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# HM Revenue and Customs

## KAI Personal Tax Knowledge, Analysis and Intelligence

# Income tax Statistics

Income tax receipts repayments and  
tax credits



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# Income Tax Statistics

April 2011

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## Introduction

HMRC are conducting a user consultation survey of income tax statistics between 28 April and 29 July 2011. The survey can be found here <http://www.surveymonkey.com/s/incometaxstatistics>, we invite all users of these statistics to complete the survey. The survey takes around 5-10 minutes to complete. The consultation aims to understand how customers use the statistics and how the statistics can be improved to better meet the needs of users.

### What is income tax?

Income tax is a tax on an individual's income over the course of a tax year (6th April to the 5th April the following year). Nearly all individuals resident in the UK are liable for income tax. It is the UK Government's largest single source of tax revenue.

For further information about income tax see the income tax liabilities statistical bulletin,  
[http://www.hmrc.gov.uk/stats/income\\_tax/menu.htm#liabilities](http://www.hmrc.gov.uk/stats/income_tax/menu.htm#liabilities).

### What information does this publication cover?

This publication shows annual income tax receipts and income tax credits and repayments (non-SA repayments only). Receipts are broken down according to the way in which tax is collected (through pay as you earn, self assessment etc). Tax credits and repayments are broken down by type of payment. Tables currently cover years 1999-00 to 2010-11. Figures are updated twice a year in April and September. 2010-11 figures published in this release are provisional, they will be updated in September.

### What do the tables contain?

This publication covers two tables:

Table 2.8: income tax receipts: analysis by type

Table 2.9: Income tax credits and repayments: analysis by type

#### Table 2.8:

Table 2.8 gives a breakdown of net receipts of income tax by type of receipt and total repayments. The table shows:

- Self assessment receipts (net of repayments):  
It is not possible to produce reliable separate figures for self assessment receipts and repayments so only net receipts are included in this table.

Self assessment has been used to collect tax direct from individuals, trusts and estates from the tax year 1996-97. For each tax year a first payment on account (POA) is due on 31 January of that year, based on the previous year's liability. A second POA is due on 31 July and the balance of liabilities on the next 31 January (however many taxpayers do not have to make any POAs). Net receipts in a year also include late payments in respect of earlier years and are also net of repayments made, mostly to those for whom deductions at source exceeded their total liability.

Money paid via self assessment covers income tax, capital gains tax and class 4 NICs. Receipts for each of these heads of duty are not identified separately, instead they are apportioned based on the split of liabilities.

- Pay as you earn (PAYE) receipts:  
These figures include all receipts of tax collected from employers or pension schemes under PAYE. They include some payments of tax on investment income or in respect of income from previous years coded out under PAYE, these amounts are not separately distinguished. PAYE receipts also include deductions from sub-contractors made under the construction industry scheme.

Receipts for PAYE IT and NIC1 are collected through the same system and are not separately identifiable at the time of receipt. HMRC do not know the split between IT and NIC until the employer's end of year return (P35) is received, around May following the end of the tax year. Receipts are provisionally split during the tax year (using HMRC forecasting models) and compensating adjustments are made once the P35 is received. Thus receipts in a financial year cover amounts accounted for under income tax during the year, and re-allocations between income tax and NICs received in previous years.

- Assessed income tax receipts:  
Tax under this heading relates to legacy HMRC systems; schedules A, B, D and E, and additional tax on investment income collected following the issue of a formal assessment (this arose if a taxpayer liable at the higher rate received dividends paid with a tax credit or other investment income where tax at the lower rate has been deducted at source, and the additional tax due is not collected via PAYE).
- Tax deduction scheme for interest (TDSI) receipts:  
Banks and building societies deduct tax at a rate of 20% from interest paid on accounts held with them unless the investor is not liable to pay tax and has registered to receive interest gross. They must also deduct income tax from their annual payments, such as interest on bonds and debentures. They then pay the income tax deducted to HMRC, but can reduce the payments to take account of income tax deducted from income that they receive.

Account holders not liable to income tax who have not registered, and those who have had more tax deducted than they are due to pay, can claim a repayment from HMRC of the excess tax deducted. These repayments are included in the repayments total.

- Other tax deducted at source:  
This covers all tax deducted at source other than under PAYE and TDSI. There are two main types; (1) interest on securities paid by the Bank of England or other paying agents, who pay the tax direct to HMRC (recipients of the interest are credited with the tax deducted), (2) income

tax payments equivalent to TDSI but made by companies other than banks.

- Other receipts:  
This includes receipts from investigation settlements and income tax payments which could not be allocated to a particular category. Also included are overpayments which may relate to any head of tax (unallocated receipts). Most of these overpayments are repaid during the year and recorded in repayment figures within this table.

In 2010-11 other receipts also captures amounts recovered from taxpayers following the end of year reconciliation of tax years 2008-09 and 2009-10 that have been recovered by means other than adjustments to the tax code.

- Repayments (other than self assessment):  
A more detailed breakdown of these repayments is given in table 2.9.
- Total net receipts

Table 2.9:

Table 2.9 shows a breakdown of income tax credits and repayments by type. The table shows:

- Working tax credits, child tax credits, working families tax credit and disabled:  
Working families tax credit (WFTC) replaced family credit and disabled person's tax credit (DPTC) replaced disability working allowance from 5 October 1999. Working tax credits (WTC) and child tax credits (CTC) jointly replaced WFTC and DPTC from 6<sup>th</sup> April 2003. WTC, CTC, WFTC and DPTC are administered by HMRC and further information on these credits is available from statistical enquiries which are published quarterly. Payments of these tax credits are treated as negative income tax to the extent that the credits are less than or equal to the tax liability of the family. Only the negative tax components are shown in this table.
- Mortgage interest relief at source (MIRAS):  
Relief on mortgage interest repayments was removed from 6 April 2000. Mortgage interest relief for those aged 65 and over who take out loans to buy a life annuity (a home income plan) ended with effect from 9 March 1999, but existing loans will continue to qualify for the remainder of the loan period. Under MIRAS borrowers paid their interest after deducting their tax relief. HMRC reimbursed lenders for the amounts deducted. Amounts are exclusive of public expenditure.
- Life assurance premium relief at source (LAPRAS):  
LAPRAS operates in a similar way to MIRAS so that premiums are paid to life assurance companies net of tax relief, and HMRC reimburses the insurers for the amounts deducted. The relief applies only to policies taken out before 14 March 1984. Up to 5 April 1989 relief was 15% of the

premium and it is now 12.5%. Amounts are exclusive of public expenditure.

- Other tax credits:  
Other reliefs given at a fixed rate which include relief on private medical insurance (PMI) premiums for the over 60s (abolished in the July 1999 Budget), and basic rate relief on vocational training (from April 1999 to September 2000 when it was abolished). Amounts shown are exclusive of public expenditure.
- Repayments to individuals:  
Include repayments of all types of income tax overpaid by taxpayers other than repayments made via self assessment (for which receipts figures in table 2.8 are net of repayments). They also include repayments of tax deducted from interest or other annual payments or payments of dividend tax credits to non-taxpayers. These figures have not been available since 2006-07 as the method used to calculate them has become unreliable.
- Personal pension contribution repayments:  
Payments made to pension scheme administrators for basic rate tax relief on employees contributions to personal pensions and freestanding additional voluntary contributions. Tax relief on the national insurance rebate relating to employee's contributions is included. The public expenditure component is excluded.
- Pension funds in insurance companies repayments:  
Mainly payments of dividend tax credits and repayments of tax deducted from interest or other annual payments to pension funds and to life assurance companies in respect of their pension business which is also exempt from tax. They also include payments for relief on private medical insurance (PMI) premiums for the over 60s and any other repayments made to insurance companies. Repayments made during and after 1997-98 were much lower than in previous years because of the Budget 1997 measure which abolished the payment of dividend tax credits to pension schemes and UK companies for dividends paid on or after 2 July 1997. These figures have not been available since 2006-07 as the method used to calculate them has become unreliable.
- Repayments to charities:  
These figures are exclusive of public expenditure.
- Overseas repayments:  
All repayments of tax and payments of dividend tax credits made by HMRC to non-residents. They exclude tax credits given at source by companies paying the dividends. These figures have not been available since 2006-07 as the method used to calculate them has become unreliable.
- Personal Equity Plans and Individual Savings Accounts repayments:  
These are payments of tax credits associated with dividend income and repayments of tax deducted from other investment income which are

made to personal equity plan managers and from 1999-2000 individual savings account managers.

- Other repayments:  
This category mainly consists of repayments to UK resident companies other than insurance companies. It includes the repayment of some overpayments which relate to heads of tax other than income tax. These figures have not been available since 2006-07.

Income tax repayments are made for a large variety of reasons and go to many types of recipients. Some are made for a specific purpose to a particular type of recipient, such as MIRAS repayments to mortgage lenders, and these repayments are usually readily identifiable in departmental accounting systems. However in most other cases the reason for the repayment cannot be determined from the information held in these systems and it is not always possible to identify the nature of the recipient, especially for some of the smaller repayments.

As a result the allocation between the “individuals”, “pension funds and insurance companies”, overseas” and “other” categories used in the table is based in part on the results of a sample of these repayments. The resulting estimates for these categories are rounded. The main reasons for the repayments in these categories and in those for charities and personal equity plans are that the recipients are entitled to a payment of the tax credit associated with their dividend income, or a repayment of tax deducted at source on their other investment income.

Payments of dividend tax credits are accounted for in the same way as income tax repayments and cannot be separately distinguished. All figures shown relate to the ‘negative’ tax component only. Repayments and payments of tax credits are treated as ‘negative income tax’ component only. Repayments and payments of tax credits are treated as ‘negative income tax’ to the extent that they are less than or equal to the total tax liability of the recipient. Any part of the payment that is not negative tax is treated as ‘public expenditure’. All figures shown are net of the payments made from the Exchequer to reimburse Inland Revenue for the ‘public expenditure’ components of WTC, CTC, WFTC, DPTC, MIRAS, LAPRAS, PMI and VTR credits, as well as repayments to personal pension scheme administrators and charities.

### **Rounding**

Figures in the tables are rounded to the nearest £1 million.

### **User engagement**

**HMRC are conducting a user consultation survey of income tax statistics between 28 April and 29 July 2011. The survey can be found here <http://www.surveymonkey.com/s/incometaxstatistics>, we invite all users of these statistics to complete the survey. The survey takes**

**around 5-10 minutes to complete. The consultation aims to understand how customers use the statistics and how the statistics can be improved to better meet the needs of users.**

We are committed to providing impartial quality statistics that meet our users' needs. We encourage our users to engage with us so we can improve our official statistics and identify gaps in the statistics that we produce. If you would like to comment on these statistics or have any enquiries on the statistics please contact the statistician named at the start of this document.

Alternatively we would welcome any views you have using the link to the feedback form below. We will undertake to review user comments on a quarterly basis and use this information to influence the development of our official statistics. We will summarise and publish user comments at regular intervals.

<http://www.hmrc.gov.uk/stats/user-engagement.htm>

## Commentary

### Latest figures available

The latest year for which figures are available is 2010-11.

Total net receipts in 2010-11 were £148.4 billion, 15% of which, £22.7 billion, was from self assessment. Gross receipts (other than self assessment) were £137.4 billion. Of this 96%, £132.2 billion, was PAYE receipts, and 1.5%, £2.0 billion, was TDSI receipts.

Total repayments, other than self assessment, were £11.8 billion in 2010-11. £1.7 billion were repayment of personal pension contributions and £1.0 billion were repayments to charities.

Income tax credits in 2010-11 were £5.6 billion, almost all of this is due to working tax credits and child tax credits.

### Overall trends in time series

Chart 1 shows total net income tax receipts from 1999-00 to 2010-11. Total receipts have increased year on year in all years except for 2009-10. Between 2008-09 and 2009-10 receipts fell by 6%. Self assessment receipts in 2009-10 were also lower than receipts in 2008-09, a decrease of 4% (self assessment receipts in 2009-10 relate to 2008-09 liabilities). Lower receipts can be attributed to a downturn in the economy in 2008-09 and through 2009-10. Receipts have increased during 2010-11.

**Chart 1: total net receipts**

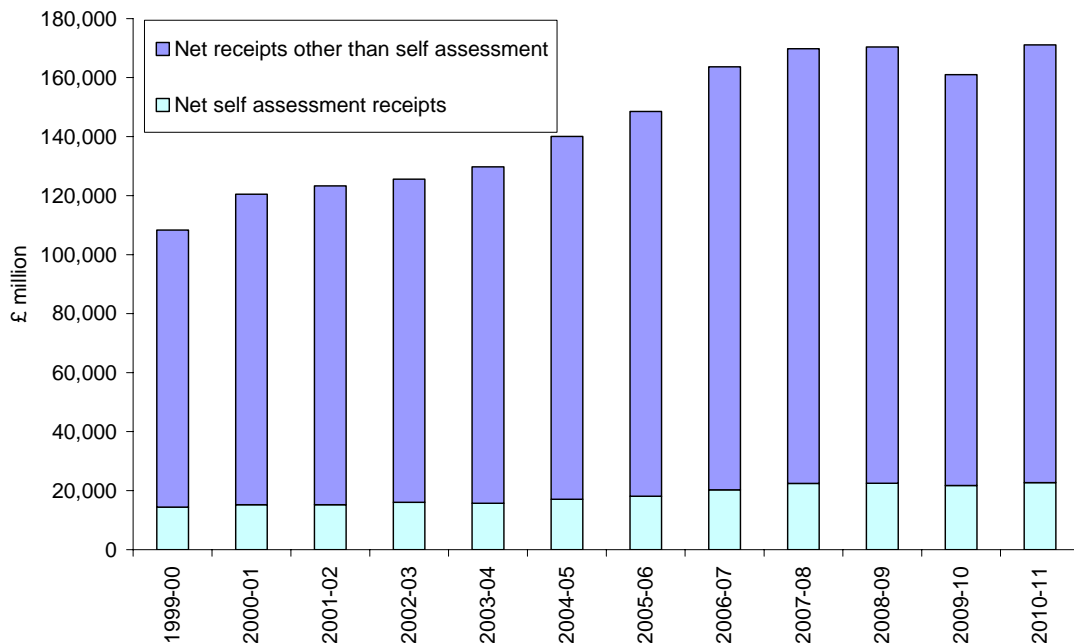


Chart 2 shows the breakdown of total gross receipts, excluding self assessment receipts. There is a 7% increase in receipts between 2009-10 and 2010-11. This is due to increases in PAYE and 'other' receipts, partially offset by lower TDSI receipts. The chart shows a fall of 6% between 2008-09 and 2009-10. PAYE has decreased by 5% year on year. The most significant

change can be seen in TDSI receipts. Receipts decreased by 39% between 2008-09 and 2009-10. This was due to a fall in interest rates.

**Chart 2: gross receipts other than self assessment**

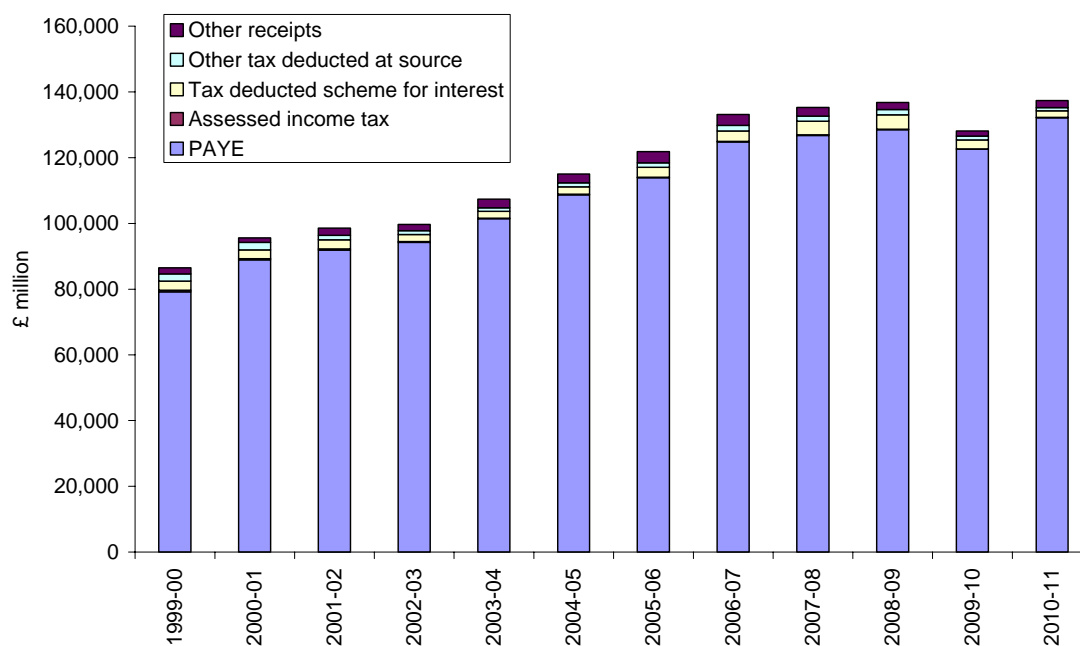


Chart 3 shows income tax credits. The introduction of the Working Tax Credits (WTC) and Children Tax Credit (CTC) in 2003-04 led to an increase in expenditure due the new system being more generous than the previous one. The rise in expenditure in 2008-09 was mainly the result of policy changes, among other things an increase to the Working Tax Credit threshold and the value of the child element above average earnings. This made the system more generous for existing claimants and increased the number of families who were entitled to tax credits. MIRAS receipts fell after the relief was removed at the end of 1999-2000. Very small amounts have been received in subsequent years. LAPRAS receipts have steadily decreased over the period.

**Chart 3: Income tax credits**

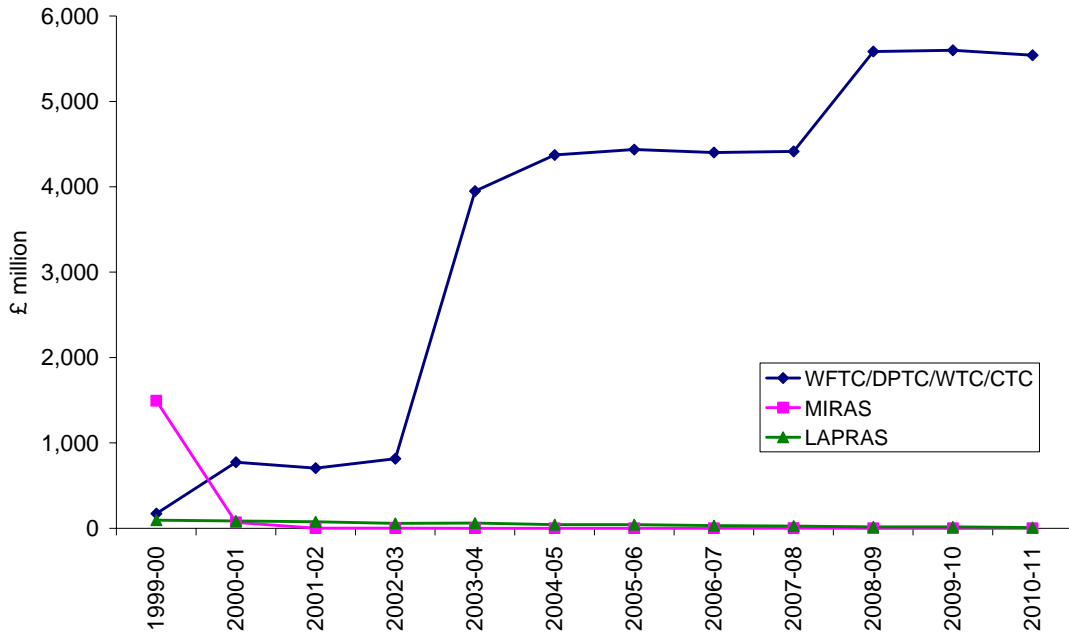


Chart 4 shows total non-self assessment repayments. The increase between 2009-10 and 2010-11 reflects repayments made in 2010-11 that were identified during processing of end of year returns relating to tax years 2008-09 and 2009-10.

**Chart 4: Repayments (other than self assessment)**

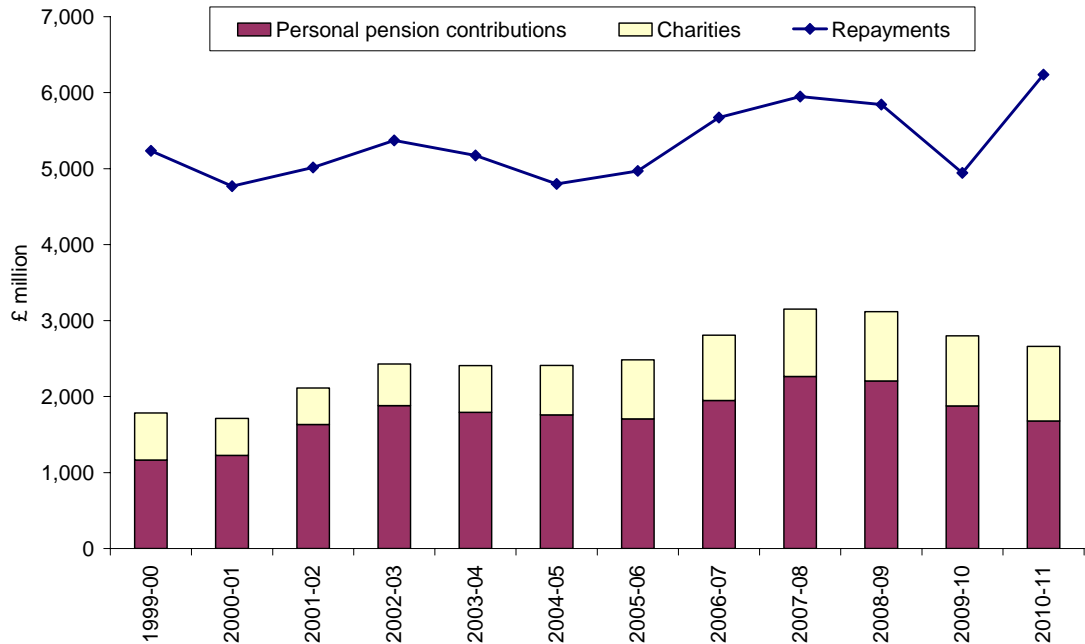


Table 2.8

2.8

## Income tax receipts: analysis by type

Amounts: £ million

	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05
Receipts other than self assessment	86,504	95,627	98,515	99,695	107,381	114,992
<i>of which:</i>						
PAYE	79,187	88,950	91,937	94,243	101,389	108,699
Assessed income tax	516	327	295	231	183	194
Tax deduction scheme for interest (TDSI)	2,783	2,674	2,772	2,122	2,092	2,266
Other tax deducted at source	2,115	2,286	1,389	1,160	1,081	1,188
Other receipts	1,903	1,390	2,123	1,938	2,637	2,645
Self Assessment, net of repayments <sup>1</sup>	14,432	15,273	15,281	16,059	15,772	17,141
Repayments other than self assessment <sup>2,3</sup>	-7,026	-5,723	-5,803	-6,247	-9,185	-9,213
<b>Total net receipts <sup>4</sup></b>	<b>93,910</b>	<b>105,177</b>	<b>107,994</b>	<b>109,507</b>	<b>113,968</b>	<b>122,920</b>
						£ million
	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11 <sup>5</sup>
Receipts other than self assessment	121,852	133,129	135,269	136,771	128,134	137,413
<i>of which:</i>						
PAYE	113,894	124,799	126,760	128,470	122,584	132,158
Assessed income tax	174	173	208	198	130	80
Tax deduction scheme for interest (TDSI)	2,969	3,124	4,134	4,365	2,676	1,994
Other tax deducted at source	1,400	1,744	1,564	1,615	1,190	1,003
Other receipts	3,416	3,290	2,603	2,122	1,554	2,179
Self Assessment, net of repayments <sup>1</sup>	18,077	20,306	22,443	22,531	21,708	22,727
Repayments other than self assessment <sup>2,3</sup>	-9,450	-10,108	-10,388	-11,447	-10,561	-11,787
<b>Total net receipts <sup>4</sup></b>	<b>130,480</b>	<b>143,327</b>	<b>147,323</b>	<b>147,856</b>	<b>139,281</b>	<b>148,353</b>

<sup>1</sup> Income tax element only<sup>2</sup> Including payments of tax credits<sup>3</sup> Exclusive of Public Expenditure<sup>4</sup> Totals may not equal the sum of their components because of rounding<sup>5</sup> Provisional Estimates

Table 2.9

2.9

Income tax credits and repayments <sup>1, 2, 3, 4</sup> : analysis by type

Amounts: £ million

	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05
Income tax credits	1,791	952	787	875	4,012	4,416
<i>of which:</i>						
WFTC/DPTC/WTC/CTC	173	774	704	814	3,948	4,373
MIRAS	1,494	68	2	2	1	1
LAPRAS	95	85	77	58	62	42
Other	29	25	3	1	-	-
Repayments	5,235	4,770	5,016	5,372	5,174	4,797
<i>of which:</i>						
Individuals	1,200	1,200	1,300	1,700	1,650	1,700
Personal pension contributions	1,164	1,226	1,634	1,881	1,793	1,760
Pension funds and insurance companies	1,100	700	550	350	250	100
Charities	620	485	479	548	615	650
Overseas	140	110	180	90	20	10
Personal Equity Plans/Individual Savings Accounts	334	336	384	372	412	200
Other	650	700	450	450	400	350
Total tax credits and repayments	7,026	5,723	5,803	6,247	9,185	9,213

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11 <sup>6</sup>
Income tax credits	4,479	4,435	4,442	5,603	5,616	5,550
<i>of which:</i>						
WFTC/DPTC/WTC/CTC	4,437	4,402	4,414	5,586	5,600	5,540
MIRAS <sup>4</sup>	1	1	2	0	0	1
LAPRAS <sup>4</sup>	42	32	25	17	16	9
Other	-	-	-	-	-	-
Repayments	4,970	5,673	5,947	5,844	4,945	6,237
<i>of which:</i>						
Individuals	1,800	.. <sup>5</sup>	.. <sup>5</sup>	.. <sup>5</sup>	.. <sup>5</sup>	.. <sup>5</sup>
Personal pension contributions	1,706	1,949	2,263	2,206	1,877	1,679
Pension funds and insurance companies	50	.. <sup>5</sup>	.. <sup>5</sup>	.. <sup>5</sup>	.. <sup>5</sup>	.. <sup>5</sup>
Charities	778	859	889	912	922	981
Overseas	-	.. <sup>5</sup>	.. <sup>5</sup>	.. <sup>5</sup>	.. <sup>5</sup>	.. <sup>5</sup>
Personal Equity Plans/Individual Savings Accounts	163	156	152	157	152	162
Other	500	.. <sup>5</sup>	.. <sup>5</sup>	.. <sup>5</sup>	.. <sup>5</sup>	.. <sup>5</sup>
Total tax credits and repayments	9,450	10,108	10,388	11,447	10,561	11,787

<sup>1</sup> Including payments of tax credits<sup>2</sup> Excluding repayments made via Self Assessment system<sup>3</sup> Totals may not equal the sum of their components because of rounding<sup>4</sup> Exclusive of Public Expenditure<sup>5</sup> The estimates for these categories have become unreliable and so are not shown separately<sup>6</sup> Provisional Estimates