24	23	29	25	25	26	28	25
Over 54 and under 65	16	19	19	19	19	20	20	18	20	17	19
Over 64 and under 75	1	2	2	7	7	3	5	3	4	3	4
Over 74	-	1	0	2	1	1	1	1	1	1	1
Employment status of chief economic supporter											
Self-employed	10	7	8	8	11	7	11	10	8	15	10
Full-time employee	12	27	44	61	68	72	75	81	83	80	60
Part-time employee	18	20	22	16	10	13	9	6	6	3	12
Unemployed	18	9	6	3	2	1	1	0	0	1	4
Unoccupied and under minimum NI age	41	36	19	8	6	5	2	1	1	0	12
Retired/unoccupied over minimum NI age	0	2	1	5	3	1	2	1	1	1	2
Other	1	0	0	-	0	0	-	-	-	-	0

Note:

1 Households are ranked throughout by their equivalised disposable incomes, using the modified-OECD scale.

Source: Office for National Statistics

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TABLE 17A: Household characteristics of quintile groups of NON-RETIRED households, 2009/10

	Quintile groups of non-retired households ranked by equivalised ¹ disposable income					All households
	Bottom	2nd	3rd	4th	Top	
Average per household (number)						
People	2.70	2.83	2.72	2.54	2.41	2.64
<i>Adults</i>	1.74	1.92	2.07	2.06	2.00	1.96
<i>Men</i>	0.82	0.95	1.02	1.07	1.05	0.98
<i>Women</i>	0.92	0.97	1.04	0.99	0.95	0.97
<i>Children</i>	0.96	0.90	0.65	0.48	0.41	0.68
Economically active people	1.01	1.46	1.76	1.88	1.88	1.60
Retired people	0.04	0.11	0.11	0.08	0.05	0.08
People in full-time education	0.99	0.86	0.65	0.48	0.40	0.67
<i>In state primary schools</i>	0.45	0.43	0.29	0.24	0.20	0.32
<i>In state secondary schools</i>	0.27	0.26	0.21	0.13	0.08	0.19
<i>In further and higher education</i>	0.23	0.14	0.11	0.08	0.07	0.13
<i>In other educational establishments</i>	0.04	0.03	0.03	0.02	0.05	0.03
Composition (percentages)						
Household type						
Non-retired						
1 adult without children	27	21	18	16	20	20
<i>1 adult men</i>	16	12	9	10	13	12
<i>1 adult women</i>	11	10	9	6	7	9
2 adults without children	17	20	31	39	41	29
3 or more adults without children	7	9	12	14	13	11
1 adult with children	18	8	4	2	1	7
2 adults with 1 child	8	12	13	13	13	12
2 adults with 2 children	9	15	12	10	9	11
2 adults with 3 or more children	7	7	4	2	2	4
3 or more adults with children	6	8	7	4	3	6
Household tenure						
Rented	65	44	27	19	15	34
<i>Social rented</i>	40	21	10	4	0	15
<i>Other rented unfurnished</i>	12	14	7	8	6	9
<i>Rented furnished</i>	12	8	8	6	7	8
<i>Rent free</i>	1	0	2	2	2	1
Owner occupied	35	56	73	81	85	66
<i>With mortgage</i>	22	39	53	59	64	48
<i>Rental purchase</i>	-	0	1	0	0	0
<i>Owned outright</i>	13	17	19	21	21	18
Age of chief economic supporter						
Under 25	12	5	5	2	1	5
Over 24 and under 35	20	18	17	23	22	20
Over 34 and under 45	25	27	26	26	27	26
Over 44 and under 55	24	25	26	25	27	25
Over 54 and under 65	17	19	20	19	19	19
Over 64 and under 75	1	5	5	4	3	4
Over 74	0	1	1	1	1	1
Employment status of chief economic supporter						
Self-employed	9	8	9	10	12	10
Full-time employee	19	53	70	78	82	60
Part-time employee	19	19	11	8	5	12
Unemployed	13	4	2	1	1	4
Unoccupied and under minimum NI age	38	13	5	1	1	12
Retired/unoccupied over minimum NI age	1	3	2	2	1	2
Other	0	0	0	-	-	0

Note:

1 Households are ranked throughout by their equivalised disposable incomes, using the modified-OECD scale.

Source: Office for National Statistics

[Main Table Contents](#)

TABLE 18: Average incomes, taxes and benefits by decile groups of RETIRED households, 2009/10

	Decile groups of retired households ranked by equivalised ¹ disposable income										All households
	Bottom	2nd	3rd	4th	5th	6th	7th	8th	9th	Top	
Average per household (£ per year)											
<i>Decile points (equivalised £)</i>	10 623	12 936	14 712	16 161	17 542	19 175	21 528	24 854	30 132		
Number of households in the population ('000s)	692	702	690	704	695	697	698	700	698	698	6 973
Original income											
Wages and salaries	-	55	163	253	175	215	298	864	880	1 393	430
Imputed income from benefits in kind	-	-	-	-	-	-	-	-	-	-	-
Self-employment income	24	106	35	-	-	2	23	119	246	82	64
Occupational pensions, annuities	1 080	2 122	2 827	3 194	3 302	5 194	6 343	9 695	11 439	24 559	6 975
Investment income	265	417	404	447	400	494	628	732	1 627	7 587	1 300
Other income	-	3	39	118	62	137	273	614	421	931	260
Total	1 370	2 702	3 467	4 012	3 940	6 041	7 565	12 024	14 613	34 552	9 029
Direct benefits in cash											
Contributory											
Retirement pension	5 377	6 766	6 839	7 002	7 069	7 586	7 839	7 969	8 248	8 221	7 292
Job seeker's allowance (Contribution based)	-	-	127	-	11	-	-	-	-	-	14
Incapacity benefit ²	118	75	-	-	70	65	84	16	68	-	50
Widows' benefits	-	-	12	-	9	-	-	19	37	20	10
Statutory Maternity Pay/Allowance	-	-	-	-	-	-	-	-	-	-	-
Non-contributory											
Income support and pension credit ²	413	539	635	680	978	600	644	572	762	214	604
Child benefit	-	13	19	-	7	12	18	19	17	-	11
Housing benefit	53	142	660	1 000	1 166	903	1 037	538	770	202	647
Job seeker's allowance (Income based)	-	-	41	25	-	12	2	-	-	-	8
Carer's allowance	46	73	31	115	91	160	76	90	118	47	85
Attendance allowance	73	127	86	129	75	189	158	276	320	183	162
Disability living allowance	56	147	140	470	569	486	977	670	456	255	423
War pensions/War widows' pensions	11	6	9	9	-	46	39	198	-	63	38
Severe disablement allowance	8	-	21	58	56	18	19	-	77	24	28
Industrial injury disablement benefit	-	13	106	11	16	33	91	10	77	-	36
Student support	-	-	-	-	-	11	13	1	-	-	3
Government training schemes	-	-	43	6	-	-	-	-	-	-	5
Tax credits ³	-	21	26	-	-	34	25	28	18	-	15
Other non-contributory benefits	375	366	365	397	414	377	405	351	374	353	378
Total cash benefits	6 531	8 288	9 159	9 902	10 531	10 533	11 429	10 756	11 345	9 583	9 806
Gross income	7 901	10 990	12 626	13 914	14 471	16 574	18 994	22 780	25 957	44 135	18 834
Direct taxes and Employees' NIC											
Income tax	118	282	460	411	460	718	1 095	1 642	2 113	5 583	1 288
less: Tax credits ⁴	1	1	1	2	5	2	13	5	3	6	4
Employees' NI contributions	1	5	7	13	7	5	14	38	48	115	25
Council tax and Northern Ireland rates ⁵	1 051	1 118	1 055	985	948	1 053	1 064	1 189	1 233	1 536	1 123
less: Council tax benefit/Rates rebates	290	383	341	380	355	275	283	171	203	56	274
Total	879	1 022	1 180	1 026	1 055	1 499	1 877	2 692	3 189	7 172	2 159
Disposable income	7 022	9 968	11 446	12 888	13 416	15 075	17 118	20 088	22 768	36 963	16 675
Equivalised disposable income	8 854	11 863	13 648	15 553	16 765	18 221	20 306	23 202	27 069	42 170	19 765
Indirect taxes											
Taxes on final goods and services											
VAT	821	870	1 034	868	909	1 053	1 117	1 386	1 499	2 040	1 160
Duty on tobacco	108	126	201	183	148	284	117	148	156	69	154
Duty on beer and cider	34	42	69	61	44	89	49	68	61	73	59
Duty on wines & spirits	102	82	101	106	99	158	138	203	186	303	148
Duty on hydrocarbon oils	188	218	200	213	173	169	234	315	267	405	238
Vehicle excise duty	88	101	77	71	73	79	92	106	127	189	100
Television licences	62	65	68	65	70	68	68	71	68	78	68
Stamp duty on house purchase	45	37	45	26	23	40	46	55	80	177	57
Customs duties	15	16	18	17	17	19	20	24	25	33	21
Betting taxes	18	20	33	31	26	35	31	32	27	26	28
Insurance premium tax	24	27	31	23	22	24	33	35	39	82	34
Air passenger duty	17	17	24	19	21	17	29	17	54	78	29
Camelot National Lottery Fund	44	52	63	55	63	87	71	59	64	55	61
Other	2	1	1	6	1	31	2	11	6	33	9
Intermediate taxes											
Commercial and industrial rates	136	152	167	159	159	180	190	220	228	310	190
Employers' NI contributions	231	258	284	270	271	306	322	374	388	526	323
Duty on hydrocarbon oils	78	87	96	91	91	103	108	126	130	177	109
Vehicle excise duty	7	8	9	8	8	9	10	11	12	16	10
Other	119	134	147	140	140	158	167	193	200	272	167
Total indirect taxes	2 136	2 314	2 669	2 414	2 361	2 910	2 841	3 452	3 618	4 941	2 966
Post-tax income	4 886	7 654	8 778	10 474	11 055	12 165	14 277	16 636	19 151	32 022	13 710
Benefits in kind											
Education	65	70	124	87	36	45	116	643	208	-	140
National health service	5 162	5 653	5 501	5 476	5 198	5 309	5 589	5 578	5 430	5 564	5 446
Housing subsidy	7	9	32	33	33	32	31	28	20	3	23
Rail travel subsidy	1	2	1	2	1	6	8	3	11	8	4
Bus travel subsidy	108	128	124	127	116	133	118	126	143	141	126
School meals and Healthy Start Vouchers ⁶	2	-	3	-	-	5	-	-	3	-	1
Total	5 345	5 862	5 786	5 725	5 384	5 529	5 862	6 378	5 815	5 715	5 740
Final income	10 231	13 516	14 564	16 199	16 440	17 695	20 139	23 014	24 966	37 737	19 450

Notes:

- 1 Using the modified-OECD Scale.
- 2 Including employment support allowance.
- 3 Child tax credit and working tax credit.
- 4 Including tax relief at source on life assurance premiums.
- 5 Council tax and Northern Ireland rates after deducting discounts.
- 6 The Healthy Start Vouchers component includes school milk data for 2009.

Source: Office for National Statistics

TABLE 18A: Average incomes, taxes and benefits by quintile groups of RETIRED households, 2009/10

	Quintile groups of retired households ranked by equivalised ¹ disposable income					All house- holds
	Bottom	2nd	3rd	4th	Top	
Average per household (£ per year)						
<i>Quintile points (equivalised £)</i>		12 936	16 161	19 175	24 854	
Number of households in the population ('000s)	1 394	1 394	1 392	1 398	1 395	6 973
Original income						
Wages and salaries	27	208	195	581	1 137	430
Imputed income from benefits in kind	-	-	-	-	-	-
Self-employment income	65	17	1	71	164	64
Occupational pensions, annuities	1 601	3 010	4 248	8 019	17 999	6 975
Investment income	341	426	447	680	4 607	1 300
Other income	1	78	99	443	676	260
Total	2 036	3 740	4 990	9 795	24 582	9 029
Direct benefits in cash						
Contributory						
Retirement pension	6 072	6 921	7 328	7 904	8 235	7 292
Job seeker's allowance (Contribution based)	-	63	5	-	-	14
Incapacity benefit ²	97	-	68	50	34	50
Widows' benefits	-	6	4	9	28	10
Statutory Maternity Pay/Allowance	-	-	-	-	-	-
Non-contributory						
Income support and pension credit ²	476	657	789	608	488	604
Child benefit	6	10	9	19	9	11
Housing benefit	98	830	1 035	787	486	647
Job seeker's allowance (Income based)	-	33	6	1	-	8
Carer's allowance	60	73	125	83	83	85
Attendance allowance	100	107	132	217	252	162
Disability living allowance	101	305	528	824	356	423
War pensions/War widows' pensions	8	9	23	119	31	38
Severe disablement allowance	4	39	37	10	50	28
Industrial injury disablement benefit	7	58	24	51	39	36
Student support	-	-	6	7	-	3
Government training schemes	-	24	-	-	-	5
Tax credits ³	11	13	17	26	9	15
Other non-contributory benefits	370	381	395	378	363	378
Total cash benefits	7 409	9 530	10 532	11 092	10 464	9 806
Gross income	9 445	13 270	15 522	20 887	35 046	18 834
Direct taxes and Employees' NIC						
Income tax	200	435	589	1 369	3 848	1 288
less: Tax credits ⁴	1	2	3	9	4	4
Employees' NI contributions	3	10	6	26	81	25
Council tax and Northern Ireland rates ⁵	1 084	1 020	1 001	1 126	1 384	1 123
less: Council tax benefit/Rates rebates	337	361	315	227	129	274
Total	950	1 103	1 277	2 284	5 180	2 159
Disposable income	8 495	12 167	14 246	18 603	29 866	16 675
<i>Equivalised disposable income</i>	<i>10 358</i>	<i>14 600</i>	<i>17 493</i>	<i>21 754</i>	<i>34 620</i>	<i>19 765</i>
Indirect taxes						
Taxes on final goods and services						
VAT	845	951	981	1 251	1 770	1 160
Duty on tobacco	117	192	216	132	112	154
Duty on beer and cider	38	65	66	58	67	59
Duty on wines & spirits	92	104	129	170	245	148
Duty on hydrocarbon oils	203	207	171	274	336	238
Vehicle excise duty	94	74	76	99	158	100
Television licences	64	66	69	70	73	68
Stamp duty on house purchase	41	36	32	50	128	57
Customs duties	16	18	18	22	29	21
Betting taxes	19	32	31	31	26	28
Insurance premium tax	25	27	23	34	61	34
Air passenger duty	17	21	19	23	66	29
Camelot National Lottery Fund	48	59	75	65	59	61
Other	1	3	16	6	20	9
Intermediate taxes						
Commercial and industrial rates	144	163	170	205	269	190
Employers' NI contributions	245	277	288	348	457	323
Duty on hydrocarbon oils	82	93	97	117	154	109
Vehicle excise duty	7	8	9	11	14	10
Other	126	143	149	180	236	167
Total indirect taxes	2 225	2 541	2 635	3 146	4 279	2 966
Post-tax income	6 270	9 626	11 610	15 456	25 586	13 710
Benefits in kind						
Education	68	106	41	380	104	140
National health service	5 407	5 489	5 254	5 584	5 497	5 446
Housing subsidy	8	32	32	30	11	23
Rail travel subsidy	1	2	4	5	9	4
Bus travel subsidy	118	126	125	122	142	126
School meals and Healthy Start Vouchers ⁶	1	1	2	-	2	1
Total	5 603	5 755	5 457	6 120	5 765	5 740
Final income	11 874	15 381	17 067	21 576	31 351	19 450

Notes:

- 1 Using the modified-OECD Scale.
- 2 Including employment support allowance.
- 3 Child tax credit and working tax credit.
- 4 Including tax relief at source on life assurance premiums.
- 5 Council tax and Northern Ireland rates after deducting discounts.
- 6 The Healthy Start Vouchers component includes school milk data for 2009.

Source: Office for National Statistics

TABLE 19: Household characteristics of decile groups of RETIRED households, 2009/10

	Decile groups of retired households ranked by equivalised ¹ disposable income										All households
	Bottom	2nd	3rd	4th	5th	6th	7th	8th	9th	Top	
Average per household (number)											
People	1.38	1.52	1.52	1.49	1.40	1.49	1.53	1.60	1.53	1.63	1.51
<i>Adults</i>	1.37	1.50	1.49	1.48	1.39	1.48	1.51	1.57	1.51	1.63	1.49
<i>Men</i>	0.52	0.59	0.69	0.62	0.55	0.63	0.67	0.70	0.70	0.80	0.65
<i>Women</i>	0.85	0.91	0.80	0.86	0.84	0.85	0.84	0.87	0.81	0.83	0.85
<i>Children</i>	0.01	0.02	0.03	0.01	0.01	0.01	0.02	0.03	0.02	-	0.01
Economically active people	0.04	0.06	0.09	0.09	0.03	0.05	0.05	0.11	0.10	0.12	0.07
Retired people	1.28	1.40	1.36	1.33	1.31	1.37	1.41	1.43	1.39	1.49	1.38
People in full-time education	0.01	0.02	0.02	0.02	0.01	0.01	0.02	0.04	0.03	-	0.02
Composition (percentages)											
Household type											
Retired											
1 adult	65	52	55	56	62	54	51	49	53	42	54
1 adult men	16	11	19	17	16	17	17	14	19	19	16
1 adult women	49	41	36	39	46	38	34	35	33	23	37
2 or more adults	35	48	45	44	38	46	49	51	47	58	46
Household tenure											
Rented											
Social rented	7	10	29	33	33	25	31	20	16	3	21
Other rented unfurnished	2	2	1	4	4	4	3	1	3	3	3
Rented furnished	1	1	-	-	2	1	1	1	1	1	1
Rent free	-	-	-	0	2	2	3	6	4	6	2
Owner occupied											
With mortgage	4	3	11	5	3	4	2	6	8	8	5
Rental purchase	-	-	-	0	1	-	-	-	-	-	0
Owned outright	87	84	59	58	55	65	60	66	66	80	68
Age of chief economic supporter											
Under 25	-	-	-	-	-	-	-	-	-	-	-
Over 24 and under 35	-	-	-	1	-	-	-	-	-	-	0
Over 34 and under 45	-	-	-	-	-	-	-	-	-	-	-
Over 44 and under 55	-	1	1	-	1	-	-	1	1	-	0
Over 54 and under 65	15	15	9	12	11	13	11	13	12	17	13
Over 64 and under 75	30	35	38	35	41	39	44	42	39	40	38
Over 74	55	49	52	52	47	48	45	44	47	42	48
Employment status of chief economic supporter											
Self-employed	1	1	-	-	-	-	-	-	1	-	0
Full-time employee	-	-	-	-	-	-	-	-	-	-	-
Part-time employee	-	-	-	-	-	1	1	-	-	-	0
Unemployed	1	-	-	2	-	1	-	1	1	-	0
Unoccupied and under minimum NI age	7	7	7	5	4	6	6	11	8	11	7
Retired/unoccupied over minimum NI age	92	93	93	93	96	93	93	89	91	89	92

Note:

1 Households are ranked throughout by their equivalised disposable incomes, using the modified-OECD scale.

Source: Office for National Statistics

[Main Table Contents](#)

TABLE 19A: Household characteristics of quintile groups of RETIRED households, 2009/10

	Quintile groups of retired households ranked by equivalised ¹ disposable income					All households
	Bottom	2nd	3rd	4th	Top	
Average per household (number)						
People	1.45	1.50	1.44	1.57	1.58	1.51
<i>Adults</i>	1.44	1.49	1.44	1.54	1.57	1.49
<i>Men</i>	0.56	0.66	0.59	0.69	0.75	0.65
<i>Women</i>	0.88	0.83	0.85	0.85	0.82	0.85
<i>Children</i>	0.01	0.02	0.01	0.03	0.01	0.01
Economically active people	0.05	0.09	0.04	0.08	0.11	0.07
Retired people	1.34	1.34	1.34	1.42	1.44	1.38
People in full-time education	0.01	0.02	0.01	0.03	0.01	0.02
Composition (percentages)						
Household type						
Retired						
1 adult	58	55	58	50	47	54
1 adult men	13	18	16	15	19	16
1 adult women	45	37	42	34	28	37
2 or more adults	42	45	42	50	53	46
Household tenure						
Rented	11	34	36	33	19	27
<i>Social rented</i>	9	31	29	26	10	21
<i>Other rented unfurnished</i>	2	3	4	2	3	3
<i>Rented furnished</i>	1	-	2	1	1	1
<i>Rent free</i>	-	0	2	5	5	2
Owner occupied	89	66	64	67	81	73
<i>With mortgage</i>	4	8	3	4	8	5
<i>Rental purchase</i>	-	0	0	-	-	0
<i>Owned outright</i>	85	59	60	63	73	68
Age of chief economic supporter						
Under 25	-	-	-	-	-	-
Over 24 and under 35	-	1	-	-	-	0
Over 34 and under 45	-	-	-	-	-	-
Over 44 and under 55	0	0	0	0	1	0
Over 54 and under 65	15	11	12	12	15	13
Over 64 and under 75	33	36	40	43	39	38
Over 74	52	52	48	45	45	48
Employment status of chief economic supporter						
Self-employed	1	-	-	-	0	0
Full-time employee	-	-	-	-	-	-
Part-time employee	-	-	0	1	-	0
Unemployed	0	1	0	0	0	0
Unoccupied and under minimum NI age	7	6	5	8	10	7
Retired/unoccupied over minimum NI age	92	93	94	91	90	92

Note:

1 Households are ranked throughout by their equivalised disposable incomes, using the modified-OECD scale.

Source: Office for National Statistics

[Main Table Contents](#)

TABLE 20: Average incomes, taxes and benefits by decile groups of NON-RETIRED households WITHOUT CHILDREN, 2009/10

	Decile groups of non-retired households without children ranked by equivalised ¹ disposable income										All households
	Bottom	2nd	3rd	4th	5th	6th	7th	8th	9th	Top	
Average per household (£ per year)											
<i>Decile points (equivalised £)</i>	11 668	16 522	20 462	23 894	27 756	31 778	37 035	43 860	55 145		
Number of households in the population ('000s)	1 155	1 161	1 159	1 156	1 159	1 159	1 158	1 160	1 160	1 159	11 585
Original income											
Wages and salaries	2 982	7 488	13 631	18 499	25 814	30 383	35 732	44 837	52 698	76 860	30 893
Imputed income from benefits in kind	49	5	36	139	114	52	503	578	687	1 762	393
Self-employment income	540	844	1 001	2 198	2 479	2 588	4 008	2 739	4 952	15 300	3 665
Occupational pensions, annuities	150	367	1 076	1 660	1 091	1 864	2 516	2 257	2 291	4 137	1 741
Investment income	225	153	183	337	240	290	541	889	2 087	3 994	894
Other income	225	197	149	122	100	489	71	485	153	286	228
Total	4 171	9 055	16 076	22 956	29 838	35 667	43 371	51 784	62 868	102 339	37 813
Direct benefits in cash											
Contributory											
Retirement pension	93	528	1 307	1 829	1 229	1 481	1 115	887	789	746	1 001
Job seeker's allowance (Contribution based)	161	150	62	59	7	25	5	-	2	1	47
Incapacity benefit ²	759	838	685	372	79	150	135	41	20	-	308
Widows' benefits	30	20	-	14	-	4	15	9	-	-	9
Statutory Maternity Pay/Allowance	-	-	-	-	-	-	-	18	-	-	2
Non-contributory											
Income support and pension credit ²	399	1 058	559	346	189	114	112	34	19	-	283
Child benefit	9	8	7	30	26	7	24	11	8	4	13
Housing benefit	956	1 336	607	504	246	162	104	25	-	-	394
Job seeker's allowance (Income based)	279	352	69	99	28	8	13	5	25	-	88
Carer's allowance	5	157	61	58	24	31	22	11	13	19	40
Attendance allowance	23	-	20	3	15	-	15	-	-	-	8
Disability living allowance	195	677	715	581	333	226	203	123	88	40	318
War pensions/War widows' pensions	-	-	-	-	-	5	-	-	22	-	3
Severe disablement allowance	-	48	30	49	56	18	-	11	-	-	21
Industrial injury disablement benefit	-	20	21	15	64	17	2	43	6	-	19
Student support	161	168	53	18	20	-	134	329	82	12	98
Government training schemes	17	13	17	-	-	32	-	-	-	3	8
Tax credits ³	114	72	100	60	-	94	25	15	3	-	48
Other non-contributory benefits	53	82	88	83	88	81	99	46	50	41	71
Total cash benefits	3 255	5 520	4 400	4 119	2 402	2 455	2 014	1 606	1 123	866	2 776
Gross income	7 426	14 575	20 477	27 075	32 240	38 122	45 385	53 391	63 991	103 205	40 589
Direct taxes and Employees' NIC											
Income tax	368	886	1 828	2 672	3 911	4 766	5 721	7 625	9 529	20 402	5 771
less: Tax credits ⁴	11	30	25	73	38	51	8	23	7	6	27
Employees' NI contributions	126	435	856	1 247	1 877	2 266	2 752	3 508	4 157	5 080	2 230
Council tax and Northern Ireland rates ⁵	978	946	995	1 078	1 061	1 140	1 164	1 270	1 297	1 472	1 140
less: Council tax benefit/Rates rebates	285	321	152	125	70	23	36	8	11	9	104
Total	1 176	1 916	3 501	4 798	6 741	8 097	9 592	12 372	14 966	26 938	9 010
Disposable income	6 250	12 659	16 975	22 276	25 499	30 026	35 793	41 019	49 025	76 267	31 579
Equivalised disposable income	7 003	14 126	18 630	22 094	25 784	29 568	34 475	40 398	48 434	81 269	32 178
Indirect taxes											
Taxes on final goods and services											
VAT	914	1 001	1 270	1 403	1 904	1 950	2 186	2 469	2 655	3 497	1 925
Duty on tobacco	339	380	517	426	511	411	366	279	231	215	367
Duty on beer and cider	109	91	103	151	188	194	203	221	194	161	162
Duty on wines & spirits	99	102	119	149	172	201	233	298	335	417	212
Duty on hydrocarbon oils	277	265	402	453	512	565	725	686	746	693	532
Vehicle excise duty	79	77	109	143	164	161	212	204	206	226	158
Television licences	127	131	136	130	133	135	140	134	139	138	134
Stamp duty on house purchase	44	31	34	51	54	89	87	118	139	221	87
Customs duties	21	20	24	26	31	31	36	39	41	51	32
Betting taxes	16	23	23	30	41	35	32	24	47	23	29
Insurance premium tax	20	22	30	37	47	48	56	64	63	91	48
Air passenger duty	8	36	15	40	44	44	73	163	85	122	63
Camelot National Lottery Fund	38	54	56	68	82	78	81	54	63	59	63
Other	3	20	17	3	10	31	2	43	8	27	16
Intermediate taxes											
Commercial and industrial rates	195	183	222	241	291	292	330	357	377	473	296
Employers' NI contributions	331	312	377	410	494	496	560	607	640	803	503
Duty on hydrocarbon oils	111	105	127	138	166	167	188	204	215	270	169
Vehicle excise duty	10	9	12	12	15	15	17	18	20	24	15
Other	171	161	195	212	256	256	289	314	331	415	260
Total indirect taxes	2 912	3 024	3 788	4 123	5 115	5 198	5 816	6 296	6 533	7 927	5 073
Post-tax income	3 338	9 636	13 187	18 153	20 384	24 828	29 976	34 723	42 492	68 340	26 506
Benefits in kind											
Education	2 028	621	322	675	376	532	345	571	347	227	604
National health service	2 035	2 269	2 491	2 972	2 710	2 868	2 781	2 639	2 608	2 459	2 583
Housing subsidy	40	42	31	20	15	10	7	3	1	-	17
Rail travel subsidy	19	7	4	13	14	16	36	32	55	64	26
Bus travel subsidy	46	67	64	70	67	77	63	92	86	65	70
School meals and Healthy Start Vouchers ⁶	-	-	-	-	-	-	-	-	-	-	-
Total	4 168	3 006	2 912	3 750	3 182	3 504	3 230	3 338	3 096	2 814	3 300
Final income	7 507	12 642	16 099	21 904	23 566	28 332	33 207	38 061	45 589	71 154	29 806

Notes:

- 1 Using the modified-OECD Scale.
- 2 Including employment support allowance.
- 3 Child tax credit and working tax credit.
- 4 Including tax relief at source on life assurance premiums.
- 5 Council tax and Northern Ireland rates after deducting discounts.
- 6 The Healthy Start Vouchers component includes school milk data for 2009.

Source: Office for National Statistics

TABLE 21: Average incomes, taxes and benefits by decile groups of NON-RETIRED households WITH CHILDREN, 2009/10

	Decile groups of non-retired households with children ranked by equivalised ¹ disposable income										All households
	Bottom	2nd	3rd	4th	5th	6th	7th	8th	9th	Top	
Average per household (£ per year)											
<i>Decile points (equivalised £)</i>	11 097	13 467	16 260	18 888	21 705	24 720	28 646	34 584	47 753		
Number of households in the population ('000s)	747	748	751	748	752	747	751	747	751	752	7 495
Original income											
Wages and salaries	4 187	5 718	12 359	18 832	26 956	31 939	39 468	44 227	60 447	98 759	34 289
Imputed income from benefits in kind	-	25	105	52	172	426	377	376	1 532	2 179	524
Self-employment income	1 580	915	1 433	1 734	1 643	2 677	2 757	5 566	5 760	20 798	4 486
Occupational pensions, annuities	68	77	84	70	708	377	195	781	808	359	353
Investment income	56	84	84	45	69	247	394	229	726	3 766	570
Other income	640	211	183	404	500	370	642	344	650	302	425
Total	6 532	7 031	14 248	21 138	30 048	36 036	43 834	51 523	69 923	126 163	40 647
Direct benefits in cash											
Contributory											
Retirement pension	66	112	21	58	362	118	177	53	17	55	104
Job seeker's allowance (Contribution based)	219	76	35	24	27	20	17	6	-	2	43
Incapacity benefit ²	227	138	289	303	146	223	20	20	28	-	139
Widows' benefits	-	-	-	16	85	7	75	30	-	-	21
Statutory Maternity Pay/Allowance	1	21	40	93	244	461	322	493	274	1 065	301
Non-contributory											
Income support and pension credit ²	945	1 792	1 300	272	275	214	154	20	4	3	498
Child benefit	1 477	1 706	1 628	1 594	1 533	1 501	1 467	1 366	1 301	1 358	1 493
Housing benefit	1 357	2 373	2 047	1 477	626	316	328	283	-	14	882
Job seeker's allowance (Income based)	257	371	51	155	-	28	16	6	7	-	89
Carer's allowance	107	71	125	191	122	152	138	50	-	-	96
Attendance allowance	21	-	-	-	-	-	21	-	-	-	4
Disability living allowance	196	352	477	414	377	526	326	230	47	85	303
War pensions/War widows' pensions	-	4	-	-	-	-	-	47	17	-	6
Severe disablement allowance	22	-	-	-	-	25	25	-	-	-	8
Industrial injury disablement benefit	-	30	-	8	7	-	-	2	-	-	5
Student support	323	214	139	254	108	45	41	180	144	92	154
Government training schemes	3	6	2	20	7	15	50	29	-	9	14
Tax credits ³	1 735	3 357	2 953	2 404	1 139	936	520	329	33	17	1 342
Other non-contributory benefits	35	62	50	27	32	19	16	12	26	8	29
Total cash benefits	6 984	10 682	9 148	7 304	5 088	4 602	3 712	3 150	1 884	2 704	5 526
Gross income	13 515	17 713	23 395	28 441	35 136	40 638	47 545	54 673	71 807	128 867	46 173
Direct taxes and Employees' NIC											
Income tax	507	661	1 388	2 462	3 687	4 668	5 958	7 119	11 614	25 417	6 348
less: Tax credits ⁴	115	329	609	871	927	817	702	560	241	84	525
Employees' NI contributions	212	326	764	1 228	1 958	2 349	2 943	3 401	4 360	5 371	2 291
Council tax and Northern Ireland rates ⁵	1 003	992	1 079	1 061	1 144	1 228	1 261	1 362	1 472	1 807	1 241
less: Council tax benefit/Rates rebates	350	446	313	187	75	48	125	25	12	5	159
Total	1 257	1 204	2 307	3 692	5 788	7 380	9 334	11 297	17 193	32 506	9 196
Disposable income	12 259	16 509	21 088	24 749	29 348	33 257	38 211	43 377	54 614	96 360	36 977
Equivalised disposable income	8 503	12 296	14 927	17 467	20 198	23 056	26 737	31 391	39 834	69 102	26 351
Indirect taxes											
Taxes on final goods and services											
VAT	1 262	1 278	1 571	1 836	2 034	2 382	2 526	2 619	3 101	4 899	2 351
Duty on tobacco	419	610	447	457	467	339	441	223	162	131	370
Duty on beer and cider	69	53	112	74	135	159	194	121	160	161	124
Duty on wines & spirits	80	84	94	139	143	177	244	196	299	351	181
Duty on hydrocarbon oils	413	282	422	580	553	721	703	785	866	783	611
Vehicle excise duty	101	85	120	165	177	194	215	227	239	262	178
Television licences	144	157	144	144	145	139	139	139	143	140	143
Stamp duty on house purchase	42	34	60	40	78	116	128	167	227	526	142
Customs duties	27	28	32	33	35	37	39	43	52	66	39
Betting taxes	11	15	17	25	27	27	30	23	18	393	59
Insurance premium tax	29	21	31	38	45	50	61	58	76	102	51
Air passenger duty	14	5	21	27	96	38	40	42	88	94	47
Camelot National Lottery Fund	23	43	36	58	46	62	69	55	30	33	46
Other	2	7	8	60	49	24	23	37	26	25	26
Intermediate taxes											
Commercial and industrial rates	250	255	295	310	326	340	366	396	478	608	362
Employers' NI contributions	424	433	500	526	554	577	621	672	812	1 033	615
Duty on hydrocarbon oils	143	146	168	177	186	194	209	226	273	347	207
Vehicle excise duty	13	13	15	16	17	18	19	20	25	31	19
Other	219	224	259	272	287	298	321	347	420	534	318
Total indirect taxes	3 684	3 773	4 353	4 977	5 399	5 891	6 388	6 398	7 494	10 521	5 888
Post-tax income	8 575	12 735	16 735	19 772	23 949	27 366	31 823	36 979	47 120	85 839	31 089
Benefits in kind											
Education	9 244	8 402	8 709	8 701	7 774	8 063	7 496	7 157	6 512	6 007	7 806
National health service	4 578	4 513	4 706	4 525	4 896	4 574	4 554	4 510	4 145	4 782	4 578
Housing subsidy	61	73	50	26	24	12	14	11	-	-	27
Rail travel subsidy	8	6	10	19	10	10	22	23	30	51	19
Bus travel subsidy	53	61	82	86	74	49	58	50	64	117	70
School meals and Healthy Start Vouchers ⁶	204	411	208	149	151	40	49	29	10	2	125
Total	14 149	13 467	13 765	13 506	12 929	12 747	12 194	11 779	10 761	10 959	12 626
Final income	22 724	26 202	30 500	33 278	36 879	40 114	44 018	48 758	57 881	96 798	49 715

Notes:

- 1 Using the modified-OECD Scale.
- 2 Including employment support allowance.
- 3 Child tax credit and working tax credit.
- 4 Including tax relief at source on life assurance premiums.
- 5 Council tax and Northern Ireland rates after deducting discounts
- 6 The Healthy Start Vouchers component includes school milk data for 2009.

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TABLE 22: Distribution of households¹ by household type, 2009/10

	Retired households				Non-Retired households		
	1 adult Men	1 adult Women	All 1 adult	2 or more adults	1 adult Men	1 adult Women ²	All 1 adult ²
Decile groups of households ranked by equivalised³ disposable income							
Number of households ('000s)							
Bottom	138	389	526	310	359	188	548
2nd	128	399	526	464	196	198	394
3rd	214	489	703	537	149	133	282
4th	197	466	663	487	152	185	337
5th	127	285	412	405	238	136	374
6th	97	243	340	364	161	173	334
7th	112	175	287	250	180	177	357
8th	46	100	146	203	241	132	373
9th	66	31	97	132	241	180	421
Top	18	31	48	71	330	131	462
All households in population ('000s)	1 142	2 608	3 750	3 223	2 248	1 632	3 880

	Non-Retired households							All house- holds
	2 adults ²	3 or more adults ²	1 adult with children	2 adults with 1 child	2 adults with 2 children	2 adults with 3 or more children	3 or more adults with children	
Decile groups of households ranked by equivalised disposable income								
Number of households ('000s)								
Bottom	310	147	266	117	134	96	146	2 599
2nd	251	89	348	164	165	151	56	2 609
3rd	243	99	191	156	179	106	105	2 602
4th	264	98	136	195	228	96	107	2 611
5th	416	226	91	207	232	101	138	2 602
6th	532	232	81	217	252	93	160	2 605
7th	746	251	52	267	206	71	116	2 604
8th	783	345	40	324	285	28	83	2 609
9th	1 051	345	34	259	146	31	83	2 600
Top	1 012	266	13	363	262	58	56	2 612
All households in population ('000s)	5 607	2 098	1 251	2 271	2 089	833	1 051	26 053

Notes:

1 See Further Analysis and Methodology section for definitions of retired households, adults and children

2 Without children.

3 Using the modified-OECD scale.

Source: Office for National Statistics

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TABLE 23: Summary of the effects of taxes and benefits, by household type,¹ 2009/10

	Retired households				Non-Retired households		
	1 adult Men	1 adult Women	All 1 adult	2 or more adults	1 adult Men ²	1 adult Women ²	All 1 adult ²
Average per household (£ per year)							
Original income	7 053	5 032	5 648	12 962	24 294	18 959	22 050
<i>plus</i> Cash benefits	7 947	8 468	8 309	11 547	2 165	2 994	2 514
Gross income	15 001	13 500	13 957	24 509	26 459	21 953	24 564
<i>less</i> Direct taxes and employees' NIC	1 593	1 271	1 369	3 078	6 057	4 709	5 490
Disposable income	13 408	12 228	12 588	21 431	20 402	17 243	19 074
<i>Equivalised disposable³ income</i>	<i>20 104</i>	<i>18 337</i>	<i>18 876</i>	<i>20 800</i>	<i>30 603</i>	<i>25 865</i>	<i>28 610</i>
<i>less</i> Indirect taxes	2 237	1 845	1 965	4 130	2 938	3 092	3 003
Post-tax income	11 171	10 383	10 623	17 301	17 464	14 151	16 071
<i>plus</i> Benefits in kind	4 173	4 626	4 488	7 197	1 386	1 709	1 522
Final income	15 344	15 009	15 111	24 498	18 850	15 861	17 593

	Non-Retired households							
	2 adults ²	3 or more adults ²	1 adult with children	2 adults with 1 child	2 adults with 2 children	2 adults with 3 or more children	3 or more adults with children	All house- holds
Average per household (£ per year)								
Original income	43 116	52 791	10 050	45 867	49 652	37 624	50 298	30 924
<i>plus</i> Cash benefits	2 418	4 219	9 145	3 462	3 861	8 233	6 839	5 448
Gross income	45 534	57 010	19 195	49 329	53 512	45 857	57 136	36 373
<i>less</i> Direct taxes and employees' NIC	10 504	11 527	1 774	10 891	11 309	8 511	10 712	7 230
Disposable income	35 030	45 483	17 421	38 438	42 203	37 346	46 425	29 143
<i>Equivalised disposable income</i>	<i>35 030</i>	<i>31 154</i>	<i>16 469</i>	<i>31 247</i>	<i>29 240</i>	<i>21 548</i>	<i>25 602</i>	<i>27 180</i>
<i>less</i> Indirect taxes	5 583	7 539	3 417	5 880	6 433	6 026	7 655	4 743
Post-tax income	29 447	37 944	14 004	32 558	35 770	31 321	38 770	24 400
<i>plus</i> Benefits in kind	3 260	6 696	11 434	8 225	13 535	20 534	15 481	6 636
Final income	32 707	44 640	25 438	40 782	49 305	51 855	54 251	31 036

Notes:

1 See Further Analysis and Methodology section for definitions of retired households, adults and children

2 Without children.

3 Using the modified-OECD scale.

Source: Office for National Statistics

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TABLE 24: Average incomes, taxes and benefits by decile groups of ALL households (ranked by UNADJUSTED disposable income), 2009/10

	Decile groups of all households ranked by UNADJUSTED disposable income										All households	
	Bottom	2nd	3rd	4th	5th	6th	7th	8th	9th	Top		
Average per household (£ per year)												
<i>Decile points (£)</i>		9 264	12 306	15 394	18 857	22 969	27 906	33 935	41 442	55 675		
Number of households in the population ('000s)	2 600	2 605	2 610	2 601	2 607	2 602	2 611	2 604	2 603	2 609	26 053	
Original income												
Wages and salaries	1 230	2 267	5 016	6 382	11 615	18 643	27 212	35 866	48 032	80 901	23 717	
Imputed income from benefits in kind	22	2	3	11	78	130	216	428	839	1 525	325	
Self-employment income	226	370	453	796	1 364	1 739	1 971	3 179	4 781	14 495	2 937	
Occupational pensions, annuities	681	1 676	2 309	3 040	3 301	3 398	3 246	2 605	3 050	4 118	2 743	
Investment income	217	245	339	345	377	653	568	897	1 281	4 173	910	
Other income	150	150	273	300	357	338	391	231	370	369	293	
Total	2 526	4 710	8 394	10 875	17 092	24 902	33 605	43 207	58 353	105 580	30 924	
Direct benefits in cash												
Contributory												
Retirement pension	2 248	3 937	3 541	4 048	3 193	2 370	1 955	1 262	1 003	707	2 426	
Job seeker's allowance (Contribution based)	75	19	66	49	44	55	39	14	7	1	37	
Incapacity benefit ¹	407	171	242	205	265	168	224	102	85	34	190	
Widows' benefits	26	2	4	11	7	41	1	2	22	12	13	
Statutory Maternity Pay/Allowance	0	-	1	3	29	86	75	172	168	340	87	
Non-contributory												
Income support and pension credit ¹	519	774	719	835	516	376	279	205	52	31	431	
Child benefit	108	140	260	370	469	525	605	641	642	624	438	
Housing benefit	759	1 215	1 062	1 080	765	511	295	305	26	4	602	
Job seeker's allowance (Income based)	128	109	120	42	94	76	61	15	7	18	67	
Carer's allowance	17	36	58	118	105	101	71	108	47	18	68	
Attendance allowance	44	65	63	106	88	58	5	11	18	21	48	
Disability living allowance	129	346	454	523	577	389	290	404	201	107	342	
War pensions/War widows' pensions	-	7	10	56	12	-	-	18	15	15	13	
Severe disablement allowance	7	31	21	30	28	46	16	-	12	-	19	
Industrial injury disablement benefit	14	6	22	24	33	36	12	25	21	-	19	
Student support	52	8	62	130	68	98	72	137	131	125	88	
Government training schemes	7	0	13	0	1	12	29	1	14	12	9	
Tax credits ²	125	230	470	795	904	695	402	343	107	46	412	
Other non-contributory benefits	172	246	203	227	178	112	92	67	63	48	141	
Total cash benefits	4 829	7 342	7 391	8 652	7 372	5 752	4 518	3 829	2 635	2 162	5 448	
Gross income	7 356	12 052	15 785	19 527	24 464	30 654	38 123	47 036	60 988	107 743	36 373	
Direct taxes and Employees' NIC												
Income tax	219	495	966	1 358	2 073	3 113	4 629	5 969	8 671	19 879	4 737	
less: Tax credits ³	3	28	39	87	238	255	356	368	207	63	164	
Employers' NI contributions	46	128	314	413	786	1 314	2 036	2 743	3 660	5 137	1 658	
Council tax and Northern Ireland rates ⁴	932	915	981	1 044	1 097	1 175	1 207	1 264	1 408	1 623	1 165	
less: Council tax benefit/Rates rebates	326	342	280	281	198	92	63	52	10	7	165	
Total	867	1 169	1 942	2 447	3 520	5 254	7 452	9 554	13 523	26 569	7 230	
Disposable income	6 488	10 884	13 844	17 080	20 944	25 400	30 670	37 481	47 465	81 174	29 143	
Indirect taxes												
Taxes on final goods and services												
VAT	749	856	1 001	1 210	1 444	1 832	2 032	2 367	2 772	4 163	1 843	
Duty on tobacco	194	264	310	300	379	399	409	399	222	232	311	
Duty on beer and cider	65	56	76	73	105	141	138	179	194	206	123	
Duty on wines & spirits	84	93	95	131	150	175	179	252	287	413	186	
Duty on hydrocarbon oils	187	180	254	293	423	500	550	691	827	857	476	
Vehicle excise duty	60	70	78	103	120	164	179	200	233	277	148	
Television licences	95	94	108	108	119	131	131	132	139	137	119	
Stamp duty on house purchase	39	27	38	46	55	71	86	115	158	311	95	
Customs duties	17	17	20	23	26	31	33	38	44	60	31	
Betting taxes	16	21	24	24	25	33	27	31	36	136	37	
Insurance premium tax	20	21	25	27	36	45	49	57	69	101	45	
Air passenger duty	14	14	20	20	38	34	56	69	118	110	49	
Camelot National Lottery Fund	36	45	54	51	62	74	66	69	61	59	58	
Other	9	5	4	10	7	22	19	25	28	43	17	
Intermediate taxes												
Commercial and industrial rates	153	162	185	214	245	288	305	348	408	559	287	
Employers' NI contributions	260	275	315	364	417	489	517	591	693	950	487	
Duty on hydrocarbon oils	87	92	106	122	140	164	174	199	233	319	164	
Vehicle excise duty	8	8	10	11	13	15	16	18	21	29	15	
Other	134	142	163	188	216	253	267	306	358	491	252	
Total indirect taxes	2 227	2 442	2 884	3 318	4 022	4 863	5 234	6 087	6 902	9 454	4 743	
Post-tax income	4 261	8 441	10 959	13 762	16 922	20 537	25 437	31 395	40 562	71 719	24 400	
Benefits in kind												
Education	1 204	796	1 381	2 218	2 526	2 903	3 321	3 758	4 058	3 353	2 552	
National health service	3 088	3 819	3 897	4 292	4 325	4 042	3 840	3 899	3 935	4 096	3 923	
Housing subsidy	27	38	39	33	24	16	19	13	4	2	21	
Rail travel subsidy	7	5	6	7	11	11	20	21	42	52	18	
Bus travel subsidy	57	86	93	92	96	79	94	52	85	113	85	
School meals and Healthy Start Vouchers ⁵	15	19	38	63	69	47	44	38	28	3	36	
Total	4 399	4 763	5 454	6 706	7 051	7 098	7 337	7 781	8 152	7 620	6 636	
Final income	8 660	13 204	16 414	20 468	23 973	27 636	32 774	39 175	48 714	79 339	31 036	

Notes:

- 1 Including employment support allowance.
- 2 Child tax credit and working tax credit.
- 3 Including tax relief at source on life assurance premiums.
- 4 Council tax and Northern Ireland rates after deducting discounts.
- 5 The Healthy Start Vouchers component includes school milk data for 2009.

Source: Office for National Statistics

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TABLE 25: Cross-tabulation of households ranked by disposable income, unadjusted and equivalised¹, 2009/10

(i) Quintile groups

	Quintile groups of equivalised¹ disposable income					All households
	Bottom	2nd	3rd	4th	Top	
Number of households in the population ('000s)						
Quintile groups of unadjusted disposable income						
Bottom	3 483	1 723	-	-	-	5 206
2nd	1 328	1 938	1 495	450	-	5 211
3rd	370	1 215	2 141	1 254	229	5 210
4th	28	321	1 331	2 369	1 167	5 215
Top	-	17	240	1 140	3 815	5 212
All households	5 208	5 213	5 207	5 213	5 211	26 053

(ii) Decile groups

	Decile groups of equivalised¹ disposable income										All households	
	Bottom	2nd	3rd	4th	5th	6th	7th	8th	9th	Top		
Number of households in the population ('000s)												
Decile groups of unadjusted disposable income												
Bottom	1 707	893	-	-	-	-	-	-	-	-	-	2 600
2nd	490	393	985	738	-	-	-	-	-	-	-	2 605
3rd	183	701	470	281	786	189	-	-	-	-	-	2 610
4th	129	315	498	689	36	484	450	-	-	-	-	2 601
5th	58	203	370	309	823	241	213	391	-	-	-	2 607
6th	28	81	196	340	365	713	512	138	229	-	-	2 602
7th	4	24	63	185	372	420	615	570	302	54	-	2 611
8th	-	-	12	61	156	382	502	681	635	176	-	2 604
9th	-	-	8	8	55	169	244	673	946	500	-	2 603
Top	-	-	-	-	10	7	66	157	488	1 882	-	2 609
All households	2 599	2 609	2 602	2 611	2 602	2 605	2 604	2 609	2 600	2 612	-	26 053

Note:

¹ Households are ranked by equivalised disposable income, using the modified-OECD scale.

Source: Office for National Statistics

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TABLE 26: Percentage shares of equivalised total original, gross, disposable and post-tax incomes by quintile groups for ALL households¹, 1977 to 2009/10²

	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993
Original income																	
Bottom	3	2	2	2	3	3	3	3	2	2	2	2	2	2	2	2	2
2nd	10	11	10	10	9	8	7	7	7	7	7	7	7	7	7	6	6
3rd	18	18	18	18	17	17	17	17	16	16	16	16	17	15	16	16	15
4th	26	26	27	26	26	26	26	26	27	26	26	26	26	26	26	26	25
Top	42	43	43	44	46	46	47	47	48	49	50	50	49	51	50	50	52
All households	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
Gross income																	
Bottom	9	8	8	8	8	8	8	8	8	8	7	7	7	6	6	7	7
2nd	13	13	13	12	12	12	12	12	11	11	11	11	11	10	10	10	10
3rd	18	18	18	18	17	17	17	17	17	16	16	16	17	16	16	16	16
4th	24	24	24	24	23	23	23	23	24	23	23	23	24	23	23	23	23
Top	37	37	37	38	39	39	40	39	40	41	43	43	42	44	44	43	44
All households	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
Disposable income																	
Bottom	9	9	9	9	9	9	9	9	9	8	8	7	7	7	7	7	7
2nd	13	14	13	13	13	13	13	13	12	12	12	11	11	11	11	11	11
3rd	18	18	18	18	17	17	17	17	17	16	16	16	17	16	16	16	16
4th	23	23	24	23	23	23	23	23	23	23	23	23	23	23	23	23	23
Top	36	36	36	37	38	38	38	37	39	40	41	42	41	43	42	42	42
All households	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
Post-tax income																	
Bottom	9	9	9	9	9	9	8	9	8	8	7	7	7	6	6	6	7
2nd	13	13	13	13	13	13	13	13	12	12	11	11	11	10	10	11	11
3rd	17	18	17	17	17	17	17	17	16	16	16	16	16	16	16	16	16
4th	23	23	23	23	23	22	23	23	23	22	22	22	23	23	23	23	23
Top	37	36	37	38	39	39	39	39	40	42	43	44	43	45	45	44	44
All households	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	
Original income																	
Bottom	2	2	2	2	2	2	2	2	3	3	3	3	3	3	3	3	
2nd	6	7	6	7	7	7	7	7	7	7	8	7	7	7	7	7	
3rd	15	15	15	14	15	15	15	15	15	15	15	15	15	14	14	14	
4th	26	26	25	26	25	25	25	25	26	25	25	25	25	25	25	24	
Top	51	50	51	51	52	51	50	52	50	51	50	51	51	51	51	51	
All households	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	
Gross income																	
Bottom	7	7	7	6	6	6	6	6	7	7	7	7	6	6	7	7	
2nd	11	11	11	11	10	10	11	10	11	11	11	11	11	11	11	11	
3rd	16	16	16	16	16	16	16	16	16	16	16	16	16	16	16	16	
4th	23	23	23	23	23	23	23	23	23	23	23	23	23	23	23	22	
Top	43	43	44	44	45	44	44	45	43	44	43	44	44	44	44	44	
All households	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	
Disposable income																	
Bottom	8	8	7	7	7	7	7	7	7	7	8	8	7	7	7	8	
2nd	12	12	12	12	11	11	12	11	12	12	12	12	12	12	12	12	
3rd	16	17	16	16	16	16	16	16	17	17	17	16	16	16	16	16	
4th	23	23	23	23	23	23	23	22	23	22	23	23	23	22	23	22	
Top	41	41	42	42	42	43	42	43	41	42	41	42	42	42	42	41	
All households	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	
Post-tax income																	
Bottom	7	7	7	6	6	6	6	6	6	6	7	6	6	6	6	6	
2nd	11	11	11	11	11	11	11	11	11	12	12	12	11	12	11	12	
3rd	16	16	16	16	16	16	16	16	16	16	16	16	16	16	16	16	
4th	23	23	22	23	22	22	23	22	23	22	22	23	22	22	22	22	
Top	43	43	44	44	45	45	45	46	43	44	43	44	44	44	44	43	
All households	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	

Notes:

1 Households are ranked by equivalised disposable income, using the modified-OECD scale.

2 From 1990 this includes company car benefit and beneficial house purchase loans from employers. From 1996-97 values are based on estimates for the sample grossed up to population totals.

Source: Office for National Statistics

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TABLE 27: Gini coefficients for the distribution of income at each stage of the tax-benefit system and P90/P10 and P75/P25¹ ratios for disposable income for all households, 1977 to 2009/10²

		Gini coefficients (per cent)				Ratios for disposable income	
		Equivalised income ³					
	Original	Gross	Disposable	Post-tax	P90/P10	P75/P25	
1977	43	30	27	29	3.4	2.0	
1978	43	30	27	28	3.3	2.0	
1979	44	30	27	29	3.4	2.1	
1980	44	31	29	31	3.6	2.1	
1981	46	32	29	31	3.5	2.1	
1982	47	31	29	31	3.4	2.0	
1983	49	33	29	32	3.6	2.1	
1984	49	32	28	31	3.5	2.1	
1985	50	34	30	33	3.8	2.2	
1986	51	34	32	35	3.8	2.2	
1987	51	36	33	37	4.2	2.3	
1988	51	37	35	39	4.6	2.5	
1989	50	36	34	38	4.7	2.5	
1990	51	39	37	41	5.0	2.7	
1991	51	38	36	39	5.0	2.6	
1992	52	37	35	38	4.7	2.5	
1993	53	38	35	39	4.6	2.4	
1994/95	53	37	34	37	4.4	2.3	
1995/96	52	37	33	37	4.3	2.3	
1996/97	53	38	34	38	4.5	2.4	
1997/98	53	38	35	38	4.6	2.4	
1998/99	53	39	35	39	4.7	2.4	
1999/00	53	39	36	40	4.7	2.4	
2000/01	51	38	35	39	4.7	2.4	
2001/02	53	39	36	41	4.8	2.4	
2002/03	51	37	34	38	4.4	2.3	
2003/04	52	38	34	38	4.2	2.2	
2004/05	51	37	33	37	4.2	2.1	
2005/06	52	38	34	38	4.4	2.2	
2006/07	51	38	35	39	4.5	2.3	
2007/08	52	38	34	38	4.6	2.2	
2008/09	52	38	34	38	4.5	2.3	
2009/10	52	37	33	37	4.3	2.2	

Notes:

1 P90/P10 is the ratio of the income at the 90th percentile to the 10th; P75/P25 is the ratio of the income at the 75th percentile to the 25th.

2 From 1990 this includes company car benefit and beneficial house purchase loans from employers. From 1996-97 values are based on estimates for the sample grossed to population totals.

3 Ranked by equivalised disposable income, using the modified-OECD scale.

Source: Office for National Statistics

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TABLE 28: Average incomes, taxes and benefits by tenure type of ALL households, 2009/10

Tenure Type	Groups of all households by tenure type						All Households
	Social rented	Other rented unfurnished	Rented furnished	Owned and by rental purchase	Owned outright	Rent free	
Average per household (£ per year)							
<i>sample number in each band</i>	921	387	285	2 017	1 891	77	
Number of households in the population ('000s)	4 360	1 966	1 609	9 511	8 213	395	26 053
Original income							
Wages and salaries	7 448	21 651	24 500	41 244	12 813	15 056	23 717
Imputed income from benefits in kind	10	163	105	594	141	2 888	325
Self-employment income	467	2 203	1 410	4 925	2 550	286	2 937
Occupational pensions, annuities	600	399	244	1 177	6 815	1 261	2 743
Investment income	63	556	297	691	1 825	743	910
Other income	57	220	1 040	191	86	6 975	293
Total	8 644	25 191	27 595	48 822	24 230	27 209	30 924
Direct benefits in cash							
Contributory							
Retirement pension	2 350	861	272	518	5 435	3 235	2 426
Job seeker's allowance (Contribution based)	75	82	55	24	19	13	37
Incapacity benefit ²	542	177	78	143	90	39	190
Widows' benefits	11	-	-	19	13	-	13
Statutory Maternity Pay/Allowance	14	145	127	169	14	-	87
Non-contributory							
Income support and pension credit ²	1 389	603	466	118	238	373	431
Child benefit	531	557	357	690	100	114	438
Housing benefit	2 273	1 715	1 487	2	-	-	602
Job seeker's allowance (Income based)	174	131	186	29	16	33	67
Carer's allowance	137	47	41	45	70	25	68
Attendance allowance	74	19	14	14	86	72	48
Disability living allowance	800	251	205	251	262	135	342
War pensions/War widows' pensions	7	-	-	7	30	-	13
Severe disablement allowance	42	17	10	12	18	-	19
Industrial injury disablement benefit	25	12	-	18	24	-	19
Student support	86	64	463	88	27	4	88
Government training schemes	5	36	4	11	4	-	9
Tax credits ³	1 032	842	595	306	76	204	412
Other non-contributory benefits	182	59	38	43	267	236	141
Total cash benefits	9 748	5 617	4 396	2 503	6 790	4 482	5 448
Gross income	18 391	30 808	31 991	51 325	31 020	31 691	36 373
Direct taxes and Employees' NIC							
Income tax	1 034	3 698	3 891	7 707	3 797	2 259	4 737
less: Tax credits ⁴	190	206	137	262	36	89	164
Employees' NI contributions	499	1 548	1 729	2 904	871	1 037	1 658
Council tax and Northern Ireland rates ⁵	865	1 062	1 019	1 262	1 264	1 149	1 165
less: Council tax benefit/Rates rebates	502	226	164	45	114	119	165
Total	1 707	5 875	6 339	11 567	5 782	4 237	7 230
Disposable income	16 684	24 933	25 652	39 757	25 238	27 454	29 143
<i>Equivalised disposable income</i>	<i>16 846</i>	<i>24 134</i>	<i>25 880</i>	<i>34 177</i>	<i>25 358</i>	<i>31 064</i>	<i>27 180</i>
Indirect taxes							
Taxes on final goods and services							
VAT	966	1 517	1 212	2 468	1 812	1 284	1 843
Duty on tobacco	500	431	363	299	184	332	311
Duty on beer and cider	82	127	147	162	97	64	123
Duty on wines & spirits	81	169	161	238	192	163	186
Duty on hydrocarbon oils	222	437	356	674	422	338	476
Vehicle excise duty	58	113	79	198	164	88	148
Television licences	116	133	124	139	95	86	119
Stamp duty on house purchase	-	-	-	173	100	-	95
Customs duties	23	34	35	36	28	21	31
Betting taxes	27	19	12	58	28	25	37
Insurance premium tax	15	29	25	60	52	32	45
Air passenger duty	21	22	90	64	48	20	49
Camelot National Lottery Fund	61	42	25	61	61	59	58
Other	8	17	15	23	17	4	17
Intermediate taxes							
Commercial and industrial rates	211	312	323	338	259	197	287
Employers' NI contributions	359	530	549	574	440	334	487
Duty on hydrocarbon oils	121	178	185	193	148	112	164
Vehicle excise duty	11	16	17	17	13	10	15
Other	185	274	284	297	227	173	252
Total indirect taxes	3 066	4 403	4 001	6 073	4 388	3 343	4 743
Post-tax income	13 618	20 531	21 651	33 684	20 850	24 111	24 400
Benefits in kind							
Education	2 978	2 516	3 396	3 855	731	1 047	2 552
National health service	3 873	3 284	2 840	3 487	4 824	3 879	3 923
Housing subsidy	128	-	-	-	-	-	21
Rail travel subsidy	5	18	32	28	11	21	18
Bus travel subsidy	90	50	133	57	112	105	85
School meals and Healthy Start Vouchers ⁶	119	55	56	21	3	6	36
Total	7 193	5 922	6 456	7 449	5 681	5 058	6 636
Final income	20 811	26 453	28 107	41 133	26 531	29 169	31 036

Notes:

- 1 Using the modified-OECD Scale.
- 2 Including employment support allowance.
- 3 Child tax credit and working tax credit.
- 4 Including tax relief at source on life assurance premiums.
- 5 Council tax and Northern Ireland rates after deducting discounts
- 6 The Healthy Start Vouchers component includes school milk data for 2009.

Source: Office for National Statistics

TABLE 29: Household characteristics of tenure type groups, 2009/10

Tenure Type	Groups of all households by tenure type							
	Social rented	Other rented unfurnished	Rented furnished	Owned with a mortgage or by rental purchase	Owned by rental purchase	Owned outright	Rent free	All Households
Average per household (number)								
People	2.19	2.38	2.27	2.82	2.10	1.90	1.65	2.30
<i>Adults</i>	<i>1.57</i>	<i>1.76</i>	<i>1.82</i>	<i>2.03</i>	<i>1.58</i>	<i>1.79</i>	<i>1.53</i>	<i>1.83</i>
<i>Men</i>	<i>0.71</i>	<i>0.85</i>	<i>1.01</i>	<i>1.01</i>	<i>0.64</i>	<i>0.86</i>	<i>0.60</i>	<i>0.89</i>
<i>Women</i>	<i>0.86</i>	<i>0.91</i>	<i>0.81</i>	<i>1.02</i>	<i>0.94</i>	<i>0.93</i>	<i>0.94</i>	<i>0.94</i>
<i>Children</i>	<i>0.62</i>	<i>0.62</i>	<i>0.45</i>	<i>0.79</i>	<i>0.52</i>	<i>0.11</i>	<i>0.12</i>	<i>0.50</i>
Economically active people	0.69	1.34	1.34	1.78	1.40	0.72	0.87	1.19
Retired people	0.43	0.13	0.05	0.09	0.09	0.95	0.51	0.43
People in full-time education	0.56	0.52	0.64	0.77	0.46	0.13	0.22	0.50
<i>In state primary schools</i>	<i>0.29</i>	<i>0.27</i>	<i>0.18</i>	<i>0.39</i>	<i>0.33</i>	<i>0.04</i>	<i>0.07</i>	<i>0.24</i>
<i>In state secondary schools</i>	<i>0.18</i>	<i>0.13</i>	<i>0.09</i>	<i>0.23</i>	<i>0.03</i>	<i>0.04</i>	<i>0.02</i>	<i>0.14</i>
<i>In further and higher education</i>	<i>0.07</i>	<i>0.10</i>	<i>0.34</i>	<i>0.12</i>	<i>0.08</i>	<i>0.03</i>	<i>0.11</i>	<i>0.10</i>
<i>In other educational establishments</i>	<i>0.02</i>	<i>0.02</i>	<i>0.02</i>	<i>0.03</i>	<i>0.02</i>	<i>0.02</i>	<i>0.02</i>	<i>0.02</i>
Composition (percentages)								
Household type								
Retired								
1 adult	24	6	3	1	9	28	31	14
<i>1 adult men</i>	<i>7</i>	<i>2</i>	<i>2</i>	<i>1</i>	<i>7</i>	<i>8</i>	<i>5</i>	<i>4</i>
<i>1 adult women</i>	<i>17</i>	<i>5</i>	<i>1</i>	<i>1</i>	<i>2</i>	<i>19</i>	<i>26</i>	<i>10</i>
2 or more adults	9	3	1	2	-	30	10	12
Non-retired								
1 adult without children	20	18	26	15	27	9	21	15
<i>1 adult men</i>	<i>12</i>	<i>10</i>	<i>18</i>	<i>8</i>	<i>-</i>	<i>5</i>	<i>9</i>	<i>9</i>
<i>1 adult women</i>	<i>8</i>	<i>8</i>	<i>8</i>	<i>7</i>	<i>27</i>	<i>4</i>	<i>11</i>	<i>6</i>
2 adults without children	11	29	34	26	26	18	21	22
3 or more adults without children	5	6	10	9	-	9	6	8
1 adult with children	12	10	8	4	8	1	4	5
2 adults with 1 child	6	14	8	15	15	2	6	9
2 adults with 2 children	4	7	4	16	13	2	-	8
2 adults with 3 or more children	5	4	3	5	-	0	-	3
3 or more adults with children	4	2	3	7	2	2	1	4
Household tenure								
Rented								
100	100	100	-	-	-	-	100	32
<i>Social rented</i>	<i>100</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>17</i>
<i>Other rented unfurnished</i>	<i>-</i>	<i>100</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>8</i>
<i>Rented furnished</i>	<i>-</i>	<i>-</i>	<i>100</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>6</i>
<i>Rent free</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>100</i>	<i>2</i>
Owner occupied								
-	-	-	100	100	100	-	-	68
<i>With mortgage</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>100</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>36</i>
<i>Rental purchase</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>100</i>	<i>-</i>	<i>-</i>	<i>0</i>
<i>Owned outright</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>100</i>	<i>-</i>	<i>32</i>
Age of chief economic supporter								
Under 25	4	14	21	1	9	0	7	4
Over 24 and under 35	13	30	46	18	20	1	11	15
Over 34 and under 45	18	25	16	34	9	3	8	19
Over 44 and under 55	18	14	9	28	17	11	16	19
Over 54 and under 65	16	7	4	14	35	26	15	17
Over 64 and under 75	14	5	3	3	2	28	10	13
Over 74	17	5	1	1	7	29	33	14
Employment status of chief economic supporter								
Self-employed	2	7	3	10	-	8	2	7
Full-time employee	20	51	56	74	63	19	37	44
Part-time employee	10	13	13	8	19	8	6	9
Unemployed	6	7	6	1	5	1	7	3
Unoccupied and under minimum NI age	28	13	18	3	4	8	8	11
Retired/unoccupied over minimum NI age	33	9	4	4	9	55	40	26
Other	0	0	0	0	-	-	-	0

Source: Office for National Statistics

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TABLE 30: Average incomes, taxes and benefits by Country and Region of ALL households, 2007/08–2009/10

Country and Region	Groups of all households by Country and Region												
	North East	North West	Yorkshire and The Humber	East Midlands	West Midlands	East of England	London	South East	South West	Wales	Scotland	Northern Ireland	All Households
Average per household (£ per year)													
<i>sample number in each band</i>	717	1 757	1 496	1 241	1 497	1 582	1 399	2 318	1 535	779	1 496	1 640	17 457
Number of households in the population ('000s)	1 197	2 953	2 178	1 944	2 180	2 364	2 987	3 232	2 385	1 282	2 359	675	25 739
Original income													
Wages and salaries	18 010	21 178	20 078	22 077	21 197	25 450	31 434	27 993	20 227	19 320	23 203	20 602	23 436
Imputed income from benefits in kind	218	330	281	372	306	387	202	371	299	254	289	191	303
Self-employment income	2 318	2 023	2 098	2 229	2 830	3 327	4 390	3 913	3 657	2 763	2 259	3 286	3 001
Occupational pensions, annuities	1 841	2 539	2 050	2 345	2 306	2 834	2 417	3 184	3 405	2 376	2 550	2 157	2 588
Investment income	514	692	523	1 444	862	1 115	1 351	1 279	1 436	920	992	514	1 033
Other income	171	250	238	191	254	175	327	318	262	99	251	115	242
Total	23 072	27 011	25 268	28 658	27 753	33 287	40 122	37 057	29 286	25 733	29 543	26 846	30 602
Direct benefits in cash													
Contributory													
Retirement pension	2 347	2 327	2 267	2 167	2 447	2 388	1 816	2 244	2 798	2 423	2 197	1 937	2 283
Job seeker's allowance (Contribution based)	43	30	41	26	36	17	31	17	6	36	15	37	26
Incapacity benefit ²	303	257	249	227	190	105	161	135	192	338	236	344	208
Widows' benefits	8	16	21	19	8	17	12	14	6	34	28	55	17
Statutory Maternity Pay/Allowance	92	64	70	77	90	81	91	97	50	94	59	98	78
Non-contributory													
Income support and pension credit ²	703	459	375	381	523	325	508	305	311	439	351	772	421
Child benefit	388	461	415	401	449	388	500	414	377	378	337	527	418
Housing benefit	680	506	448	410	533	399	1 063	491	424	392	439	505	538
Job seeker's allowance (Income based)	53	37	66	50	53	24	62	35	11	54	36	57	43
Carer's allowance	45	80	54	80	78	44	33	56	63	76	48	125	61
Attendance allowance	32	47	40	33	59	40	42	28	46	90	40	97	45
Disability living allowance	461	444	325	298	325	234	239	213	297	499	344	576	325
War pensions/War widows' pensions	39	15	8	11	24	9	5	32	46	6	13	31	19
Severe disablement allowance	66	17	26	31	26	14	13	17	26	50	34	48	26
Industrial injury disablement benefit	38	42	14	29	28	11	8	10	11	28	9	8	19
Student support	47	62	74	92	67	57	73	75	54	40	148	54	73
Government training schemes	9	3	11	3	0	1	2	7	6	6	7	18	5
Tax credits ³	359	418	456	310	454	300	439	317	337	311	254	430	365
Other non-contributory benefits	159	121	123	123	138	134	105	117	144	125	108	113	124
Total cash benefits	5 869	5 403	5 081	4 764	5 528	4 587	5 202	4 624	5 204	5 418	4 703	5 830	5 093
Gross income	28 941	32 414	30 349	33 423	33 281	37 874	45 324	41 681	34 490	31 151	34 246	32 675	35 695
Direct taxes and Employees' NIC													
Income tax	3 179	4 047	3 640	4 408	4 198	5 210	7 035	6 212	4 268	3 817	4 592	3 732	4 788
less: Tax credits ⁴	159	172	168	176	183	124	146	140	162	136	163	182	158
Employees' NI contributions	1 269	1 490	1 400	1 544	1 516	1 744	2 104	1 887	1 452	1 359	1 615	1 451	1 623
Council tax and Northern Ireland rates ⁵	1 049	1 111	1 042	1 115	1 122	1 267	1 302	1 337	1 267	989	1 126	755	1 169
less: Council tax benefit/Rates rebates	237	160	168	135	171	134	204	143	135	162	132	32	156
Total	5 101	6 316	5 746	6 755	6 481	7 963	10 091	9 153	6 690	5 867	7 038	5 723	7 267
Disposable income	23 841	26 098	24 603	26 668	26 800	29 912	35 233	32 528	27 800	25 284	27 209	26 953	28 428
<i>Equivalised disposable income</i>	<i>22 925</i>	<i>23 991</i>	<i>23 279</i>	<i>25 178</i>	<i>24 512</i>	<i>28 336</i>	<i>32 554</i>	<i>29 875</i>	<i>25 981</i>	<i>23 633</i>	<i>26 049</i>	<i>23 370</i>	<i>26 486</i>
Indirect taxes													
Taxes on final goods and services													
VAT	1 626	1 882	1 763	1 829	1 909	2 089	2 087	2 190	2 053	1 735	1 910	2 268	1 961
Duty on tobacco	275	356	295	284	333	235	264	253	233	310	377	612	300
Duty on beer and cider	138	145	134	130	121	109	107	109	107	130	100	136	120
Duty on wines & spirits	138	191	136	152	167	168	181	190	174	156	213	207	175
Duty on hydrocarbon oils	395	455	428	484	466	514	396	537	521	496	467	520	473
Vehicle excise duty	107	134	127	151	151	173	118	172	168	143	126	159	145
Television licences	115	118	116	117	116	117	116	116	111	113	117	121	116
Stamp duty on house purchase	54	76	76	80	93	142	239	176	110	157	87	190	125
Customs duties	25	28	27	28	29	30	35	33	30	27	28	32	30
Betting taxes	45	32	33	30	40	31	26	59	27	30	45	42	36
Insurance premium tax	34	46	42	44	46	48	50	51	48	37	40	44	45
Air passenger duty	41	45	56	38	37	49	62	51	51	40	71	45	50
Camelot National Lottery Fund	78	53	54	51	58	54	40	47	48	58	54	57	52
Other	6	19	28	20	18	10	27	10	37	7	14	29	19
Intermediate taxes													
Commercial and industrial rates	221	252	237	249	255	268	312	298	271	237	254	288	266
Employers' NI contributions	394	448	423	442	453	476	553	531	482	422	451	511	472
Duty on hydrocarbon oils	131	150	141	147	151	159	185	177	161	141	151	171	158
Vehicle excise duty	11	13	12	12	13	13	16	15	14	12	13	14	13
Other	198	225	214	222	228	241	279	270	242	213	227	258	238
Total indirect taxes	4 033	4 668	4 341	4 509	4 683	4 927	5 092	5 287	4 887	4 463	4 744	5 704	4 795
Post-tax income	19 808	21 430	20 263	22 158	22 118	24 984	30 141	27 242	22 913	20 821	22 465	21 249	23 634
Benefits in kind													
Education	2 303	2 517	2 402	2 175	2 516	2 088	3 293	2 373	2 267	2 363	2 215	3 008	2 458
National health service	3 380	3 477	3 439	3 336	3 551	3 402	3 385	3 469	3 561	3 445	3 142	3 489	3 422
Housing subsidy	16	11	12	10	12	13	75	14	11	16	23	18	21
Rail travel subsidy	20	31	42	34	22	125	26	14	44	22	50	15	39
Bus travel subsidy	60	59	60	48	55	53	202	75	60	68	69	47	77
School meals and Healthy Start Vouchers ⁶	27	32	31	26	29	30	54	22	26	20	21	39	30
Total	5 805	6 128	5 986	5 628	6 186	5 712	7 035	5 967	5 970	5 934	5 520	6 615	6 048
Final income	25 613	27 558	26 249	27 787	28 304	30 696	37 176	33 208	28 883	26 755	27 985	27 864	29 681

Notes:

- Using the modified-OECD Scale.
- Including employment support allowance.
- Child tax credit and working tax credit.
- Including tax relief at source on life assurance premiums.
- Council tax and Northern Ireland rates after deducting discounts.
- The Healthy Start Vouchers component includes school milk data for 2009.

Source: Office for National Statistics

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TABLE 31: Household characteristics by Country and Region, 2007/08–2009/10

Country and Region	Groups of all households by Country and Region												
	North East	North West	Yorkshire and the Humber	East Midlands	West Midlands	East of England	London	South East	South West	Wales	Scotland	Northern Ireland	All Households
Average per household (number)													
People	2.26	2.40	2.30	2.31	2.44	2.27	2.52	2.37	2.28	2.29	2.17	2.62	2.35
<i>Adults</i>	1.80	1.84	1.80	1.83	1.89	1.80	1.89	1.87	1.83	1.84	1.78	1.97	1.84
<i>Men</i>	0.84	0.91	0.87	0.94	0.93	0.87	0.90	0.92	0.88	0.89	0.83	0.96	0.89
<i>Women</i>	0.95	0.93	0.93	0.88	0.96	0.93	0.99	0.95	0.95	0.95	0.95	1.02	0.95
<i>Children</i>	0.46	0.56	0.50	0.48	0.54	0.47	0.62	0.50	0.45	0.45	0.39	0.64	0.51
Economically active people	1.06	1.15	1.16	1.19	1.19	1.22	1.26	1.27	1.17	1.09	1.15	1.27	1.19
Retired people	0.46	0.46	0.41	0.42	0.45	0.42	0.33	0.40	0.52	0.48	0.40	0.39	0.43
People in full-time education	0.43	0.51	0.47	0.44	0.49	0.42	0.66	0.47	0.45	0.45	0.44	0.58	0.49
<i>In state primary schools</i>	0.20	0.25	0.22	0.20	0.24	0.23	0.27	0.21	0.22	0.19	0.21	0.24	0.23
<i>In state secondary schools</i>	0.14	0.15	0.14	0.14	0.15	0.13	0.17	0.14	0.14	0.14	0.11	0.25	0.15
<i>In further and higher education</i>	0.07	0.08	0.09	0.08	0.08	0.05	0.16	0.09	0.07	0.10	0.10	0.08	0.09
<i>In other educational establishments</i>	0.02	0.02	0.01	0.01	0.03	0.01	0.05	0.03	0.02	0.02	0.01	0.01	0.02
Composition (percentages)													
Household type													
Retired													
1 adult	18	13	15	13	15	15	12	13	17	15	16	12	14
<i>1 adult men</i>	4	4	4	5	4	4	5	4	4	5	4	3	4
<i>1 adult women</i>	14	9	11	8	11	11	8	9	12	11	12	8	10
2 or more adults	13	15	12	12	12	12	8	12	15	14	10	12	12
Non-retired													
1 adult	15	14	14	17	14	16	17	14	12	12	16	13	15
<i>1 adult men</i>	9	8	9	11	9	9	10	7	7	7	10	7	9
<i>1 adult women</i>	6	6	5	6	5	7	7	7	5	5	6	6	6
2 adults	20	20	24	23	20	22	20	23	23	21	25	17	22
3 or more adults	8	7	7	8	9	8	10	9	8	9	8	11	8
1 adult with children	6	7	5	5	5	4	7	4	4	4	6	6	5
2 adults with 1 child	7	8	8	8	8	9	7	9	6	10	7	8	8
2 adults with 2 children	7	9	8	9	8	8	8	9	9	7	8	10	8
2 adults with 3 or more children	3	3	3	3	4	3	4	3	3	4	1	5	3
3 or more adults with children	3	4	4	4	6	3	6	4	3	3	3	7	4
Household tenure													
Rented													
Social rented	25	18	19	15	18	15	24	14	14	15	20	15	18
<i>Other rented unfurnished</i>	6	6	7	8	6	8	6	8	8	6	4	5	7
<i>Rented furnished</i>	4	5	5	5	4	3	13	5	4	4	6	7	6
<i>Rent free</i>	2	1	1	2	1	1	2	1	2	1	2	1	1
Owner occupied	63	70	68	70	71	74	56	71	71	73	68	71	69
<i>With mortgage</i>	38	37	39	39	38	39	34	40	35	35	39	36	37
<i>Rental purchase</i>	0	0	0	0	1	0	1	1	0	-	0	1	0
<i>Owned outright</i>	25	33	29	31	33	35	22	31	36	38	29	35	31
Age of chief economic supporter													
Under 25	3	4	6	4	2	3	3	3	3	4	6	4	4
Over 24 and under 35	12	14	15	15	15	14	18	15	12	12	15	15	15
Over 34 and under 45	19	20	21	19	20	20	23	20	17	18	19	21	20
Over 44 and under 55	20	19	17	20	17	18	19	19	17	21	18	20	19
Over 54 and under 65	17	17	15	16	18	18	16	18	19	17	15	18	17
Over 64 and under 75	12	13	13	11	12	12	10	13	16	15	13	12	13
Over 74	16	13	14	14	15	14	11	13	16	14	13	10	14
Employment status of chief economic supporter													
Self-employed	4	6	6	6	7	8	9	10	9	7	6	9	7
Full-time employee	42	43	45	49	44	48	46	48	42	41	45	42	45
Part-time employee	8	9	9	8	7	8	10	9	8	8	9	9	9
Unemployed	3	2	3	3	2	2	2	2	2	2	3	2	2
Unoccupied and under minimum NI age	13	14	11	10	12	8	12	8	8	14	12	15	11
Retired/unoccupied over minimum NI age	29	27	27	25	27	25	20	24	31	28	26	22	26
Other	0	0	0	0	0	0	0	0	0	-	0	-	0

Source: Office for National Statistics

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Table 32: 95 per cent confidence intervals for gross and disposable income of households,¹ and as a percentage of the published estimate, 2009/10

Average per household (£ per year)		Gross income				Disposable income			
		Lower bound	Published estimate	Upper bound	% ±	Lower bound	Published estimate	Upper bound	% ±
All households	Bottom decile group	8,838	9,275	9,712	4.7	7,737	8,162	8,587	5.2
	Mean	35,493	36,373	37,252	2.4	28,473	29,143	29,813	2.3
	Top decile group	97,208	101,808	106,408	4.5	72,356	76,089	79,822	4.9
Retired households	Bottom decile group	7,552	7,901	8,250	4.4	6,697	7,022	7,347	4.6
	Mean	18,185	18,834	19,483	3.4	16,157	16,675	17,193	3.1
	Top decile group	40,053	44,135	48,217	9.2	33,963	36,963	39,963	8.1
Non-retired households	Bottom decile group	9,554	10,187	10,820	6.2	8,366	8,973	9,580	6.8
	Mean	41,604	42,782	43,960	2.8	32,808	33,699	34,590	2.6
	Top decile group	105,341	111,355	117,369	5.4	77,675	82,654	87,633	6.0

Note:

¹ Ranked by equivalised disposable income, using the modified-OECD scale.

Source: Office for National Statistics

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McClements TABLE 3: Taxes as a percentage of gross income, disposable income and expenditure for ALL households by quintile groups,¹ 2009/10

(a) Direct and indirect taxes as a percentage of gross income

(b) Indirect taxes as a percentage of disposable income

(c) Indirect taxes as a percentage of expenditure²

	Quintile groups of ALL households ¹					All households
	Bottom	2nd	3rd	4th	Top	
(a) Percentages of gross income						
Direct taxes						
Income tax ³	3.3	5.6	9.2	11.8	17.5	12.6
Employees' NIC	1.5	2.8	4.3	5.3	5.2	4.6
Council tax & Northern Ireland rates ⁴	5.6	3.8	3.4	2.7	1.8	2.7
<i>All direct taxes</i>	<i>10.4</i>	<i>12.2</i>	<i>16.9</i>	<i>19.8</i>	<i>24.4</i>	<i>19.9</i>
Indirect taxes						
VAT	8.7	6.5	5.6	5.0	4.0	5.1
Duty on alcohol	1.4	1.0	1.0	0.9	0.7	0.9
Duty on tobacco	2.7	1.8	1.2	0.8	0.3	0.9
Duty on hydrocarbon oils & vehicle excise duty	3.1	2.3	2.0	1.9	1.2	1.7
Other indirect taxes	9.2	6.4	5.1	4.3	3.3	4.6
<i>All indirect taxes</i>	<i>25.1</i>	<i>18.0</i>	<i>15.0</i>	<i>12.8</i>	<i>9.3</i>	<i>13.0</i>
<i>All taxes</i>	<i>35.5</i>	<i>30.2</i>	<i>31.9</i>	<i>32.7</i>	<i>33.7</i>	<i>32.9</i>
(b) Percentages of disposable income						
VAT	9.7	7.4	6.8	6.2	5.2	6.3
Duty on alcohol	1.5	1.1	1.2	1.1	0.9	1.1
Duty on tobacco	3.1	2.0	1.4	0.9	0.3	1.1
Duty on hydrocarbon oils & vehicle excise duty	3.4	2.6	2.5	2.3	1.5	2.1
Other indirect taxes	10.2	7.3	6.2	5.4	4.3	5.7
<i>All indirect taxes</i>	<i>28.0</i>	<i>20.5</i>	<i>18.1</i>	<i>16.0</i>	<i>12.3</i>	<i>16.3</i>
(c) Percentages of expenditure²						
VAT	6.8	7.1	7.0	6.7	6.5	6.7
Duty on alcohol	1.1	1.1	1.3	1.2	1.1	1.1
Duty on tobacco	2.1	1.9	1.5	1.0	0.4	1.1
Duty on hydrocarbon oils & vehicle excise duty	2.4	2.4	2.5	2.5	1.9	2.3
Other indirect taxes	7.2	7.0	6.4	5.9	5.3	6.1
<i>All indirect taxes</i>	<i>19.6</i>	<i>19.6</i>	<i>18.7</i>	<i>17.4</i>	<i>15.1</i>	<i>17.4</i>

Notes:

1 Households are ranked by equivalised disposable income, using the modified-OECD scale.

2 Calculated to be consistent with disposable income. See Further Analysis and Methodology section for the definition of expenditure.

3 After deducting tax credits and tax relief at source on life assurance premiums.

4 After deducting discounts, council tax benefits and rates rebates.

Source: Office for National Statistics

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McClements TABLE 14: Average incomes, taxes and benefits by decile groups of ALL households, 2009/10

	Decile groups of all households ranked by equivalised ¹ disposable income										All households
	Bottom	2nd	3rd	4th	5th	6th	7th	8th	9th	Top	
Average per household (£ per year)											
<i>Decile points (equivalised £)</i>	11 524	14 420	17 248	19 750	22 492	26 086	30 542	37 117	48 596		
Number of households in the population ('000s)	2 604	2 605	2 606	2 601	2 608	2 605	2 605	2 604	2 609	2 607	26 053
Original income											
Wages and salaries	2 693	4 452	7 121	10 262	15 399	20 476	25 713	31 773	46 241	73 036	23 717
Imputed income from benefits in kind	22	27	31	29	90	213	115	537	643	1 547	325
Self-employment income	713	554	813	849	1 170	1 902	1 807	4 355	3 483	13 728	2 937
Occupational pensions, annuities	476	1 065	1 628	2 199	2 954	3 216	3 469	4 097	3 957	4 364	2 743
Investment income	206	275	228	232	360	439	640	715	1 535	4 467	910
Other income	272	170	84	231	247	484	327	323	383	409	293
Total	4 381	6 543	9 906	13 802	20 219	26 729	32 071	41 800	56 242	97 551	30 924
Direct benefits in cash											
Contributory											
Retirement pension	1 753	2 772	3 426	3 601	3 160	2 913	2 591	1 971	1 347	730	2 426
Job seeker's allowance (Contribution based)	134	115	33	34	22	9	13	8	-	2	37
Incapacity benefit ^f	347	402	336	267	245	104	93	79	21	8	190
Widows' benefits	6	20	-	31	9	27	19	-	11	5	13
Statutory Maternity Pay/Allowance	0	6	11	20	92	118	56	161	87	324	87
Non-contributory											
Income support and pension credit ²	546	1 198	735	603	432	288	313	133	53	6	431
Child benefit	472	575	500	456	470	466	388	387	277	393	438
Housing benefit	774	1 261	1 159	1 092	642	435	392	200	63	4	602
Job seeker's allowance (Income based)	230	205	79	54	47	24	11	5	13	1	67
Carer's allowance	61	115	91	137	112	50	58	37	5	14	68
Attendance allowance	47	26	51	91	36	85	71	51	4	16	48
Disability living allowance	188	317	560	551	605	492	329	220	101	54	342
War pensions/War widows' pensions	3	1	5	12	19	4	55	8	15	11	13
Severe disablement allowance	8	16	27	24	37	25	40	10	5	-	19
Industrial injury disablement benefit	-	28	31	23	26	11	53	-	19	2	19
Student support	188	90	120	67	20	25	48	85	210	32	88
Government training schemes	8	20	14	2	-	19	23	0	-	4	9
Tax credits ³	623	1 066	913	604	378	279	130	84	35	5	412
Other non-contributory benefits	141	185	205	219	168	129	136	113	70	44	141
Total cash benefits	5 529	8 414	8 294	7 885	6 517	5 500	4 817	3 546	2 332	1 651	5 448
Gross income	9 910	14 956	18 200	21 687	26 736	32 229	36 887	45 346	58 574	99 202	36 373
Direct taxes and Employees' NIC											
Income tax	372	631	1 046	1 646	2 454	3 519	4 449	5 622	8 590	19 042	4 737
less: Tax credits ⁴	47	132	247	231	289	234	230	135	71	27	164
Employers' NI contributions	124	252	446	681	1 069	1 482	1 908	2 450	3 509	4 655	1 658
Council tax and Northern Ireland rates ⁵	1 043	1 041	1 007	1 027	1 101	1 152	1 182	1 222	1 356	1 515	1 165
less: Council tax benefit/Rates rebates	306	380	284	236	155	117	106	41	15	11	165
Total	1 186	1 412	1 969	2 887	4 179	5 801	7 203	9 118	13 368	25 173	7 230
Disposable income	8 724	13 544	16 231	18 800	22 557	26 428	29 684	36 228	45 206	74 029	29 143
Equivalised disposable income	8 165	12 983	15 867	18 417	21 074	24 248	28 168	33 461	42 056	72 074	27 651
Indirect taxes											
Taxes on final goods and services											
VAT	1 049	1 114	1 234	1 366	1 510	1 818	1 968	2 127	2 614	3 626	1 843
Duty on tobacco	294	387	306	407	346	350	344	274	235	167	311
Duty on beer and cider	79	72	88	77	115	161	134	163	190	154	123
Duty on wines & spirits	101	91	123	115	161	176	207	200	318	370	186
Duty on hydrocarbon oils	307	274	331	354	433	485	516	665	699	699	476
Vehicle excise duty	93	92	98	115	134	152	168	194	216	223	148
Television licences	114	114	105	112	111	117	121	128	132	137	119
Stamp duty on house purchase	47	38	37	39	59	76	90	107	154	300	95
Customs duties	22	22	23	25	27	30	32	35	41	52	31
Betting taxes	16	22	25	31	26	35	31	29	26	134	37
Insurance premium tax	25	25	29	30	37	43	49	56	65	91	45
Air passenger duty	14	14	30	19	53	35	45	64	121	98	49
Camelot National Lottery Fund	37	50	55	70	60	71	67	68	49	48	58
Other	3	3	20	30	14	12	24	10	33	24	17
Intermediate taxes											
Commercial and industrial rates	202	206	216	232	247	279	297	326	378	485	287
Employers' NI contributions	343	350	366	394	420	474	504	554	642	824	487
Duty on hydrocarbon oils	115	118	123	133	141	160	169	186	216	277	164
Vehicle excise duty	10	11	11	12	13	14	15	17	20	25	15
Other	177	181	189	204	217	245	261	286	332	426	252
Total indirect taxes	3 048	3 184	3 411	3 764	4 125	4 733	5 040	5 491	6 479	8 161	4 743
Post-tax income	5 676	10 360	12 820	15 037	18 432	21 696	24 644	30 737	38 727	65 868	24 400
Benefits in kind											
Education	3 950	3 242	2 714	2 545	2 818	2 543	2 062	2 269	1 536	1 839	2 552
National health service	3 893	4 290	4 507	4 348	4 246	4 153	3 787	3 637	3 234	3 137	3 923
Housing subsidy	35	42	37	31	25	17	16	8	2	-	21
Rail travel subsidy	11	4	8	8	9	10	19	22	32	59	18
Bus travel subsidy	73	90	104	91	87	81	82	71	84	86	85
School meals and Healthy Start Vouchers ⁶	66	120	66	30	24	31	16	7	2	1	36
Total	8 029	7 789	7 436	7 053	7 209	6 836	5 981	6 014	4 890	5 121	6 636
Final income	13 705	18 149	20 256	22 090	25 641	28 532	30 625	36 751	43 617	70 990	31 036

Notes: 1 Using the modified-OECD Scale. 2 Including employment support allowance. 3 Child tax credit and working tax credit. 4 Including tax relief at source on life assurance premiums. 5 Council tax and Northern Ireland rates after deducting discounts. 6 The Healthy Start Vouchers component includes school milk data for 2009. Source: Office for National Statistics

McClements TABLE 14A: Average incomes, taxes and benefits by quintile groups of ALL households, 2009/10

	Quintile groups of all households ranked by equivalised ¹ disposable income					All households
	Bottom	2nd	3rd	4th	Top	
Average per household (£ per year)						
Quintile points (equivalised £)		14 420	19 750	26 086	37 117	
Number of households in the population ('000s)	5 209	5 207	5 213	5 209	5 216	26 053
Original income						
Wages and salaries	3 572	8 691	17 937	28 743	59 639	23 717
Imputed income from benefits in kind	24	30	152	326	1 095	325
Self-employment income	634	831	1 536	3 081	8 606	2 937
Occupational pensions, annuities	770	1 914	3 085	3 783	4 161	2 743
Investment income	240	230	399	677	3 001	910
Other income	221	157	365	325	396	293
Total	5 462	11 854	23 474	36 935	76 897	30 924
Direct benefits in cash						
Contributory						
Retirement pension	2 263	3 513	3 036	2 281	1 039	2 426
Job seeker's allowance (Contribution based)	125	34	15	10	1	37
Incapacity benefit ²	375	302	175	86	15	190
Widows' benefits	13	16	18	10	8	13
Statutory Maternity Pay/Allowance	3	16	105	108	205	87
Non-contributory						
Income support and pension credit ²	872	669	360	223	30	431
Child benefit	523	478	468	387	335	438
Housing benefit	1 017	1 126	538	296	33	602
Job seeker's allowance (Income based)	217	66	36	8	7	67
Carer's allowance	88	114	81	48	9	68
Attendance allowance	36	71	61	61	10	48
Disability living allowance	253	556	549	274	78	342
War pensions/War widows' pensions	2	8	11	32	13	13
Severe disablement allowance	12	25	31	25	2	19
Industrial injury disablement benefit	14	27	18	26	11	19
Student support	139	93	22	66	121	88
Government training schemes	14	8	9	11	2	9
Tax credits ³	845	758	329	107	20	412
Other non-contributory benefits	163	212	149	124	57	141
Total cash benefits	6 971	8 090	6 009	4 181	1 991	5 448
Gross income	12 433	19 943	29 483	41 117	78 888	36 373
Direct taxes and Employees' NIC						
Income tax	502	1 346	2 986	5 036	13 816	4 737
less: Tax credits ⁴	90	239	262	182	49	164
Employers' NI contributions	188	564	1 275	2 179	4 082	1 658
Council tax and Northern Ireland rates ⁵	1 042	1 017	1 126	1 202	1 435	1 165
less: Council tax benefit/Rates rebates	343	260	136	74	13	165
Total	1 299	2 428	4 990	8 161	19 271	7 230
Disposable income	11 134	17 516	24 493	32 956	59 617	29 143
Equivalised disposable income	10 574	17 142	22 661	30 814	57 065	27 651
Indirect taxes						
Taxes on final goods and services						
VAT	1 081	1 300	1 664	2 048	3 120	1 843
Duty on tobacco	341	356	348	309	201	311
Duty on beer and cider	76	82	138	149	172	123
Duty on wines & spirits	96	119	168	203	344	186
Duty on hydrocarbon oils	290	342	459	590	699	476
Vehicle excise duty	92	107	143	181	219	148
Television licences	114	109	114	125	134	119
Stamp duty on house purchase	43	38	68	98	227	95
Customs duties	22	24	28	34	47	31
Betting taxes	19	28	30	30	80	37
Insurance premium tax	25	30	40	52	78	45
Air passenger duty	14	24	44	55	109	49
Camelot National Lottery Fund	44	63	66	68	49	58
Other	3	25	13	17	28	17
Intermediate taxes						
Commercial and industrial rates	204	224	263	311	431	287
Employers' NI contributions	346	380	447	529	733	487
Duty on hydrocarbon oils	116	128	150	178	246	164
Vehicle excise duty	11	12	14	16	22	15
Other	179	197	231	273	379	252
Total indirect taxes	3 116	3 587	4 429	5 265	7 320	4 743
Post-tax income	8 018	13 928	20 064	27 691	52 298	24 400
Benefits in kind						
Education	3 596	2 630	2 681	2 166	1 687	2 552
National health service	4 092	4 428	4 200	3 712	3 186	3 923
Housing subsidy	39	34	21	12	1	21
Rail travel subsidy	8	8	9	20	45	18
Bus travel subsidy	82	98	84	76	85	85
School meals and Healthy Start Vouchers ⁶	93	48	28	12	1	36
Total	7 909	7 245	7 023	5 998	5 006	6 636
Final income	15 927	21 173	27 086	33 688	57 304	31 036

Notes:

- 1 Using the modified-OECD Scale.
- 2 Including employment support allowance.
- 3 Child tax credit and working tax credit.
- 4 Including tax relief at source on life assurance premiums.
- 5 Council tax and Northern Ireland rates after deducting discounts.
- 6 The Healthy Start Vouchers component includes school milk data for 2009.

Source: Office for National Statistics

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McClements TABLE 16: Average incomes, taxes and benefits by decile groups of NON-RETIRED households, 2009/10

	Decile groups of non-retired households ranked by equivalised ¹ disposable income										All house- holds
	Bottom	2nd	3rd	4th	5th	6th	7th	8th	9th	Top	
Average per household (£ per year)											
<i>Decile points (equivalised £)</i>	11 637	15 177	18 650	21 664	25 072	29 132	34 098	40 764	52 905		
Number of households in the population ('000s)	1 908	1 906	1 910	1 907	1 906	1 909	1 910	1 906	1 905	1 913	19 080
Original income											
Wages and salaries	4 015	7 721	14 981	20 304	26 245	32 375	36 646	42 757	55 402	81 821	32 227
Imputed income from benefits in kind	30	49	58	100	260	180	322	667	1 120	1 657	444
Self-employment income	961	1 023	1 303	1 901	2 412	2 361	3 620	4 710	4 436	17 148	3 988
Occupational pensions, annuities	137	143	430	1 157	871	989	1 683	2 073	1 795	2 679	1 196
Investment income	151	150	69	220	231	326	372	748	1 572	3 828	767
Other income	393	214	172	321	251	488	186	466	103	456	305
Total	5 688	9 300	17 014	24 003	30 269	36 719	42 829	51 421	64 429	107 589	38 926
Direct benefits in cash											
Contributory											
Retirement pension	82	240	564	1 108	889	1 034	817	650	594	506	648
Job seeker's allowance (Contribution based)	187	109	67	47	13	17	8	3	-	3	45
Incapacity benefit ²	446	632	547	332	164	111	127	46	12	-	242
Widows' benefits	8	23	40	2	32	6	14	9	5	-	14
Statutory Maternity Pay/Allowance	0	8	34	105	111	119	169	129	103	415	119
Non-contributory											
Income support and pension credit ²	604	1 384	726	439	196	152	140	1	32	1	367
Child benefit	684	923	876	695	642	535	473	413	279	428	595
Housing benefit	1 079	1 820	1 301	720	396	213	231	77	15	5	586
Job seeker's allowance (Income based)	325	303	63	107	41	13	12	4	14	1	88
Carer's allowance	66	119	139	114	59	62	33	7	8	12	62
Attendance allowance	22	-	-	14	9	8	9	-	-	-	6
Disability living allowance	260	449	663	534	462	288	249	88	64	63	312
War pensions/War widows' pensions	-	-	-	-	-	6	4	11	20	-	4
Severe disablement allowance	8	16	15	30	45	33	5	-	7	-	16
Industrial injury disablement benefit	-	15	27	7	2	39	12	26	3	-	13
Student support	260	155	195	41	32	19	146	111	195	43	120
Government training schemes	11	11	21	0	6	51	0	-	-	5	11
Tax credits ³	956	1 735	1 433	626	440	141	163	63	2	7	557
Other non-contributory benefits	45	65	63	70	60	51	78	42	40	31	54
Total cash benefits	5 042	8 000	6 770	4 990	3 598	2 895	2 684	1 675	1 387	1 519	3 856
Gross income	10 730	17 301	23 784	28 993	33 868	39 614	45 513	53 097	65 816	109 107	42 782
Direct taxes and Employees' NIC											
Income tax	496	851	1 941	2 874	3 736	4 993	5 838	7 392	10 497	21 356	5 997
less: Tax credits ⁴	69	221	473	448	350	288	204	122	27	27	223
Employees' NI contributions	188	447	958	1 415	1 858	2 403	2 767	3 308	4 178	5 020	2 254
Council tax and Northern Ireland rates ⁵	1 017	990	1 037	1 092	1 137	1 155	1 200	1 259	1 364	1 546	1 180
less: Council tax benefit/Rates rebates	316	362	214	122	77	99	28	17	9	12	126
Total	1 316	1 705	3 250	4 812	6 303	8 163	9 574	11 820	16 002	27 883	9 083
Disposable income	9 414	15 595	20 534	24 181	27 565	31 451	35 939	41 276	49 814	81 224	33 699
<i>Equivalised disposable income</i>	<i>7 737</i>	<i>13 402</i>	<i>17 003</i>	<i>20 175</i>	<i>23 328</i>	<i>27 057</i>	<i>31 521</i>	<i>37 279</i>	<i>46 222</i>	<i>78 504</i>	<i>30 223</i>
Indirect taxes											
Taxes on final goods and services											
VAT	1 134	1 223	1 553	1 643	1 964	2 071	2 214	2 464	2 862	3 793	2 092
Duty on tobacco	395	470	501	466	417	424	324	286	217	183	368
Duty on beer and cider	98	84	99	127	184	155	182	197	193	150	147
Duty on wines & spirits	101	88	131	143	161	204	203	266	330	372	200
Duty on hydrocarbon oils	355	318	461	488	557	609	679	746	743	678	563
Vehicle excise duty	92	90	134	153	159	184	199	209	215	227	166
Television licences	136	141	141	136	136	135	137	140	138	138	138
Stamp duty on house purchase	47	34	44	57	82	91	103	131	177	317	108
Customs duties	25	25	29	30	32	34	36	40	44	53	35
Betting taxes	15	18	25	27	32	33	31	24	37	167	41
Insurance premium tax	25	24	33	39	43	53	53	63	66	91	49
Air passenger duty	11	25	21	62	36	35	61	73	157	85	57
Camelot National Lottery Fund	34	42	55	61	71	70	76	54	53	48	56
Other	5	12	34	23	10	26	21	24	24	23	20
Intermediate taxes											
Commercial and industrial rates	228	231	270	277	292	315	336	366	409	496	322
Employers' NI contributions	387	393	458	471	497	535	571	622	694	842	547
Duty on hydrocarbon oils	130	132	154	158	167	180	192	209	233	283	184
Vehicle excise duty	12	12	14	14	15	16	17	19	21	26	17
Other	200	203	237	243	257	277	295	322	359	435	283
Total indirect taxes	3 430	3 565	4 395	4 618	5 111	5 447	5 732	6 255	6 972	8 407	5 393
Post-tax income	5 984	12 030	16 140	19 563	22 454	26 004	30 207	35 022	42 842	72 818	28 306
Benefits in kind											
Education	5 572	5 252	4 872	3 774	3 571	2 951	2 532	2 245	1 627	1 937	3 433
National health service	3 260	3 431	3 730	3 767	3 514	3 436	3 355	3 089	2 932	3 156	3 367
Housing subsidy	47	58	33	29	14	14	10	3	2	-	21
Rail travel subsidy	16	6	10	11	12	18	23	30	43	62	23
Bus travel subsidy	55	71	70	68	70	70	62	65	85	83	70
School meals and Healthy Start Vouchers ⁶	110	167	90	41	43	22	15	4	-	1	49
Total	9 060	8 984	8 805	7 689	7 224	6 510	5 996	5 435	4 690	5 239	6 963
Final income	15 044	21 014	24 945	27 252	29 678	32 514	36 203	40 457	47 531	78 057	35 270

Notes:

- Using the modified-OECD Scale.
- Including employment support allowance.
- Child tax credit and working tax credit.
- Including tax relief at source on life assurance premiums.
- Council tax and Northern Ireland rates after deducting discounts.
- The Healthy Start Vouchers component includes school milk data for 2009.

Source: Office for National Statistics

McClements TABLE 18: Average incomes, taxes and benefits by decile groups of RETIRED households, 2009/10

	Decile groups of retired households ranked by equivalised ¹ disposable income										All households
	Bottom	2nd	3rd	4th	5th	6th	7th	8th	9th	Top	
Average per household (£ per year)											
<i>Decile points (equivalised £)</i>	11 289	13 326	15 225	16 838	18 364	20 069	22 450	25 907	31 263		
Number of households in the population ('000s)	696	695	697	699	696	696	702	694	696	702	6 973
Original income											
Wages and salaries	5	80	329	116	319	242	500	505	922	1 278	430
Imputed income from benefits in kind	-	-	-	-	-	-	-	-	-	-	-
Self-employment income	89	68	8	-	-	2	143	113	45	169	64
Occupational pensions, annuities	1 203	2 157	3 121	3 264	4 325	4 342	6 787	9 620	10 939	23 999	6 975
Investment income	347	331	629	372	421	343	637	1 026	1 542	7 353	1 300
Other income	1	4	38	59	127	144	241	585	468	931	260
Total	1 644	2 640	4 124	3 810	5 192	5 073	8 307	11 850	13 916	33 729	9 029
Direct benefits in cash											
Contributory											
Retirement pension	5 672	6 833	6 716	7 593	7 291	7 242	7 560	8 096	7 968	7 945	7 292
Job seeker's allowance (Contribution based)	-	100	27	-	11	-	-	-	-	-	14
Incapacity benefit ²	118	75	-	47	76	97	-	16	68	-	50
Widows' benefits	-	-	12	-	-	9	19	4	33	20	10
Statutory Maternity Pay/Allowance	-	-	-	-	-	-	-	-	-	-	-
Non-contributory											
Income support and pension credit ²	389	561	799	623	670	799	648	454	823	273	604
Child benefit	-	13	19	-	7	31	13	23	-	-	11
Housing benefit	57	277	516	773	873	1 412	1 015	427	865	257	647
Job seeker's allowance (Income based)	-	-	67	-	12	2	-	-	-	-	8
Carer's allowance	69	55	129	64	174	55	107	65	84	47	85
Attendance allowance	114	86	100	99	67	277	97	240	336	201	162
Disability living allowance	76	136	284	526	597	511	674	687	468	269	423
War pensions/War widows' pensions	11	6	9	9	8	51	56	13	178	40	38
Severe disablement allowance	8	-	79	16	35	25	18	-	77	24	28
Industrial injury disablement benefit	-	13	117	16	21	16	81	6	88	-	36
Student support	-	-	-	-	-	11	13	1	-	-	3
Government training schemes	-	16	32	-	-	-	-	-	-	-	5
Tax credits ³	-	21	26	-	-	59	28	18	-	-	15
Other non-contributory benefits	378	360	356	447	351	445	356	345	367	370	378
Total cash benefits	6 891	8 552	9 288	10 213	10 193	11 041	10 683	10 397	11 353	9 446	9 806
Gross income	8 535	11 192	13 412	14 023	15 385	16 113	18 991	22 246	25 269	43 175	18 834
Direct taxes and Employees' NIC											
Income tax	146	321	486	401	605	591	1 145	1 684	2 023	5 481	1 288
less: Tax credits ⁴	1	1	1	1	5	13	3	5	2	6	4
Employees' NI contributions	1	8	14	3	13	11	26	19	51	107	25
Council tax and Northern Ireland rates ⁵	1 126	1 100	1 073	989	1 010	983	1 084	1 182	1 182	1 502	1 123
less: Council tax benefit/Rates rebates	288	396	320	334	310	362	285	157	212	75	274
Total	984	1 031	1 252	1 057	1 313	1 210	1 968	2 723	3 041	7 009	2 159
Disposable income	7 551	10 161	12 160	12 966	14 072	14 903	17 023	19 523	22 228	36 165	16 675
<i>Equivalised disposable income</i>	<i>9 343</i>	<i>12 243</i>	<i>14 300</i>	<i>16 097</i>	<i>17 658</i>	<i>19 150</i>	<i>21 287</i>	<i>23 951</i>	<i>28 255</i>	<i>43 867</i>	<i>20 615</i>
Indirect taxes											
Taxes on final goods and services											
VAT	883	867	1 044	990	988	950	1 193	1 280	1 423	1 979	1 160
Duty on tobacco	95	182	194	129	266	166	127	140	166	74	154
Duty on beer and cider	34	64	56	57	59	76	55	56	68	63	59
Duty on wines & spirits	108	77	99	146	92	131	174	192	169	289	148
Duty on hydrocarbon oils	196	239	241	185	185	169	268	256	266	374	238
Vehicle excise duty	98	98	82	71	83	66	101	110	115	175	100
Television licences	67	67	71	58	72	74	65	69	65	75	68
Stamp duty on house purchase	52	33	51	24	29	36	50	59	68	172	57
Customs duties	16	16	19	17	19	19	21	23	23	33	21
Betting taxes	19	27	29	33	26	38	23	30	28	26	28
Insurance premium tax	27	24	35	23	22	29	29	36	35	81	34
Air passenger duty	22	8	32	24	9	18	35	17	48	79	29
Camelot National Lottery Fund	48	61	61	63	61	91	55	58	61	54	61
Other	2	0	1	6	16	17	1	11	6	33	9
Intermediate taxes											
Commercial and industrial rates	145	152	173	158	180	173	194	209	215	303	190
Employers' NI contributions	246	259	294	269	305	293	329	354	366	515	323
Duty on hydrocarbon oils	83	87	99	90	103	99	111	119	123	173	109
Vehicle excise duty	7	8	9	8	9	9	10	11	11	16	10
Other	127	134	152	139	158	151	170	183	189	266	167
Total indirect taxes	2 275	2 406	2 742	2 491	2 682	2 606	3 011	3 213	3 447	4 782	2 966
Post-tax income	5 276	7 756	9 418	10 475	11 390	12 298	14 011	16 310	18 781	31 383	13 710
Benefits in kind											
Education	65	70	192	19	44	112	553	220	119	-	140
National health service	5 440	5 654	5 499	5 950	5 326	5 046	5 302	5 553	5 283	5 407	5 446
Housing subsidy	7	15	25	28	28	39	33	25	24	3	23
Rail travel subsidy	2	1	1	1	5	9	4	1	12	7	4
Bus travel subsidy	118	126	126	132	128	119	118	134	129	134	126
School meals and Healthy Start Vouchers ⁶	2	-	3	-	-	5	-	3	-	-	1
Total	5 634	5 866	5 846	6 130	5 531	5 330	6 010	5 936	5 567	5 552	5 740
Final income	10 910	13 622	15 263	16 606	16 921	17 627	20 021	22 246	24 348	36 935	19 450

Notes:

- 1 Using the modified-OECD Scale.
- 2 Including employment support allowance.
- 3 Child tax credit and working tax credit.
- 4 Including tax relief at source on life assurance premiums.
- 5 Council tax and Northern Ireland rates after deducting discounts.
- 6 The Healthy Start Vouchers component includes school milk data for 2009.

Source: Office for National Statistics

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