

EMPLOYERS' BURDEN

2014/15

Tax Rates		Year 2014/15		
		<i>% of</i>		
		<i>Gross</i>	<i>max</i>	
Employers N.I.				
a	0.00 ---	7956.00	0%	0.00
b	7957.00 --- no limit		13.8%	
Employees N.I.				
a	0.00 ---	7956.00	0%	0.00
b	7956.01 ---	41865.00	12%	4069.08
c	41865.01		2%	
Income Tax				
a	0.00 ---	10000.00	0%	0.00
b	10001.00 _	31865.00	20%	6373.00
c	31866.00 ---	150000.00	40%	47254.00
d	100000.00 ---	118880.00	40%+	
e	150000.01 --- no limit		45%	
Self-employed N.I.				
a	0 ---	7956.00	0%	0.00
b	7956.01 ---	41865.00	9.0%	3051.81
c	41450.01 no limit		2%	

<i>Gross Pay</i>	<i>Indirect Tax</i>
10000	31%
20000	22%
30000	20%
40000	17%
50000	17%
60000	17%
70000	13%
80000	13%
90000	13%
100000	13%
300000	13%
500000	13%

Note.
Indirect tax as a percentage of take-home pay,
taken from ONS paper "The effects of taxes
and benefits on household income, 2010/11
page 9.

EMPLOYER'S BURDEN

2014/15

Employed Person

	10000	25000	30000	40000	50000	60000	70000	80000	90000	100000	300000	500000
Gross pay												
Employer's NIC												
a	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
b	282.07	2352.07	3042.07	4422.07	5802.07	7182.07	8562.07	9942.07	11322.07	12702.07	40302.07	67902.07
	<u>282.07</u>	<u>2352.07</u>	<u>3042.07</u>	<u>4422.07</u>	<u>5802.07</u>	<u>7182.07</u>	<u>8562.07</u>	<u>9942.07</u>	<u>11322.07</u>	<u>12702.07</u>	<u>40302.07</u>	<u>67902.07</u>
	10282.07	27352.07	33042.07	44422.07	55802.07	67182.07	78562.07	89942.07	101322.07	112702.07	340302.07	567902.07
Employee's NIC												
a	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
b	245.28	2045.28	2645.28	3845.28	4069.08	4069.08	4069.08	4069.08	4069.08	4069.08	4069.08	4069.08
c	0.00	0.00	0.00	0.00	162.70	362.70	562.70	762.70	962.70	1162.70	5162.70	9162.70
	<u>245.28</u>	<u>2045.28</u>	<u>2645.28</u>	<u>3845.28</u>	<u>4231.78</u>	<u>4431.78</u>	<u>4631.78</u>	<u>4831.78</u>	<u>5031.78</u>	<u>5231.78</u>	<u>9231.78</u>	<u>13231.78</u>
Income Tax												
a	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
b	0.00	3000.00	4000.00	6373.00	6373.00	6373.00	6373.00	6373.00	6373.00	6373.00	6373.00	6373.00
c	0.00	0.00	0.00	3254.00	7254.00	11254.00	15254.00	19254.00	23254.00	27254.00	47254.00	47254.00
d+e	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	67500.00	157500.00
	<u>0.00</u>	<u>3000.00</u>	<u>4000.00</u>	<u>9627.00</u>	<u>13627.00</u>	<u>17627.00</u>	<u>21627.00</u>	<u>25627.00</u>	<u>29627.00</u>	<u>33627.00</u>	<u>121127.00</u>	<u>211127.00</u>
Total Deductions	<u>245.28</u>	<u>5045.28</u>	<u>6645.28</u>	<u>13472.28</u>	<u>17858.78</u>	<u>22058.78</u>	<u>26258.78</u>	<u>30458.78</u>	<u>34658.78</u>	<u>38858.78</u>	<u>130358.78</u>	<u>224358.78</u>
Take Home pay	9754.72	19954.72	23354.72	26527.72	32141.22	37941.22	43741.22	49541.22	55341.22	61141.22	169641.22	275641.22
Indirect Tax % of net	31%	22%	20%	17%	17%	17%	13%	13%	13%	13%	13%	13%
	<u>2994.70</u>	<u>4390.04</u>	<u>4554.17</u>	<u>4430.13</u>	<u>5367.58</u>	<u>6336.18</u>	<u>5598.88</u>	<u>6341.28</u>	<u>7083.68</u>	<u>7826.08</u>	<u>21714.08</u>	<u>35833.36</u>
Reward for work	6760.02	15564.68	18800.55	22097.59	26773.64	31605.04	38142.34	43199.94	48257.54	53315.14	147927.14	239807.86
Total Taxes	3522.05	11787.39	14241.52	22324.48	29028.44	35577.04	40419.73	46742.13	53064.53	59386.93	192374.93	328094.21
Employer's Burden (%)	52	76	76	101	108	113	106	108	110	111	130	137

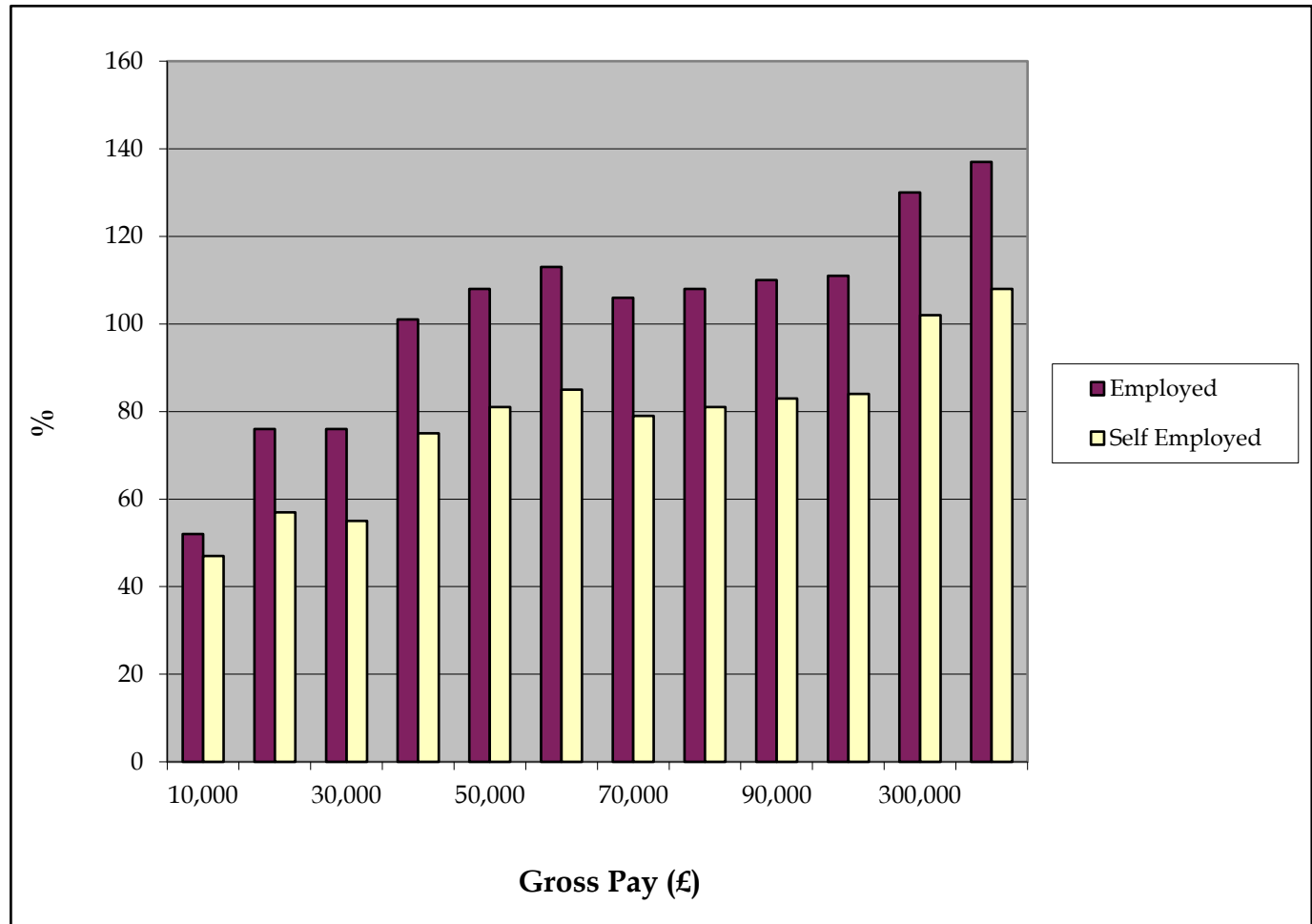
Self Employed

	10000	25000	30000	40000	50000	60000	70000	80000	90000	100000	300000	500000
Nominal Gross Pay												
Employee's NIC												
a	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
b	183.96	1533.96	1983.96	2883.96	3051.81	3051.81	3051.81	3051.81	3051.81	3051.81	3051.81	3051.81
c	0.00	0.00	0.00	0.00	162.70	362.70	562.70	762.70	962.70	1162.70	5162.70	9162.70
	<u>183.96</u>	<u>1533.96</u>	<u>1983.96</u>	<u>2883.96</u>	<u>3214.51</u>	<u>3414.51</u>	<u>3614.51</u>	<u>3814.51</u>	<u>4014.51</u>	<u>4214.51</u>	<u>8214.51</u>	<u>12214.51</u>
Income Tax												
as above	0.00	3000.00	4000.00	9627.00	13627.00	17627.00	21627.00	25627.00	29627.00	33627.00	121127.00	211127.00
Total Deductions	<u>183.96</u>	<u>4533.96</u>	<u>5983.96</u>	<u>12510.96</u>	<u>16841.51</u>	<u>21041.51</u>	<u>25241.51</u>	<u>29441.51</u>	<u>33641.51</u>	<u>37841.51</u>	<u>129341.51</u>	<u>223341.51</u>
Take Home pay	9816.04	20466.04	24016.04	27489.04	33158.49	38958.49	44758.49	50558.49	56358.49	62158.49	170658.49	276658.49
Indirect Tax % of net	31%	22%	20%	17%	17%	17%	13%	13%	13%	13%	13%	13%
	<u>3013.52</u>	<u>4502.53</u>	<u>4683.13</u>	<u>4590.67</u>	<u>5537.47</u>	<u>6506.07</u>	<u>5729.09</u>	<u>6471.49</u>	<u>7213.89</u>	<u>7956.29</u>	<u>21844.29</u>	<u>35965.60</u>
Reward for work	6802.52	15963.51	19332.91	22898.37	27621.02	32452.42	39029.40	44087.00	49144.60	54202.20	148814.20	240692.89
Total Taxes	3197.48	9036.49	10667.09	17101.63	22378.98	27547.58	30970.60	35913.00	40855.40	45797.80	151185.80	259307.11
Employer's Burden (%)	47	57	55	75	81	85	79	81	83	84	102	108

Employers' Burden

2014/15

Gross Pay (£)	Employed	Self Employed
	%	%
10,000	52	47
25,000	76	57
30,000	76	55
40,000	101	75
50,000	108	81
60,000	113	85
70,000	106	79
80,000	108	81
90,000	110	83
100,000	111	84
300,000	130	102
500,000	137	108



EMPLOYERS BURDEN. COMMENTARY

Members may like to see a paper recently updated showing the differences between the cost of employment and the “Reward for Work”

This is based on tax tables, but also from ONS paper describing how much of “take home Pay” is spent on indirect taxation. The surprise was that the lowest quintile of incomes spent about double the highest quintile, thus cancelling out some of the lower income tax rates.

For this reason we called the final result “Reward for Work” to distinguish from “Take home pay.”

The conclusion is that it cost employers roughly 100% of Reward for Work to take on an employee, and a bit less to take on “self employed” workers.

Here are some suggestions as to the possible effects of this situation:

1. A sharp distinction of the view of wages from the points of view of employers and employees.
2. A bias against labour intensive industries.
3. A constant impulse to replace people by machines.
4. Unemployment as a constant factor in the economy.
5. The effect of taxation at the margin, leading to more tax required to mitigate those effects.
6. In the cycle of production, employment based taxation rolls up until paid by the final consumer. His gross pay has to be sufficient to pay the taxes and leave him enough to live on.
7. Government expenditure is mostly wages, and is thus doubled under the same rules.
8. In order to cover the cost, an employee has to be able to add value to an amount twice what he needs to live on. Those who cannot meet this criteria will find their jobs at risk.

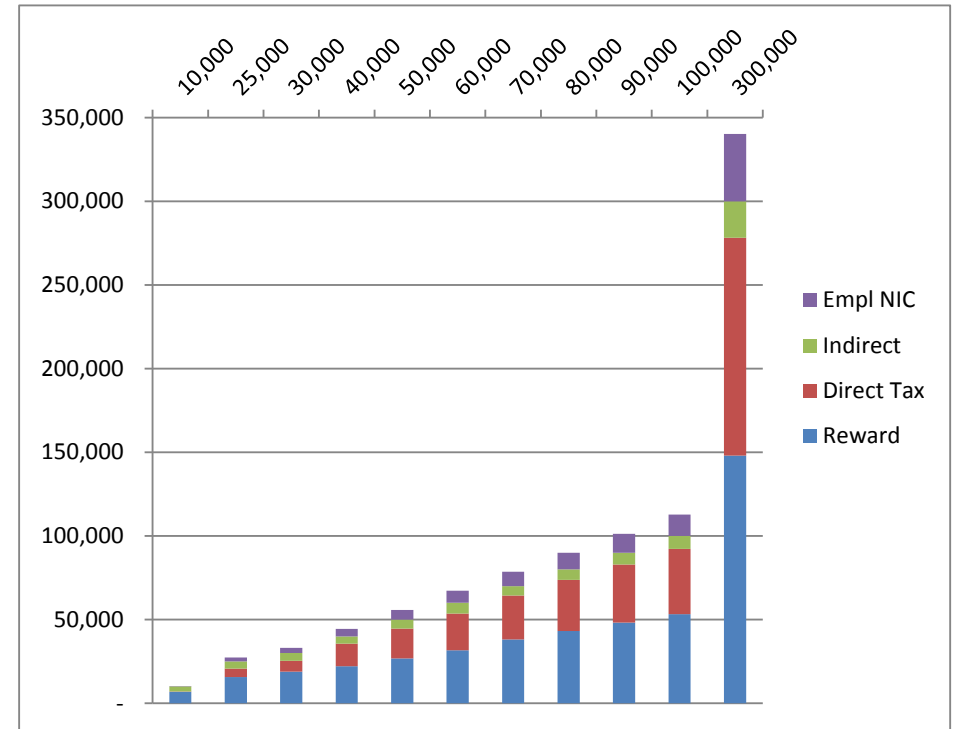
Two new tables have been added. "**Total Employer Costs**" shows the cost of employment broken down into constituent parts, first as actual figures, then as percentages.

Sheet 2 is a summary of all the tables since 2006/07 to date for employed persons. This is interesting as it shows the gradual reduction in the lower paid area, and the gradual increase in the higher paid area. But bear in mind that the average pay in 2006/07 was less than now.

Employers' Burden

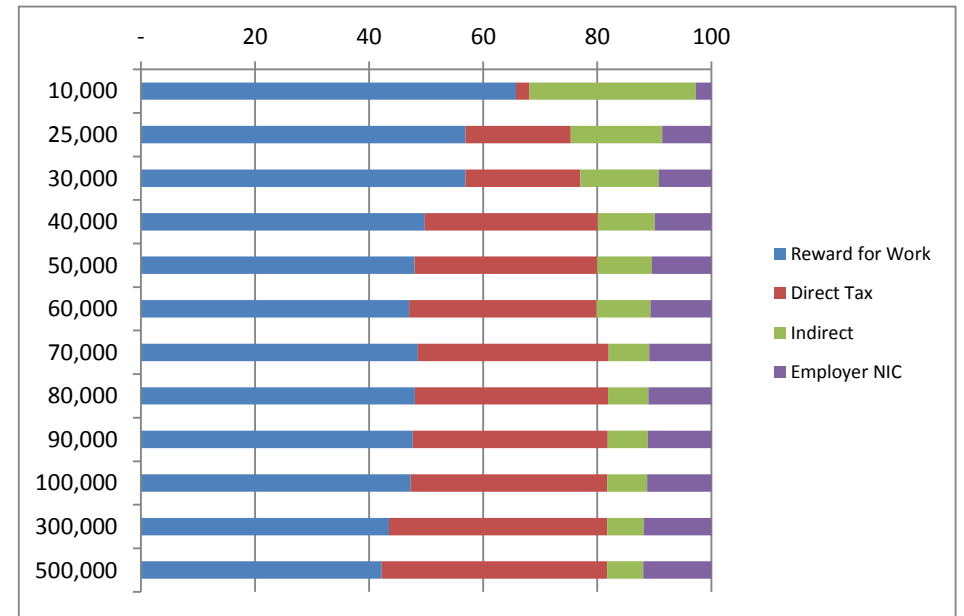
2014/15

Gross Pay (£)	Reward for Work	Direct Taxation	Indirect Taxation	NIC	Total
10,000	6,760.02	245.28	2,994.70	282.07	10,282
25,000	15,564.68	5,045.28	4,390.04	2352.07	27,352
30,000	18,800.55	6,645.28	4,554.17	3042.07	33,042
40,000	22,097.59	13,472.28	4,430.13	4422.07	44,422
50,000	26,773.64	17,858.78	5,367.58	5802.07	55,802
60,000	31,605.04	22,058.78	6,336.18	7182.07	67,182
70,000	38,142.34	26,258.78	5,598.88	8562.07	78,562
80,000	43,199.94	30,458.78	6,341.28	9942.07	89,942
90,000	48,257.54	34,658.78	7,083.68	11322.07	101,322
100,000	53,315.14	38,858.78	7,826.08	12702.07	112,702
300,000	147,927.14	130,358.78	21,714.08	40302.07	340,302
500,000	239,807.86	224,358.78	35,833.36	67902.07	567,902



Percentages

Gross Pay (£)	Reward for Work	Direct Taxation	Indirect Taxation	NIC	Total %
10,000	65.75	2.39	29.13	2.74	100.00
25,000	56.90	18.45	16.05	8.60	100.00
30,000	56.90	20.11	13.78	9.21	100.00
40,000	49.74	30.33	9.97	9.95	100.00
50,000	47.98	32.00	9.62	10.40	100.00
60,000	47.04	32.83	9.43	10.69	100.00
70,000	48.55	33.42	7.13	10.90	100.00
80,000	48.03	33.86	7.05	11.05	100.00
90,000	47.63	34.21	6.99	11.17	100.00
100,000	47.31	34.48	6.94	11.27	100.00
300,000	43.47	38.31	6.38	11.84	100.00
500,000	42.23	39.51	6.31	11.96	100.00



EMPLOYERS BURDEN

SUMMARY FOR EMPLOYED PERSONS

GROSS PAY	10000	25000	30000	40000	50000	60000	70000	80000	90000	100000	300000	500000
2006/07	87	92	93	89	97	103	95	98	100	102		118
2007/08	75	91	93	90	98	104	103	107	109	102		118
2008/09	74	87	89	96	103	108	107	110	113	104		119
2009/10	73	82	82	84	91	97	92	95	98	100		115
2010/11	60	53	50	92	99	103	98	100	102	104	133	113
2011/12	64	81	81	97	104	109	103	105	107	109	140	152
2012/13	60	79	79	97	105	110	104	106	108	110	140	152
2013/14	55	77	77	101	108	112	106	108	110	111	130	137
2014/15	52	76	76	101	108	113	106	108	110	111	130	137