

## TAXATION - FAIR SHARES?

This budget introduced a number of tax relief measures for P.A.Y.E. earners. The reliefs introduced are regressive as they give greater benefit to those on higher incomes. This regressive impact is compounded by the maintenance of discretionary allowances - mortgage interest relief and relief on V.H.I. and life assurance premiums - at their present levels. With each of these allowances the bigger your income the more you benefit. The underlying point here is that though the P.A.Y.E. sector as a whole carries more than its fair share of tax the same does not hold for each individual P.A.Y.E. taxpayer. Those on higher incomes have the greatest opportunities to reduce their tax liability through allowances and the budget does not change this.

In this budget P.A.Y.E. tax relief is not paid for by making other sectors pay their fair share of tax. The budget introduces some changes in the method of collecting tax from the self employed including farmers and from companies. So as a result of the budget we may hope that a greater proportion of the tax legally due from these sectors will actually get collected. It also adjusts corporation tax to make investment in jobs rather than capital relatively more attractive. However overall levels of tax to be levied on these sectors have hardly changed at all. In fact some companies notably high profit earners such as the banks will pay less tax as a result of the adjustments in corporation tax. Furthermore there has been no increase in taxation on wealth and property. The failure to broaden the tax base means the tax reliefs are in effect being paid for by increases in indirect taxation and by cutbacks in public services. But cutting services hits hardest at the less well off - those on welfare and lower wages. For many P.A.Y.E. taxpayers then, what is being given with one hand is being taken back with another. An equitable tax system is a just demand but this budget doesn't deliver on it. ●

