



## Outcry over NICs hides the biggest losers of government tax and benefit policy

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FOR IMMEDIATE RELEASE

While public attention has focused on the impact of changes to NICs for the self-employed, women on the lowest incomes, by 2020, stand to lose almost three times as much as the maximum increase in the overall NIC contributions of the highest-earning self-employed.

The analysis published today by the Women's Budget Group and Runnymede Trust shows that by continuing with planned freezes and cuts to in-work and out-of-work benefits that the poorest women will be £1581 worse off a year, on average, by 2020 compared to if policies in place in 2010 had continued.

Key findings of the cumulative distributional analysis of tax and benefit changes since 2010 are that:

- Women are hit harder than men across all incomes groups, with BAME women particularly hard hit.

*Asian women in poorest third of households will be £2,247 worse off by 2020, almost twice the loss faced by white men in the poorest third of households (£1,159). White men in the richest third of households, by contrast, lose only £410 (See Graph 1, Table 1).*

*Black and Asian lone mothers stand to lose £3,996 and £4,214, respectively, from the changes, about 15 and 17% of their net income.*

- Tax and benefit policies of this government are more regressive than those of the Coalition government, with men in the richest 50% of households actually gaining from tax and benefit changes since July 2015 (See Graph 2 and Table 2).

*Men in the 10% richest households are £564 better off.*

**WBG Co-Director, Dr Mary-Ann Stephenson, said:**

"This reveals that the government's aim to help the 'just about managing' is incompatible with the Chancellor's decision to 'continue with our plan'. The 1.8 million working families receiving tax credits are the 'just about managing', but rising inflation and a freeze in tax credit rates means a sharper fall in their real terms income.

“The Chancellor’s decision to continue with the decisions of his predecessor to cut social security for these low income families, at the same time as cutting taxes, is effectively a transfer from the purses of poorer women into the wallets of richer men. The rise in personal allowances does nothing to help those who earn too little to pay tax, 65% of whom are women.

“So far most attention this budget has focused on the change to National Insurance Contributions for the self-employed. According to the IFS the greatest loss, affecting those with profits over £45,000 a year, will be £589 a year. This is about a quarter of what the poorest Black and Asian women are set to lose per year by 2020 as a result of tax and benefit changes since 2010.

“It is also not the case that we cannot afford to mitigate the income squeeze faced by the poorest households. Rather than addressing the squeeze on the incomes of the poorest, this government has made the changes even more regressive. Those on the highest incomes are actually gaining from tax giveaways by this government. Men in the 10% richest households are £564 better off by 2020 as a result of tax and benefit changes since July 2015.”

**Runnymede Trust Director, Dr Omar Khan said**

“Evidence shows how Philip Hammond and George Osborne’s decisions have systematically disadvantaged women and ethnic minorities, especially ethnic minority women.

“The Chancellor has known that government economic policy has penalised sections in society since last autumn but he’s failed to take action. Just last week a government-commissioned report by Baroness Ruby McGregor-Smith showed that Britain is losing £24 billion every year, or 1.3% of GDP, because ethnic minorities are failing to progress in work.

“The failure of successive governments to prevent the waste of ethnic minority talent is a structural weakness as challenging as the decline in manufacturing or the impact of Brexit. The future of Britain is our diversity. With genuine equal opportunity for all we can prosper, but if we continue to hold women and ethnic minorities back then our competitiveness suffers, and so does everyone.”

**Notes to Editors**

1. The Women’s Budget Group (WBG) is an independent, not-for-profit think tank that has scrutinised the gender impact of social and economic policy decisions of successive governments for more than two decades.
2. WBG will be publishing a full response to the Budget on Thursday 23 March.
3. Calculations carried out using the Landman Economics Tax-Benefit Model. Taxes and benefit changes include all changes that can be allocated to households for which data is available (using the Family Resources Survey).

**Further information**

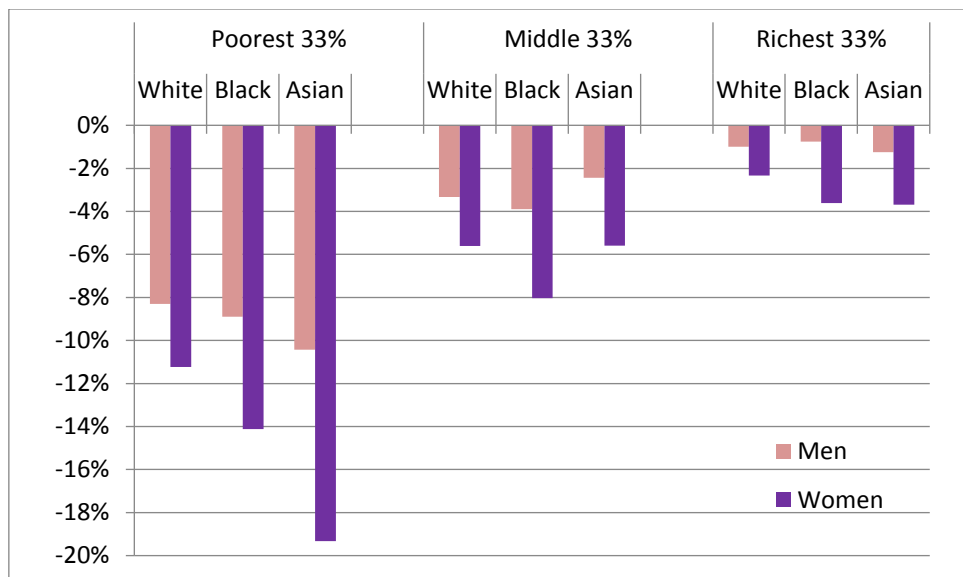
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## Appendix: Tables and Graphs

### Cumulative impact of tax and benefit changes, 2010-2020

**Graph 1: 2010-20 cumulative individual impact of changes in taxes and benefits (percentage of net individual income per annum by 2020) by household income groups, gender and ethnicity (selected)**



**Key to reading Graph 1:** By 2020, the cumulative effect of tax and benefit changes since 2010 on Asian women living in the poorest 33% of households will mean that their average individual income will be 19% lower than if the April 2010 tax and benefit system, including any already announced changes, had been carried through to 2020

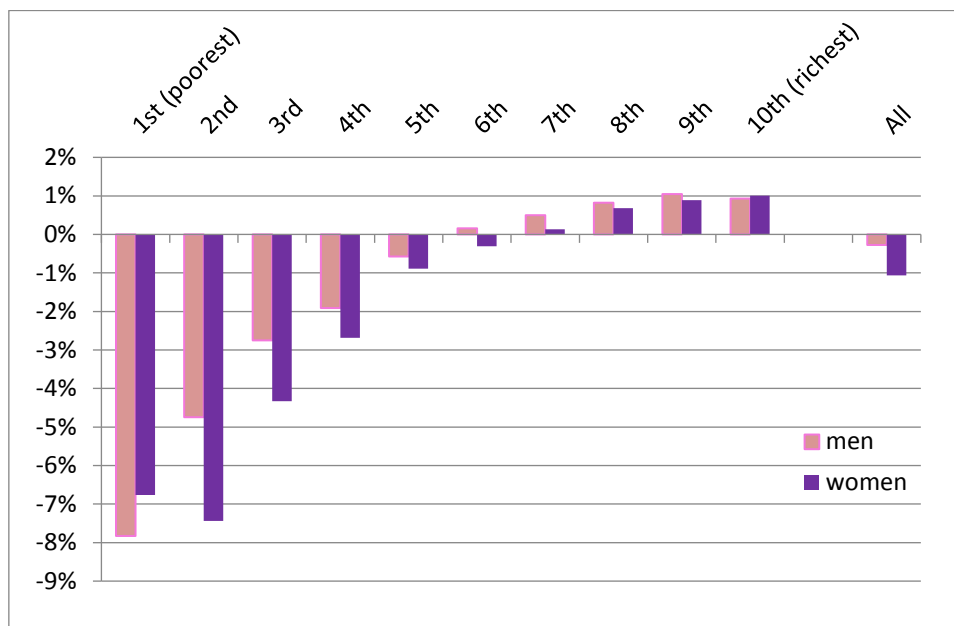
**Table 1: 2010-20 cumulative individual impact of changes in taxes and benefits (real-term £ per annum by 2020) by household income groups, gender and ethnicity (selected)**

		Men	Women
<b>Poorest</b>			
33%	White	-£1,159	-£1,459
	Black	-£1,152	-£2,030
	Asian	-£1,528	-£2,247
<b>Middle</b>			
33%	White	-£720	-£977
	Black	-£818	-£1,689
	Asian	-£575	-£1,006
<b>Richest</b>			
33%	White	-£410	-£658
	Black	-£315	-£1,255
	Asian	-£570	-£1,060

**Key to reading Table 1:** By 2020, the cumulative effect of tax and benefit changes since 2010 on Asian women living in the poorest 33% of households will mean that their average individual income will be £2,247 lower than if the April 2010 tax and benefit system, including any already announced changes, had been carried through to 2020

**Cumulative impact of tax and benefit changes by income and gender, 2015-2020**

**Graph 2: 2015-20 cumulative individual impact of changes in taxes and benefits (percentage of net individual income per annum by 2020) by household income decile and gender**



**Key to reading Graph 2:** By 2020, the cumulative effect of tax and benefit changes since 2015 on women in the second poorest 10% of households will reduce their individual income by 7.4% compared to if the tax and benefit system (including any already announced changes) as at April 2015 had been carried through to 2020.

**Table 2 2015-20 cumulative individual impact of changes in taxes and benefits (real term £ and percentage of net individual income per annum by 2020) by household income decile and gender**

	all	men	women	all	men	women
1st (poorest)	-7.3%	-7.8%	-6.8%	-£622	-£641	-£603
2nd	-6.1%	-4.7%	-7.4%	-£819	-£683	-£936
3rd	-3.5%	-2.8%	-4.3%	-£534	-£462	-£595
4th	-2.3%	-1.9%	-2.7%	-£376	-£346	-£403
5th	-0.7%	-0.6%	-0.9%	-£129	-£114	-£142
6th	-0.1%	0.2%	-0.3%	-£10	£35	-£53
7th	0.3%	0.5%	0.1%	£74	£125	£25
8th	0.8%	0.8%	0.7%	£191	£238	£144
9th	1.0%	1.0%	0.9%	£298	£367	£225
10th (richest)	1.0%	0.9%	1.0%	£478	£564	£385
All	-0.6%	-0.3%	-1.1%	-£136	-£71	-£199

**Key to reading Table 2:** By 2020, the cumulative effect of tax and benefit changes since 2015 on women living in the poorest 10% of households means that their average individual income will be £603 lower than if the April 2015 tax and benefit system, including any already announced changes, had been carried through to 2020. This equates to 6.8% of their net individual income.