

2.8 Income tax receipts: analysis by type

Amounts: £ million

| | 1997-98 | 1998-99 | 1999-00 | 2000-01 | 2001-02 | 2002-03 |
|--|---------------|---------------|---------------|----------------|----------------|----------------|
| Receipts other than self assessment | 78,033 | 81,179 | 86,504 | 95,627 | 98,515 | 99,695 |
| <i>of which:</i> | | | | | | |
| PAYE | 67,041 | 72,741 | 79,187 | 88,950 | 91,937 | 94,243 |
| Assessed income tax | 3,775 | 1,024 | 516 | 327 | 295 | 231 |
| Tax deduction scheme for interest (TDSI) | 2,090 | 3,087 | 2,783 | 2,674 | 2,772 | 2,122 |
| Other tax deducted at source | 3,165 | 2,903 | 2,115 | 2,286 | 1,389 | 1,160 |
| Other receipts | 1,962 | 1,424 | 1,903 | 1,390 | 2,123 | 1,938 |
| Self Assessment, net of repayments ¹ | 10,497 | 13,828 | 14,432 | 15,273 | 15,281 | 16,059 |
| Repayments other than self assessment ^{2,3} | -11,692 | -8,500 | -7,026 | -5,723 | -5,803 | -6,247 |
| Total net receipts⁴ | 76,838 | 86,507 | 93,910 | 105,177 | 107,994 | 109,507 |

£ million

| | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 ⁵ |
|--|----------------|----------------|----------------|----------------|----------------|----------------------|
| Receipts other than self assessment | 107,381 | 114,992 | 121,852 | 133,129 | 135,269 | 136,088 |
| <i>of which:</i> | | | | | | |
| PAYE | 101,389 | 108,699 | 113,894 | 124,799 | 126,760 | 128,752 |
| Assessed income tax | 183 | 194 | 174 | 173 | 208 | 198 |
| Tax deduction scheme for interest (TDSI) | 2,092 | 2,266 | 2,969 | 3,124 | 4,134 | 4,365 |
| Other tax deducted at source | 1,081 | 1,188 | 1,400 | 1,744 | 1,564 | 1,615 |
| Other receipts | 2,637 | 2,645 | 3,416 | 3,290 | 2,603 | 1,157 |
| Self Assessment, net of repayments ¹ | 15,772 | 17,141 | 18,077 | 20,306 | 22,443 | 22,369 |
| Repayments other than self assessment ^{2,3} | -9,185 | -9,213 | -9,450 | -10,108 | -10,388 | -11,629 |
| Total net receipts⁴ | 113,968 | 122,920 | 130,480 | 143,327 | 147,323 | 146,828 |

¹ Income tax element only (see notes)

² Including payments of tax credits

³ Exclusive of Public Expenditure (see notes)

⁴ Totals may not equal the sum of their components because of rounding

⁵ Provisional Estimates



Notes on the Table

Income tax receipts: analysis by type

1. The above table gives a breakdown of net receipts of income tax by type of receipt and total repayments. Total net receipts are consistent with the income tax figures given in the Table T1.2. It is not possible to produce reliable separate figures for gross receipts and repayments of the income tax component of self assessment, so only net receipts can be included in this table.

PAYE

2. This includes all receipts of tax collected from employers or pension schemes under PAYE. Although most of these receipts relate to tax due on income from employment or from occupational pensions they also include some payments of tax on investment income or in respect of income from previous years coded out under PAYE as a convenient way of collecting the tax due. These amounts cannot be separately distinguished. PAYE receipts also include deductions from sub-contractors made under the construction industry scheme.

3. Provisional estimates are used for apportioning certain PAYE payments by employers during the financial year to produce separate accounting figures for income tax and national insurance contributions, and compensating adjustments are made when employers' end-of-year returns giving precise split are received and processed. Thus receipts in a financial year cover amounts accounted for under income tax during the year, and re-allocations between income tax and national insurance contributions received in previous years.

Assessed income tax

4. Tax under this heading includes direct payments from taxpayers on income which was formally assessed under Schedules A, B, D and E. It also includes 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.

5. The amount of this tax received after 1996-97 is much lower than in previous years because, with the exception of sums due from most partnerships for 1996-97, and certain special assessments, it only covers receipts of tax due in respect of years prior to the introduction of self assessment in 1996-97.

Tax deduction scheme for interest (TDSI)

6. From 1996-97, banks and building societies deduct tax at the a rate of 20 per cent 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 the HMRC, but can reduce the payments to take account of income tax deducted from income that they receive. For earlier years covered by the table tax was deducted at the basic rate rather than at 20 per cent.

7. From January 1996 banks and building societies have been able to arrange to receive interest on their holdings of gilts without the deduction of tax by the Bank of England. However, they then had to pay to HMRC 20 per cent of any such interest received up to March 2000. These amounts are also included here. No such payments are required for gilt interest received after March 2000

8. The amounts paid to the HMRC are shown in the table. 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 the HMRC of the excess tax deducted. These repayments are included in Table T2.9 under the heading "Individuals".

Other tax deducted at source

9. This covers all tax deducted at source other than under PAYE and TDSI. There are two main types. The first is interest on securities paid by the Bank of England or other paying agents, who pay the tax direct to the HMRC. Recipients of the interest are credited with the tax deducted. The second is income tax payments equivalent to TDSI (see above) but made by companies other than banks. The 'Corporate taxation' section gives a fuller description of the taxation of company payments.

Other receipts

10. Other receipts in the table include 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. Most of these overpayments are repaid during the year and recorded in Table T2.9 as 'Other repayments'.

Self Assessment

11. Self assessment has been used to collect tax direct from individuals, trusts and estates from the tax year 1996-97 (1997-98 for tax on their income from most partnerships). For each tax year, a first Payment of 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). Thus, receipts in 1996-97 comprised only first POAs (which, for 1996-97 only, were restricted to the previous year's liabilities on incomes from sole trades, property and untaxed investments). 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.

12. Money paid via the self assessment covers income tax, capital gains tax and Class 4 national insurance contributions. A statistical algorithm is used to attribute net SA receipts between these three components. However this algorithm does not yield reliable figures for receipts and repayments for each component, so only a net series for income tax is shown here.

Repayments

13. A more detailed breakdown of these repayments is given in Table T2.9.