

Budget 2014: The government is taking money from women to fund tax breaks for men - new analysis from the Women's Budget Group

New analysis from the Women's Budget Group shows that women will bear the brunt of public spending cuts and men will benefit most from the Chancellor's tax breaks such as the increase in the personal tax allowance, the transferable tax allowance between married couples and cuts in beer duty.

Polly Trenow of the Women's Budget Group said:

"We know that austerity measures have been hitting women harder than men. 80 per cent of the revenue raised through changes in the tax and benefit strategy since 2010 has come from women's pockets. (1) (2)

"This new analysis from the Women's Budget Group reveals not only that women bear the brunt of austerity measures, but also that the bulk of the tax breaks given by this government are going to men.

"Women are already more likely to be on lower incomes than men and the gender pay gap has increased for the first time in five years. (3)

"Yet 57% of the beneficiaries of the increase in the personal tax allowance and a staggering 84% of the beneficiaries from the transferable tax allowance will be men. (4) (5)

"This is culminating in a situation where the government is redistributing between the sexes - taking money from women to give to men.

"The increases in the personal tax allowance brought in since 2010 will cost £12bn per year - exactly equal to the £12bn worth of cuts to social security that the government says it will have to make in the first two years of the next parliament. (6) (7) And whilst the personal tax allowance increases in real terms, most working age benefits are only uprated by 1% this year - including child benefit, which has been frozen for three years.

"The changes in alcohol duty will cost £300m a year, a negligible amount but still enough to plug to £200m needed to extend childcare support under Universal Credit. We think the Chancellor has got his priorities wrong.

“Investment in physical infrastructure jobs such as road and rail, the increase in the ISA allowance and cuts in beer duty are all measures that improve men’s economic situation more than women’s. (8)

“This Budget further reduces women’s economic independence, making many more reliant on dwindling state support or their partners’ income.

“There was some good news for women in the budget such as ending the forced purchase of pension annuities, a situation where women pensioners were particularly disadvantaged as they are more likely to have a number of small ‘pension pots’ with very low returns. But this is no substitute for proper reform of a pension system that leaves many people, particularly women, with an inadequate pension in old age.

“The Chancellor announced additional help with childcare costs for those on universal credit, which the WBG had been pushing for and which we welcome. There will also be a subsidy for out-of-pocket childcare costs for families earning up to £300,000 a year - but this amount will have to come out of spending on social security. “And there was nothing to regulate the childcare market, nor control childcare prices. The single most important thing the Chancellor can do, to enable women and men to combine paid work with unpaid care, is to invest in high quality public services which would both create jobs for women and support them with care.”

Daisy Sands, Head of Policy & Campaigns at the Fawcett Society, said:

"Women are in the front line when it comes to cutting public spending, but are being left behind when it comes to putting money back into the system.

"This research shows just how skewed the government's economic approach is, forcing women to act as shock absorbers for the cuts but leaving them out in the cold when it comes to tax breaks and giveaways.

"Women face a widening pay gap, dwindling budgets and an increasingly precarious position in the labour market. This budget offered little help to the million plus women that want but can't get work - since 2010, men’s unemployment levels have decreased by around 17 per cent but women’s have risen by almost 7 per cent.” (9)

Women’s Budget Group, April 2014.

Notes to editors:

The UK Women's Budget Group is an independent, voluntary organisation made up of individuals from academia, NGOs and trade unions. See www.wbg.org.uk

(1) (2) Tax and social security changes: House of Commons Library research quoted in *The Independent* (8th March 2014) found that the tax and benefit strategy pursued by the Coalition Government since 2010 has raised a net £3.047 billion (21 per cent) from men and £11.628 billion (79 per cent) from women.

(3) Pay gap: ONS figures published in November 2013 found that men's mean gross hourly earnings (excluding overtime) were £16.91 in April 2013, up 2.3% from £16.52 in 2012, whilst women's mean hourly earnings increased by 1.3% to £14.25 compared with £14.07 in 2012. This means that the gender pay difference for full-time employees widened to 15.7% from 14.8% in 2012.

(4) Government's own estimates - HMRC, 2014, Overview of Tax Legislation and Rates, Tax information and impact notes, p.A3, <http://www.hmrc.gov.uk/thelibrary/tiins.htm>

(5) WBG briefing on the Transferable Tax Allowance (2013)
<http://www.wbg.org.uk/wp-content/uploads/2013/10/WBG-briefing-on-TTAs-final.pdf>

(6) Compared to pre-Budget June 2010 plans, IFS post-budget analysis
<http://www.ifs.org.uk/projects/426>

(7) Chancellor's New Year Economy Speech 2014
<https://www.gov.uk/government/speeches/new-year-economy-speech-by-the-chancellor-of-the-exchequer>

(8) For in-depth analysis of the impact of Budget 2014 measures on women see the Women's Budget Group full report at www.wbg.org.uk

(9) ONS figures published on 19th March 2014 found 1,025,000 women unemployed for the period Oct to Dec 2013, in comparison to 962,000 for Jan to Mar 2010. For men, the same period saw a decrease from 1,525,000 to 1,271,000.

Contacts

For further information, please contact:

Jerome De-Henau 07860556254

Sue Himmelweit 0207 272 8485/07963 957333

Diane Perrons 07832943750

Polly Trenow 07792126390

WBG coordinator admin@wbg.org.uk