The UK tax system

Every tax, what it raises, the tax burden, frozen thresholds and where the money goes.

Figures as of: 22 September 2026

Generated on: 13 November 2026

Version: 13 November 2026. Earlier versions stay available at https://whereyourmoneygoes.co.uk/reports/

Live version: https://whereyourmoneygoes.co.uk/reports/#uk-tax-system

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Executive summary

The key figures from each part of this report, with the change on a year earlier where the source gives one.

Every UK tax, and what it raises

£937.8bn
Total HMRC receipts
+£79.1bn (+9.2%) vs 2024–25
2025–26

30.5%
HMRC receipts as a share of GDP
+1.4 points (+4.9%) vs 2024–25
2025–26

£326.9bn
Raised by income tax
+£24.1bn (+8.0%) vs 2024–25
2025–26

The overall tax burden

40.3%
Public sector receipts as a share of GDP
+0.9 points (+2.4%) vs 2021–22
2022–23

43.3%
The highest in the series, 1949–50
Series from 1900–01
As of 6 April 2022

34.4%
UK tax revenue as a share of GDP, OECD measure
−0.6 points (−1.7%) vs 2023
2024

Income tax

£326.9bn
Raised in 2025–26
+£24,133m (+8.0%) vs 2024–25

34.9%
Of everything HMRC collects
−0.4 pts (−1.1%) vs 2024–25
2025–26

10.63%
Of the whole economy (GDP)
+0.38 pts (+3.7%) vs 2024–25
2025–26

National Insurance

£200.8bn
Raised in 2025–26
+£28,311m (+16.4%) vs 2024–25

21.4%
Of everything HMRC collects
+1.3 pts (+6.6%) vs 2024–25
2025–26

6.53%
Of the whole economy (GDP)
+0.69 pts (+11.8%) vs 2024–25
2025–26

VAT

£179.9bn
Raised in 2025–26
+£8,867m (+5.2%) vs 2024–25

19.2%
Of everything HMRC collects
−0.7 pts (−3.7%) vs 2024–25
2025–26

5.85%
Of the whole economy (GDP)
+0.06 pts (+1.0%) vs 2024–25
2025–26

Stealth taxes

£42.3bn
Raised by the threshold freezes in 2026–27 (OBR estimate)
+£8.9bn (+26.6%) vs 2025–26
As of 1 March 2026

£12,570
Personal Allowance
Frozen since April 2021, until April 2031
As of 22 September 2026

4.88 million
Extra people paying income tax because of the freezes, 2026–27
+0.95m (+24.2%) vs 2025–26
As of 1 March 2026

Frozen thresholds, and what they cost

£12,570
Personal Allowance
Frozen since April 2021, until April 2031
As of 22 September 2026

£16,070
Where the Personal Allowance would be in 2026–27 had it risen with inflation
OBR estimate
As of 1 March 2026

£42.3bn
Raised by the threshold freezes in 2026–27 (OBR estimate)
+£8.9bn (+26.6%) vs 2025–26
As of 1 March 2026

Taxes over a lifetime

£15,960
Fees and fines over the illustrative life
At today's prices; every count is an assumption, shown below
As of 22 September 2026

£979
Extra tax a year from frozen thresholds at £35,000
Against thresholds that had risen with inflation
2026–27

£12,570
Personal Allowance: income tax starts above it
Frozen since 2021
As of 22 September 2026

For every £100 of tax

£33.20
Of every £100 spent goes on social protection, including the state pension
+£0.13 (+0.4%) vs 2024–25
2025–26

£21.00
Of every £100 spent goes on health
+£0.25 (+1.2%) vs 2024–25
2025–26

£10.60
Of every £100 spent goes on debt interest
−£0.23 (−2.1%) vs 2024–25
2025–26

Every UK tax, and what it raises

Every tax · Last updated 13 November 2026 · https://whereyourmoneygoes.co.uk/all-uk-taxes/

HMRC collected **£937.8bn** in the most recent financial year. Three taxes account for about 75% of it: Income tax (£326.9bn), National Insurance (£200.8bn), VAT (£179.9bn). Everything else on this page, from fuel duty to the plastic packaging tax, shares the remainder. Figures are HMRC's own annual receipts table.

Key figures

£937.8bn
Total HMRC receipts
+£79.1bn (+9.2%) vs 2024–25
2025–26

30.5%
HMRC receipts as a share of GDP
+1.4 points (+4.9%) vs 2024–25
2025–26

£326.9bn
Raised by income tax
+£24.1bn (+8.0%) vs 2024–25
2025–26

£200.8bn
Raised by National Insurance
+£28.3bn (+16.4%) vs 2024–25
2025–26

£179.9bn
Raised by VAT
+£8.9bn (+5.2%) vs 2024–25
2025–26

The short version

- **By what is taxed:** in 2025–26, 57% came from earnings, 27% from spending, 5% from property, shares and gains, 1% from estates and 11% from companies and other receipts.
- **The biggest rise:** National Insurance raised £28.3bn more than in 2024–25, up 16.4%.
- **Against the economy:** HMRC's receipts were 30.5% of GDP; the wider public sector measure, which adds council tax and business rates, was 40.3% in 2022–23.
- **A long tail:** 11 of the 32 taxes and receipts raise under £1bn each, £4.4bn between them.
- **Not in the total:** council tax, business rates, Vehicle Excise Duty, TV licence fee, which HMRC does not collect.

How much tax is collected in total?

One measure throughout this page: HMRC's cash receipts by financial year, outturn, from its annual receipts table. Every figure below is a column of that table, and together they add to its total (£937.8bn in 2025–26) to within 3 million pounds of HMRC's own rounding. The public sector share of GDP beside it is a different, wider measure (the National Accounts), which also counts council tax, business rates and non-tax receipts. How the parts are reconciled to the total.

What does each tax raise?

An interactive map or explorer appears here on the live page.

Every tax and receipt in Total HMRC receipts, 2025–26. Indented rows are parts of the tax above them.

Tax or receipt	Part of	Category	Raised	Share of total	Change on the year	Real-terms change
Income tax		What you earn	£327bn	35%	+£24.1bn (+8.0%)	+4.5%
National Insurance		What you earn	£201bn	21%	+£28.3bn (+16.4%)	+12.6%
Employer (Class 1 secondary)	National Insurance	What you earn	£144bn	15%	+£27.8bn (+24.0%)	+20.0%
Employee (Class 1 primary)	National Insurance	What you earn	£49.4bn	5.3%	+£1.3bn (+2.8%)	−0.5%

Tax or receipt	Part of	Category	Raised	Share of total	Change on the year	Real-terms change
Self-employed (Class 2 and 4)	National Insurance	What you earn	£2.6bn	0.28%	−£1.2bn (−31.2%)	−33.5%
Other NICs	National Insurance	What you earn	£4.9bn	0.52%	+£319m (+7.0%)	+3.5%
Apprenticeship Levy		What you earn	£4.4bn	0.47%	+£291m (+7.1%)	+3.6%
VAT		What you buy	£180bn	19%	+£8.9bn (+5.2%)	+1.8%
Fuel duty		What you buy	£24.6bn	2.6%	+£198m (+0.8%)	−2.5%
Alcohol duties		What you buy	£12.4bn	1.3%	−£181m (−1.4%)	−4.6%
Spirits	Alcohol duties	What you buy	£4.1bn	0.43%	−£84m (−2.0%)	−5.2%
Wine	Alcohol duties	What you buy	£4.6bn	0.49%	−£113m (−2.4%)	−5.6%
Beer	Alcohol duties	What you buy	£3.5bn	0.37%	−£59m (−1.7%)	−4.9%
Cider	Alcohol duties	What you buy	£296m	0.03%	+£75m (+33.9%)	+29.6%
Insurance Premium Tax		What you buy	£9.0bn	0.96%	+£154m (+1.7%)	−1.6%
Tobacco duty		What you buy	£7.6bn	0.81%	−£360m (−4.5%)	−7.6%
Customs duties		What you buy	£5.0bn	0.53%	+£76m (+1.6%)	−1.7%
Air Passenger Duty		What you buy	£4.6bn	0.49%	+£493m (+12.0%)	+8.3%
Betting and gaming duties		What you buy	£3.8bn	0.41%	+£215m (+5.9%)	+2.5%
Climate Change Levy		What you buy	£1.8bn	0.19%	−£2m (−0.1%)	−3.4%
Landfill Tax		What you buy	£623m	0.07%	+£137m (+28.2%)	+24.0%
Aggregates Levy		What you buy	£369m	0.04%	+£10m (+2.8%)	−0.5%
Soft Drinks Industry Levy		What you buy	£354m	0.04%	+£27m (+8.3%)	+4.7%
Plastic Packaging Tax		What you buy	£256m	0.03%	+£3m (+1.2%)	−2.1%
Capital gains tax		What you own	£24.3bn	2.6%	+£10.6bn (+77.6%)	+71.9%
Stamp Duty Land Tax		What you own	£15.2bn	1.6%	+£1.3bn (+9.2%)	+5.7%
Stamp duty on shares		What you own	£4.7bn	0.50%	+£414m (+9.6%)	+6.0%
Annual Tax on Enveloped Dwellings		What you own	£139m	0.01%	+£6m (+4.5%)	+1.1%
Inheritance tax		What you leave	£8.5bn	0.90%	+£218m (+2.6%)	−0.7%
Corporation tax		Companies and other receipts	£95.1bn	10%	+£4.2bn (+4.6%)	+1.2%
Onshore	Corporation tax	Companies and other receipts	£92.9bn	9.9%	+£3.9bn (+4.4%)	+1.0%
Offshore (North Sea)	Corporation tax	Companies and other receipts	£2.2bn	0.24%	+£248m (+12.6%)	+9.0%
Energy Profits Levy		Companies and other receipts	£2.6bn	0.27%	−£293m (−10.3%)	−13.2%
Bank Levy		Companies and other receipts	£1.4bn	0.15%	+£122m (+9.2%)	+5.7%
Bank Surcharge		Companies and other receipts	£1.2bn	0.12%	+£196m (+20.1%)	+16.2%
Penalties		Companies and other receipts	£996m	0.11%	+£170m (+20.6%)	+16.7%
Digital Services Tax		Companies and other receipts	£944m	0.10%	+£136m (+16.8%)	+13.0%
Diverted Profits Tax		Companies and other receipts	£604m	0.06%	+£499m (+475.2%)	+456.6%
Residential Property Developer Tax		Companies and other receipts	£89m	0.01%	−£13m (−12.7%)	−15.6%
Electricity Generator Levy		Companies and other receipts	£41m	0.00%	−£708m (−94.5%)	−94.7%

Tax or receipt	Part of	Category	Raised	Share of total	Change on the year	Real-terms change
Economic Crime Levy		Companies and other receipts	£21m	0.00%	+£5m (+31.3%)	+27.0%
Miscellaneous receipts		Companies and other receipts	not available	—	not available	—
Bank payroll tax		Companies and other receipts	not available	—	not available	—
Swiss Capital Tax		Companies and other receipts	not available	—	not available	—
Petroleum Revenue Tax		Companies and other receipts	−£443m	-0.05%	−£93m (−26.6%)	−22.5%

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The 32 taxes and receipts add to £937.8bn; HMRC's published total for 2025–26 is £937.8bn. The −£3m difference is rounding in HMRC's table.

Penalties are not a tax, but HMRC counts them in its total, so they are shown as a receipt of their own. Petroleum Revenue Tax is negative: older North Sea fields are repaid tax for decommissioning.

What is being taxed?

Taxes on what people earn bring in 56.7% of the total and taxes on what they buy 26.7%; taxes on what they own and leave raise 5.6% between them.

Share of HMRC receipts by what is being taxed, 2025–26



What you earn

£532.2bn in 2025–26, 56.7% of the total, across 3 taxes and receipts.

What you earn: each tax and receipt, 2025–26

Tax or receipt	A year	Share of the total
Income tax	£326.9bn	34.9%
National Insurance	£200.8bn	21.4%
Apprenticeship Levy	£4.4bn	0.5%

What you buy

£250.3bn in 2025–26, 26.7% of the total, across 13 taxes and receipts.

What you buy: each tax and receipt, 2025–26

Tax or receipt	A year	Share of the total
VAT	£179.9bn	19.2%
Fuel duty	£24.6bn	2.6%
Alcohol duties	£12.4bn	1.3%
Insurance Premium Tax	£9.0bn	1.0%
Tobacco duty	£7.6bn	0.8%
Customs duties	£5.0bn	0.5%
Air Passenger Duty	£4.6bn	0.5%
Betting and gaming duties	£3.8bn	0.4%
Climate Change Levy	£1.8bn	0.2%
Landfill Tax	£623m	0.1%
Aggregates Levy	£369m	0.0%
Soft Drinks Industry Levy	£354m	0.0%
Plastic Packaging Tax	£256m	0.0%

What you own

£44.3bn in 2025–26, 4.7% of the total, across 4 taxes and receipts.

What you own: each tax and receipt, 2025–26

Tax or receipt	A year	Share of the total
Capital gains tax	£24.3bn	2.6%
Stamp Duty Land Tax	£15.2bn	1.6%
Stamp duty on shares	£4.7bn	0.5%
Annual Tax on Enveloped Dwellings	£139m	0.0%

What you leave

£8.5bn in 2025–26, 0.9% of the total, across 1 tax and receipts.

What you leave: each tax and receipt, 2025–26

Tax or receipt	A year	Share of the total
Inheritance tax	£8.5bn	0.9%

Companies and other receipts

£102.5bn in 2025–26, 10.9% of the total, across 11 taxes and receipts.

Companies and other receipts: each tax and receipt, 2025–26

Tax or receipt	A year	Share of the total
Corporation tax	£95.1bn	10.1%
Energy Profits Levy	£2.6bn	0.3%
Bank Levy	£1.4bn	0.2%
Bank Surcharge	£1.2bn	0.1%
Penalties	£996m	0.1%
Digital Services Tax	£944m	0.1%
Diverted Profits Tax	£604m	0.1%
Residential Property Developer Tax	£89m	0.0%
Electricity Generator Levy	£41m	0.0%
Economic Crime Levy	£21m	0.0%
Petroleum Revenue Tax	£-443m	-0.0%

What is not on this list?

These are compulsory charges that HMRC does not collect, so they are not in its receipts table and are not added to the total above. Adding them would mix two measures; each has a page of its own.

- Council tax: Set and collected by councils, not HMRC.
- Business rates: Collected by councils and pooled by the Treasury, not HMRC.
- Vehicle Excise Duty: Collected by the DVLA, not HMRC.
- TV licence fee: Collected by the BBC.

The TV licence fee is paid into the Consolidated Fund and matched by a grant back to the BBC from DCMS. It has a page because it is a compulsory household charge, not because it belongs in this table.

Where does it go?

Almost none of it is earmarked. For every £100 of tax shows what public spending actually buys, and the overall tax burden puts today's level in three centuries of context.

Every page in every tax

On pay

- Income tax A tax on what you earn, charged in slices, with the first slice free and each slice above it taxed at a higher rate. Raised £326.9bn, 34.9% of all tax. £326.9bn Income tax raised, 2025–26
- National Insurance A second tax on earnings, paid by employees, employers and the self-employed, which buys a record of contributions towards the state pension. Raised £200.8bn, 21.4% of all tax. £200.8bn National Insurance raised, 2025–26
- Student loan repayments Thresholds, interest and write-off by plan, and whether a student loan works like a graduate tax. 9% Of income above £29,385, Plan 2

On spending

- VAT A tax on most spending, charged at 20% on the standard rate, collected by businesses at every stage and ultimately paid by whoever buys the finished thing. Raised £179.9bn, 19.2% of all tax. £179.9bn VAT raised, 2025–26
- Fuel duty: the rate, and how it got there Fuel duty is 52.95p a litre, frozen until at least 31 December 2026, with the full rate history. 52.95p UK fuel duty, per litre
- Alcohol duties A duty on alcoholic drinks, charged by the amount of pure alcohol in them, with VAT then charged on top of the duty. Raised £12.4bn, 1.3% of all tax. £12.4bn Alcohol duties raised, 2025–26
- Tobacco duty A duty on tobacco products, charged as both a percentage of the retail price and a flat amount per thousand cigarettes, with a minimum floor. Raised £7.6bn, 0.8% of all tax. £7.6bn Tobacco duty raised, 2025–26
- Insurance Premium Tax A tax on general insurance premiums, charged instead of VAT, which insurance is exempt from. Raised £9.0bn, 1.0% of all tax. £9.0bn Insurance Premium Tax raised, 2025–26
- Air Passenger Duty A per-passenger duty on flights departing UK airports, rising with distance and class of travel. Raised £4.6bn, 0.5% of all tax. £4.6bn Air Passenger Duty raised, 2025–26
- Soft Drinks Industry Levy A charge on producers of sugary soft drinks, set at two levels depending on sugar content, designed to make them reformulate rather than to raise money. Raised £354m, 0.0% of all tax. £354m Soft Drinks Industry Levy raised, 2025–26
- Betting and gaming duties A group of separate duties on bookmakers, casinos, online gaming, bingo, gaming machines and the National Lottery. Raised £3.8bn, 0.4% of all tax. £3.8bn Betting and gaming duties raised, 2025–26
- Landfill Tax A tax per tonne of waste sent to landfill, charged on the operator of the site. Raised £623m, 0.1% of all tax. £623m Landfill Tax raised, 2025–26

- Plastic Packaging Tax A charge per tonne on plastic packaging containing less than 30% recycled plastic, aimed at creating demand for recycled material. Raised £256m, 0.0% of all tax. £256m Plastic Packaging Tax raised, 2025–26
- Climate Change Levy A tax on the energy that businesses and the public sector use, charged per unit supplied. Raised £1.8bn, 0.2% of all tax. £1.8bn Climate Change Levy raised, 2025–26

On property and wealth

- Stamp Duty Land Tax A tax on buying property, charged in slices of the purchase price, with different systems in Scotland and Wales. Raised £15.2bn, 1.6% of all tax. £15.2bn Stamp Duty Land Tax raised, 2025–26
- Capital gains tax A tax on the profit when you sell something that has gone up in value, not on the sale price itself. Raised £24.3bn, 2.6% of all tax. £24.3bn Capital gains tax raised, 2025–26
- Inheritance tax A 40% tax on the part of an estate above the nil-rate band, paid by the estate before anything is passed on. Raised £8.5bn, 0.9% of all tax. £8.5bn Inheritance tax raised, 2025–26
- Vehicle Excise Duty, or "road tax" An annual charge for keeping a vehicle on a public road, set by emissions for newer cars and by engine size for the oldest.

Hidden and stealth taxes

- Stealth taxes How tax rises without a headline rate rising: freezes, cut allowances, hidden marginal rates and taxes in prices. £42bn Raised by frozen thresholds in 2026–27
- Frozen thresholds, and what they cost 12 thresholds held in cash, what they would be had they risen with prices, and what the freezes raise. £12,570 Personal Allowance, frozen 2021 to 2031
- What frozen thresholds cost a household The extra income tax and National Insurance the freezes cost at four salaries, with the method shown. £979 A year, for someone earning £35,000
- Hidden marginal tax rates The 60% band, the child benefit charge, the universal credit taper and student loans, stacked on income tax. 62% Lost from each extra pound between £100,000 and £125,140
- Cut allowances: capital gains, dividends and savings The capital gains, dividend and savings allowances: what each is now, what it was, and who pays more. £3,000 Capital gains tax allowance
- Taxes hidden in prices £176.0bn a year in taxes collected from businesses and built into prices and pay. £176bn A year in taxes collected from businesses and passed on
- Taxes you pay indirectly Taxes charged on businesses that reach households anyway, through higher prices, lower wages or smaller pension pots. Raised £95.1bn, 10.1% of all tax. £95.1bn Taxes you pay indirectly raised, 2025–26

The big picture

- The overall tax burden Receipts are 40.3% of GDP, against a peak of 43.3% in 1949–50. 40.3% Public sector receipts as a share of GDP
- Taxes over a lifetime Every tax, fee and fine one illustrative person meets, from first payslip to estate. A lifetime Every tax one person meets
- When a tax rise stops raising money Tobacco duty per cigarette up 247.6%, cigarettes taxed down 75.1%, real receipts 46.3% below their 2011–12 peak. -46.3% Real tobacco duty receipts since 2011–12

Common questions

- **How much tax does the UK collect?** HMRC collected £937.8bn in the latest financial year. Council tax and business rates are collected locally and are not in that figure.
- **Which tax raises the most?** Income tax, at £326.9bn, or 34.9% of all HMRC receipts.

The overall tax burden

Every tax · Last updated 13 November 2026 · https://whereyourmoneygoes.co.uk/the-tax-burden/

Public sector current receipts are **40.3% of GDP**. The highest was 43.3% in 1949–50, so today is below the peak but high by historical standards. The series comes from the OBR's historical public finances database and runs from 1900–01. It is a National Accounts measure, so it is wider than HMRC's own receipts: it includes council tax, business rates and other public sector income.

Key figures

40.3%
Public sector receipts as a share of GDP
+0.9 points (+2.4%) vs 2021–22
2022–23

43.3%
The highest in the series, 1949–50
Series from 1900–01
As of 6 April 2022

34.4%
UK tax revenue as a share of GDP, OECD measure
−0.6 points (−1.7%) vs 2023
2024

34.1%
OECD average, same measure
The UK is 9th highest of the 11 countries compared here
2024

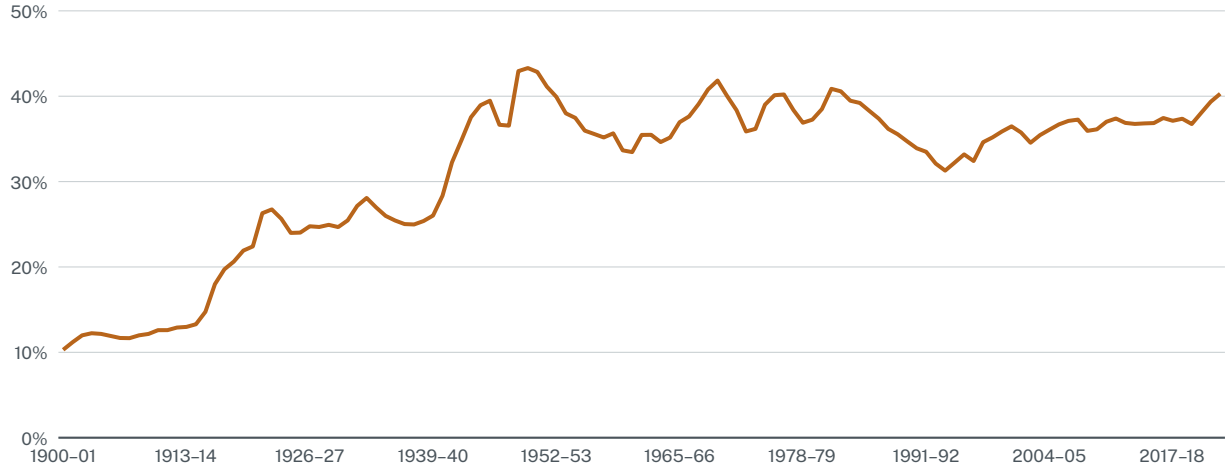
30.5%
HMRC receipts alone, as a share of GDP
+1.4 points (+4.9%) vs 2024–25
2025–26

The short version

- **The shape is war:** receipts rose through both world wars and never returned to pre-war levels; the welfare state and the NHS were built on that higher base.
- **Against other countries:** on the OECD's measure the UK raised 34.4% of GDP in 2024, above the 34.1% OECD average and well below Denmark, the highest of the countries compared, at 45.2%.
- **The recent rise:** threshold freezes since 2021 have raised the burden without any headline rate going up.
- **Read the measure:** the three standard measures differ by several points of GDP, and a share of GDP also rises when the economy shrinks.

How does today compare with the past?

Public sector receipts as a share of GDP, 1900–01 to 2022–23



Line chart of UK public sector current receipts as a percentage of GDP from 1900–01 to 2022–23. It rises sharply through both world wars, stays high after 1945, and peaked at 43.3% in 1949–50. The latest figure is 40.288%.

The shape of that line is mostly war and its aftermath. Receipts were a small fraction of the economy before 1914, rose sharply through the First World War, fell back, rose again through the Second, and never returned to pre-war levels. The modern welfare state and the NHS were built on that higher base and have held it there.

What has moved it?

These are the events that changed the level, not just the trend.

- **1914–18:** The First World War. Income tax rates multiply and the base widens far beyond the wealthy.
- **1939–45:** The Second World War. PAYE is introduced in 1944 to collect from a mass workforce.
- **1948:** The NHS and the modern welfare state lock in a permanently higher level of spending, and therefore receipts.
- **1979:** A deliberate shift from taxing income to taxing spending: income tax rates cut, VAT nearly doubled.
- **1990–93:** The poll tax is introduced and abandoned; council tax replaces it.
- **2008–10:** The financial crisis. Receipts fall as a share of GDP as the economy contracts, then are rebuilt.
- **2021–28:** Threshold freezes raise the burden without any headline rate rising. See frozen thresholds.

What should you be careful about when reading it?

Definitions move the answer. "Tax burden" can mean HMRC receipts, National Accounts taxes, or all public sector current receipts. They differ by several percentage points of GDP. A claim that the burden is at a record high is usually true on one measure and arguable on another, so this page names the measure every time.

A share of GDP is a ratio. It rises when tax rises and also when the economy shrinks. The sharp moves around 2008 and 2020 are as much about the denominator as the numerator.

How does it compare with other countries?

In 2024 the UK raised 34.4% of GDP in tax on the OECD's measure, 9th of the 11 countries compared here, above the OECD average of 34.1%.

This is a different measure again from the one charted above: the OECD counts tax revenue for general government on its own classification, so that a country which funds health through social security contributions is compared like for like with one that funds it from income tax. Over the last 35 years the UK figure has moved from 32.9% in 1990 to 34.4% in 2024 .

Total tax revenue as a share of GDP, 2024



The countries are the ones this site compares throughout, chosen to span the range rather than to make a point: France and the Nordic countries tax more than the UK, the United States and Ireland much less.

Is it too high?

The case that it is too high

- It is at or near its highest sustained level outside wartime.
- Much of the rise came from frozen thresholds rather than an argued-for rate rise.
- Higher taxes on work and investment reduce the growth that would raise revenue anyway.
- A larger state crowds out private decisions about how money is spent.

The case that it is not

- The UK raises less as a share of GDP than France, Germany or the Nordic countries.
- An ageing population raises health and pension costs whoever is in office.
- Lower receipts mean either more borrowing or fewer services, and both have costs.
- The level reflects what the public consistently says it wants from the state.

Common questions

- **Is the UK tax burden the highest it has ever been?** Public sector receipts are 40.3% of GDP, against a peak of 43.3% in 1949–50. Whether today counts as a record depends on which of the three standard measures is used, which is why this page names it.
- **How does the UK compare with other countries?** The UK raises less as a share of GDP than France, Germany, Italy or the Nordic countries, and more than the United States, Ireland or Switzerland. It sits around the middle of the OECD.

Income tax

Every tax · Last updated 13 November 2026 · https://whereyourmoneygoes.co.uk/income-tax/

A tax on what you earn, charged in slices, with the first slice free and each slice above it taxed at a higher rate. Anyone with income above the Personal Allowance: employees, the self-employed, pensioners, landlords and savers. Around 37 million people pay it. It raised **£326.9bn** in 2025–26, which is 34.9% of everything HMRC collects and 10.63% of the economy. That is up £24.1bn (8.0%) on the year before.

Key figures

£326.9bn
Raised in 2025–26
+£24,133m (+8.0%) vs 2024–25

34.9%
Of everything HMRC collects
−0.4 pts (−1.1%) vs 2024–25
2025–26

10.63%
Of the whole economy (GDP)
+0.38 pts (+3.7%) vs 2024–25
2025–26

Record
The most it has raised in real terms since 2006–07
Adjusted for inflation with the GDP deflator
As of 6 April 2025

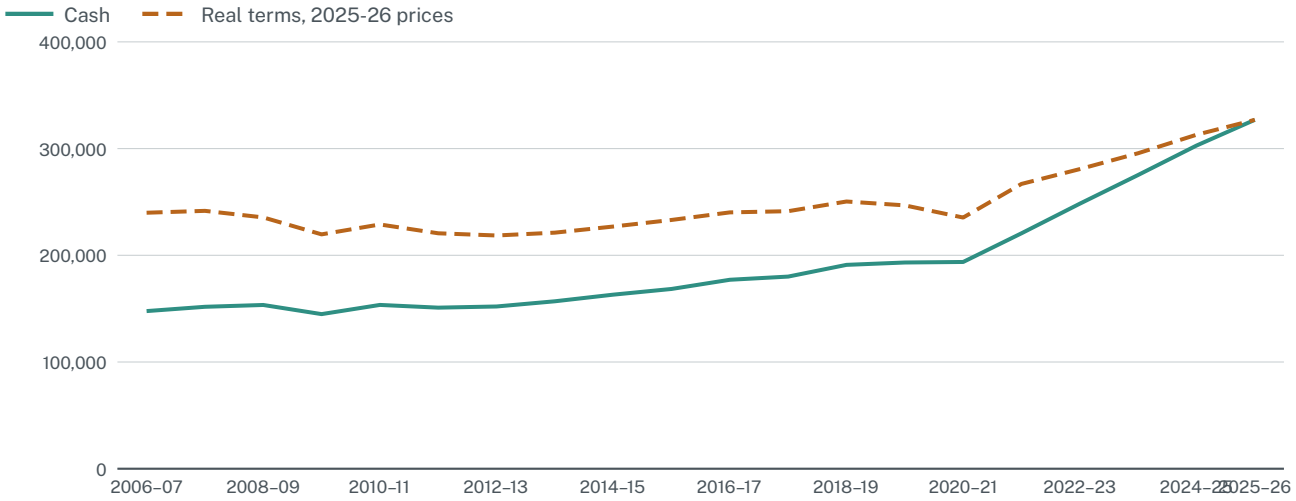
£12,570
Personal Allowance, tax-free
Frozen since 6 April 2021, until 5 April 2031

The short version

- **How big:** £326.9bn in 2025–26, 34.9% of everything HMRC collects; after inflation, 40% more than in 2015–16.
- **Someone earning £35,000:** That is 12.8% of the salary, not 20%. The headline rate is the rate on the last pound, never on the whole.
- **Latest change, 2021:** The Personal Allowance and higher-rate threshold are frozen.
- **Where it goes:** Nowhere in particular, like almost every tax: it is not earmarked.
- **The argument:** It is the most progressive major tax: those with more income pay a higher share of it; against that, it taxes work rather than wealth, so two people with the same living standards can pay very different amounts.

How much does it raise?

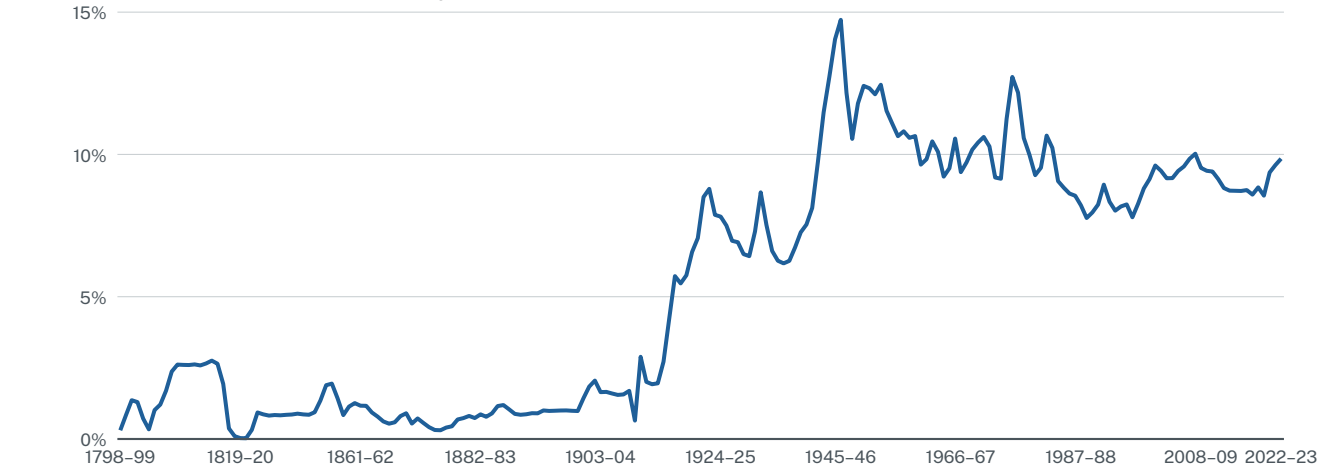
Income tax receipts, cash and real terms



Line chart of Income tax receipts from 2006–07 to 2025–26. In cash terms they went from £147.7bn to £326.9bn. In real terms they peaked in 2025–26 and are 0% from that peak.

It raised more than the year before, but the other taxes grew faster, so its share of the total fell.

Income tax as a share of the economy, 1798–99 to 2022–23



Line chart of Income tax as a percentage of GDP from 1798–99 to 2022–23, moving from 0.306% to 9.849%.

Real terms use HM Treasury's GDP deflator, rebased to 2025-26 prices. That is the measure the Treasury and the OBR use for public finances; the consumer price index is the right one for a shopping basket, not for the size of the state.

How does it work?

Income tax works in bands, and this is the single most misunderstood thing about it. Moving into a higher band does not mean your whole income is taxed at the higher rate. Only the part of your income inside that band is.

Everyone starts with a Personal Allowance, which is taxed at nothing. Income above it is taxed at the basic rate, then the higher rate, then the additional rate as it passes each threshold.

There is one genuine cliff. Once income passes £100,000 the Personal Allowance is withdrawn by £1 for every £2 above it, so income between £100,000 and £125,140 is effectively taxed at 60%: the 40% band rate plus the 40% charged on the allowance you are losing. It is the highest marginal rate in the system, and it sits in the middle of the income scale rather than at the top.

The bands for 2026-27, outside Scotland:

Income tax bands, 2026-27, England, Wales and Northern Ireland

Band	Income	Rate
Personal Allowance	£0 to £12,570	0%
Basic rate	£12,571 to £50,270	20%
Higher rate	£50,271 to £125,140	40%
Additional rate	over £125,140	45%

The Personal Allowance falls by £1 for every £2 of income over £100,000, and is gone at £125,140.

Employees pay through PAYE, deducted before the money reaches them. The self-employed and those with other income pay through Self Assessment, after the fact. That timing difference is why the same tax feels very different depending on how you are paid.

Someone earning £35,000

Someone earning £35,000

Step	Amount	Note
Salary	£35,000	
Personal Allowance, taxed at 0%	£12,570	no tax on this part
Taxed at the basic rate of 20%	£22,430	£35,000 minus the allowance
Income tax due	£4,486	

That is 12.8% of the salary, not 20%. The headline rate is the rate on the last pound, never on the whole.

How has it changed?

Top rate of income tax

From	Rate
1978	83%
1979	60%
1988	40%
2010	50%
2013	45%
2026	45%

Income tax thresholds each tax year

Tax year	Personal Allowance	Higher-rate threshold	Additional-rate threshold
2010–11	£6,475	£43,875	£150,000
2011–12	£7,475	£42,475	£150,000
2012–13	£8,105	£42,475	£150,000
2013–14	£9,440	£41,450	£150,000
2014–15	£10,000	£41,865	£150,000
2015–16	£10,600	£42,385	£150,000
2016–17	£11,000	£43,000	£150,000
2017–18	£11,500	£45,000	£150,000
2018–19	£11,850	£46,350	£150,000
2019–20	£12,500	£50,000	£150,000
2020–21	£12,500	£50,000	£150,000
2021–22	£12,570	£50,270	£150,000
2022–23	£12,570	£50,270	£150,000
2023–24	£12,570	£50,270	£125,140
2024–25	£12,570	£50,270	£125,140
2025–26	£12,570	£50,270	£125,140
2026–27	£12,570	£50,270	£125,140

How it got here, and why each change was made:

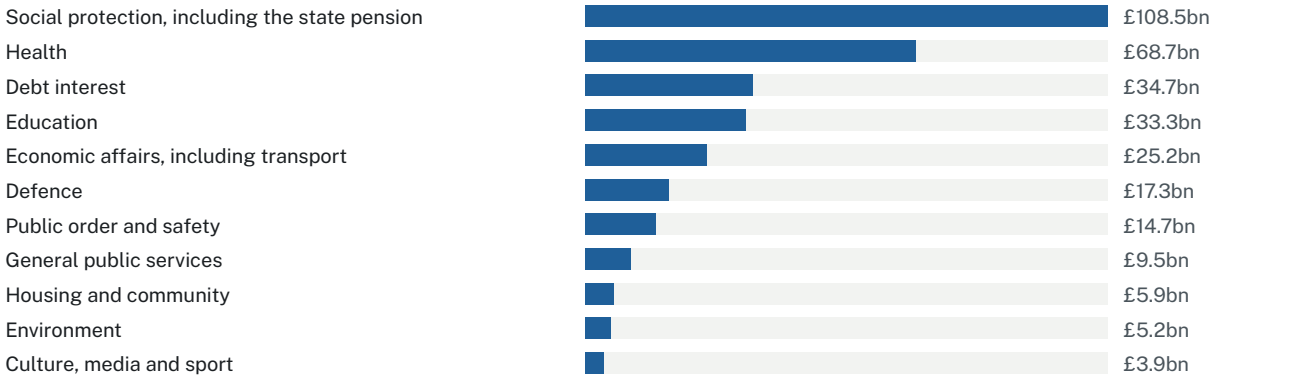
- **1799:** William Pitt the Younger introduces income tax to pay for the war against France. It is explicitly temporary, and is repealed in 1802.
- **1803:** Reintroduced when war resumes, and repealed again in 1816 to public celebration. Parliament orders the records burned.
- **1842:** Peel brings it back, again as a temporary measure to cover a deficit, and it has been renewed every year since. It is still formally annual: the Finance Act has to re-impose it each year.
- **1944:** PAYE begins, so tax is deducted before wages are paid rather than demanded afterwards. It made mass income taxation administratively possible.
- **1979:** The top rate is cut from 83% to 60% and the basic rate from 33% to 30%, paid for partly by nearly doubling VAT.
- **1988:** The top rate is cut to 40% and the many higher bands collapsed into one.
- **2010:** A 50% additional rate is introduced above £150,000, and the Personal Allowance begins to be withdrawn above £100,000, creating the 60% band.
- **2013:** The additional rate is cut to 45%.
- **2017:** Scotland begins setting its own rates and bands on earned income.
- **2021:** The Personal Allowance and higher-rate threshold are frozen. The freeze has since been extended and now runs to April 2031, pulling millions more people into tax and into the higher rate without any rate changing.

Where does the money go?

Nowhere in particular. Income tax is not earmarked. It goes into the Consolidated Fund with almost every other tax and is spent on whatever the government of the day decides. Anyone who tells you a particular tax "pays for" a particular service is describing an illustration, not a rule.

Because it is not earmarked, the only honest way to show what it pays for is by proportion. If income tax receipts of £326.9bn were spent in the same proportions as all public spending in 2025-26, they would break down like this. It is an illustration of scale, not a statement about where those particular pounds went.

If £326.9bn of income tax were spent like all public money in 2025-26



Spending shares from HM Treasury's Public Expenditure Statistical Analyses. An illustration of scale, not where these particular pounds went.

See for every £100 of tax for the full picture.

Is it different where I live?

Scottish income tax bands on earned income, 2026-27

Band	Income	Rate
Personal Allowance	£0 to £12,570	0%
Starter rate	£12,571 to £16,537	19%
Basic rate	£16,538 to £29,526	20%
Intermediate rate	£29,527 to £43,662	21%
Higher rate	£43,663 to £75,000	42%
Advanced rate	£75,001 to £125,140	45%
Top rate	over £125,140	48%

Scotland

Scotland sets its own rates and bands on earned income, and has six rates rather than three. Scottish taxpayers earning under about £30,000 pay slightly less than they would elsewhere in the UK; above that they pay more, and the gap widens with income. Savings and dividend income is still taxed at the rest-of-UK rates, so a Scottish taxpayer can face two different regimes in one tax return.

Wales

Wales has the power to vary income tax rates by up to 10p in each band but has not used it. Welsh rates have matched England and Northern Ireland since the power was devolved in 2019.

Does it change what people do?

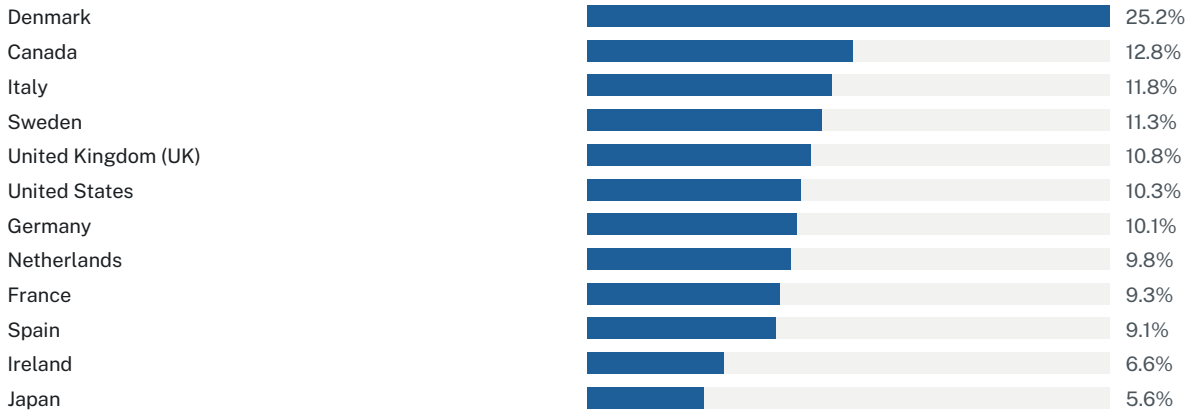
The 50p rate introduced in 2010 and cut in 2013 is the most studied UK case. HMRC found a large drop in declared income at the top when the rate rose, but most of it was people bringing income forward to beat the change rather than earning less. How much revenue the rate raised over the long run remains genuinely disputed, and the honest answer is that the estimate depends heavily on an assumption that cannot be measured directly.

When a tax rise stops raising money looks at the cases where the effect has been large enough to move the revenue.

How does that compare with other countries?

In 2024 the UK raised 10.8% of GDP this way: fifth of the 12 countries compared here.

Revenue from this heading as a share of GDP, 2024



The UK's top rate is close to the OECD average, but it starts at a lower multiple of average earnings than in most comparable countries, so more people reach it. The UK also relies more on income tax and less on social security contributions than most of Europe.

The OECD heading covers all taxes on the income and capital gains of individuals, so for the UK it is income tax and capital gains tax together.

Countries are those this site compares throughout, not the whole OECD, and a country appears only where it reports this heading for 2024.

What are the arguments?

The case for income tax as the main tax

- It is the most progressive major tax: those with more income pay a higher share of it.
- It raises more than any other single tax, which makes it hard to replace.
- PAYE makes it cheap to collect and difficult to avoid for most people.
- Rates and thresholds are visible and debated, unlike many charges buried in prices.

The case against relying on it so heavily

- It taxes work rather than wealth, so two people with the same living standards can pay very different amounts.
- The 60% band between £100,000 and £125,140 is an accident of design that almost nobody defends.
- Freezing thresholds raises tax every year without a vote on a rate.
- A narrow base: the top 1% pay around 29% of it, which makes revenue volatile.

Both columns are set out as their strongest case, not as a preferred answer and a strawman. See how this site handles contested questions.

Common questions

- **How much income tax do I pay?** A tax on what you earn, charged in slices, with the first slice free and each slice above it taxed at a higher rate. Anyone with income above the Personal Allowance: employees, the self-employed, pensioners, landlords and savers. Around 37 million people pay it.
- **How much does income tax raise?** £326.9bn in 2025–26, which is 34.9% of everything HMRC collects.
- **Where does income tax go?** Nowhere in particular. Income tax is not earmarked. It goes into the Consolidated Fund with almost every other tax and is spent on whatever the government of the day decides. Anyone who tells you a particular tax "pays for" a particular service is describing an illustration, not a rule.

National Insurance

Every tax · Last updated 13 November 2026 · https://whereyourmoneygoes.co.uk/national-insurance/

A second tax on earnings, paid by employees, employers and the self-employed, which buys a record of contributions towards the state pension. Employees earning above the primary threshold, their employers, and the self-employed on their profits. People over state pension age stop paying it on earnings; employers do not. It raised **£200.8bn** in 2025–26, which is 21.4% of everything HMRC collects and 6.53% of the economy. That is up £28.3bn (16.4%) on the year before.

Key figures

£200.8bn
Raised in 2025–26
+£28,311m (+16.4%) vs 2024–25

21.4%
Of everything HMRC collects
+1.3 pts (+6.6%) vs 2024–25
2025–26

6.53%
Of the whole economy (GDP)
+0.69 pts (+11.8%) vs 2024–25
2025–26

Record
The most it has raised in real terms since 2006–07
Adjusted for inflation with the GDP deflator
As of 6 April 2025

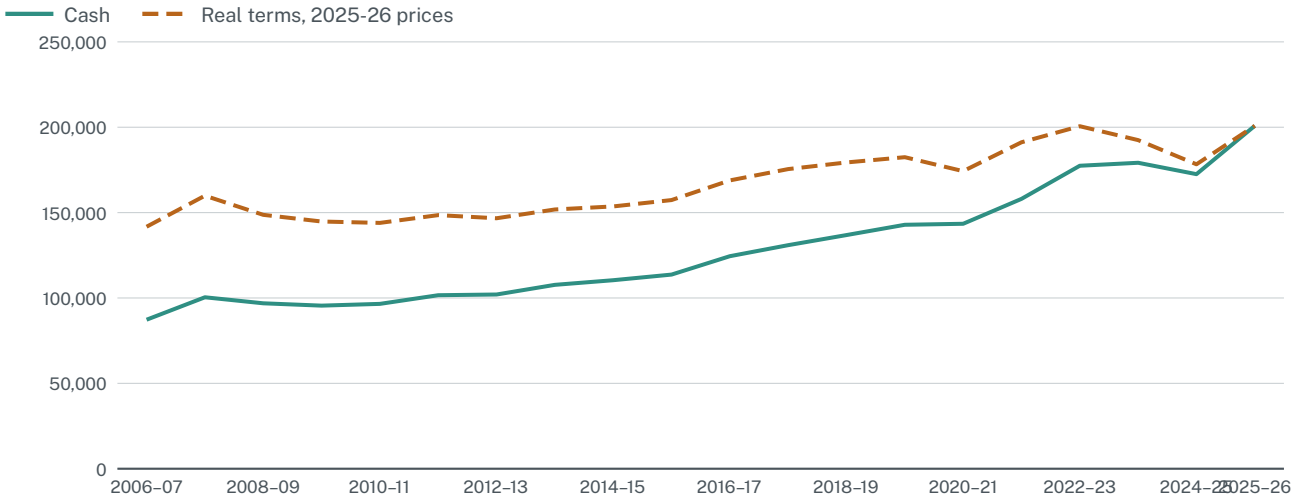
8%
Employee main rate
Cut from 12% in 2024

The short version

- **How big:** £200.8bn in 2025–26, 21.4% of everything HMRC collects; after inflation, 28% more than in 2015–16.
- **Someone earning £35,000:** The employee sees £1,786 on their payslip. The other £4,500 never appears on it, but it is money the employer is spending to employ them.
- **Latest change, 2025:** The employer rate rises from 13.8% to 15% and the threshold falls from £9,100 to £5,000, raising around £25bn.
- **Where it goes:** The National Insurance Fund, and the NHS.
- **The argument:** The contributory link, however weak, keeps the state pension politically distinct from welfare; against that, two taxes on the same income with different thresholds and bases is pure complexity.

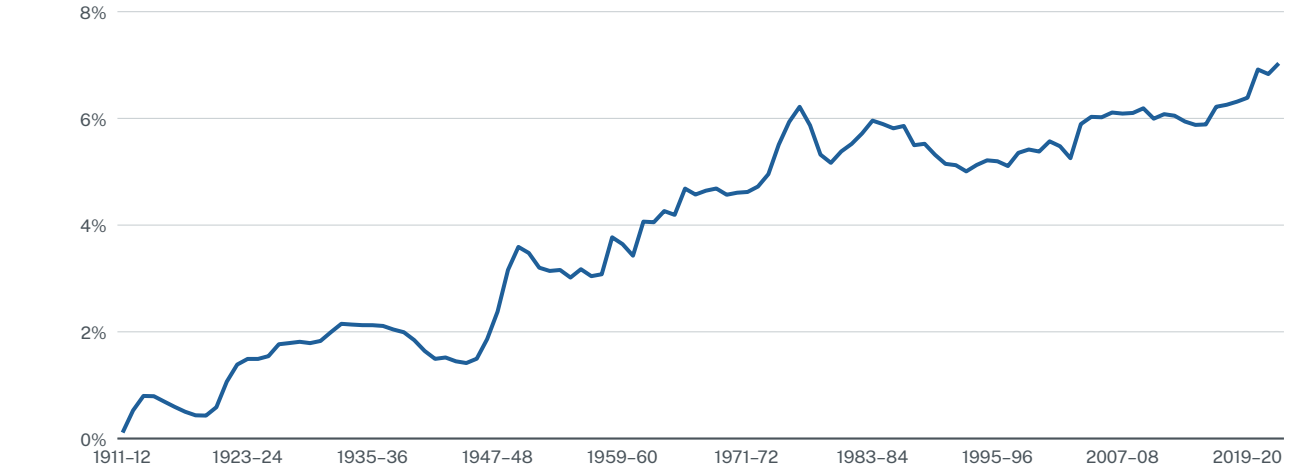
How much does it raise?

National Insurance receipts, cash and real terms



Line chart of National Insurance receipts from 2006–07 to 2025–26. In cash terms they went from £87.3bn to £200.8bn. In real terms they peaked in 2025–26 and are 0% from that peak.

National Insurance as a share of the economy, 1911–12 to 2022–23



Line chart of National Insurance as a percentage of GDP from 1911–12 to 2022–23, moving from 0.112% to 7.031%.

Real terms use HM Treasury's GDP deflator, rebased to 2025-26 prices. That is the measure the Treasury and the OBR use for public finances; the consumer price index is the right one for a shopping basket, not for the size of the state.

How does it work?

National Insurance is charged on earnings, like income tax, but on a different base and at different thresholds, which is why the two never line up neatly. It is not charged on pensions, savings interest, dividends or rental income.

There are three payers. The employee pays a percentage of earnings between two thresholds and a much lower percentage above the upper limit. The employer pays a flat percentage on everything above a lower threshold, with no upper limit. The self-employed pay their own rate on profits.

Employer National Insurance is the part most people never see, and it is the largest of the three. Economists generally find that most of it is borne by workers in the long run through lower wages rather than by shareholders, because employers treat it as part of the cost of hiring. The OBR assumes most of it passes through to wages within a few years.

The rates for 2026-27:

National Insurance rates, 2026-27

Who and on what	Earnings	Rate
Employee (Class 1)	£242 to £967 a week	8%
Employee (Class 1)	over £967 a week	2%
Employer (Class 1)	over £96 a week	15%
Self-employed (Class 4)	£12,570 to £50,270 a year	6%
Self-employed (Class 4)	over £50,270 a year	2%

Unlike income tax, National Insurance buys something specific: qualifying years towards the state pension. Thirty-five qualifying years currently gets the full new state pension. That link is real but weak, since you can gain qualifying years through credits without paying anything.

Someone earning £35,000

Someone earning £35,000

Step	Amount	Note
Salary	£35,000	
Employee National Insurance	£1,786	8% on earnings between £12,570 and £35,000
Employer National Insurance	£4,500	15% on earnings above £5,000, paid on top of the salary
Total National Insurance on this job	£6,286	

The employee sees £1,786 on their payslip. The other £4,500 never appears on it, but it is money the employer is spending to employ them.

How has it changed?

National Insurance thresholds each tax year, £ a week

Tax year	primary threshold (employees)	upper earnings limit	Employer National Insurance secondary threshold
2010–11	£110	£844	£110
2011–12	£139	£817	£136
2012–13	£146	£817	£144
2013–14	£149	£797	£148
2014–15	£153	£805	£153
2015–16	£155	£815	£156
2016–17	£155	£827	£156
2017–18	£157	£866	£157
2018–19	£162	£892	£162
2019–20	£166	£962	£166
2020–21	£183	£962	£169
2021–22	£184	£967	£170
2022–23	£242	£967	£175
2023–24	£242	£967	£175
2024–25	£242	£967	£175
2025–26	£242	£967	£96
2026–27	£242	£967	£96

How it got here, and why each change was made:

- **1911:** Lloyd George introduces National Insurance as genuine contributory insurance: workers, employers and the state each pay into funds for sickness and unemployment.
- **1948:** The Beveridge system makes it universal and ties it to the new state pension and the NHS.
- **1975:** Flat-rate stamps are replaced by earnings-related contributions, which makes it function much more like an income tax.

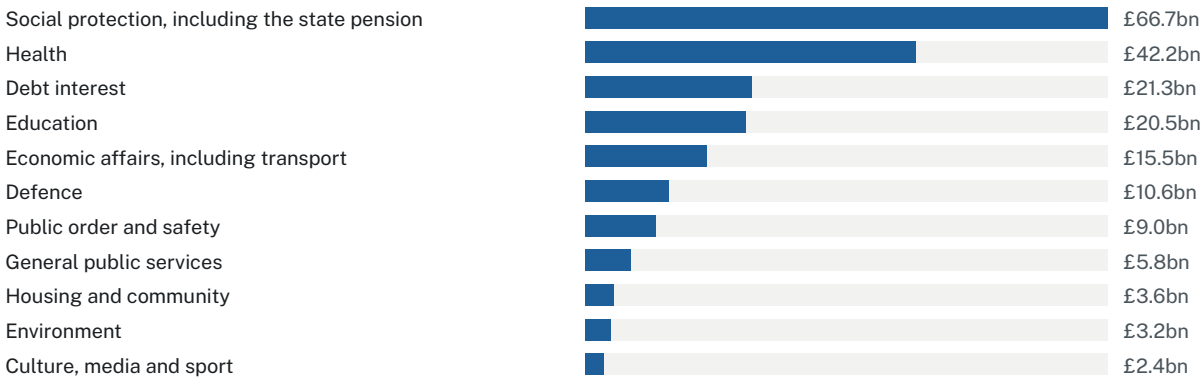
- **2003:** A 1% rise across all rates is introduced explicitly to fund the NHS, the first time the link is made openly.
- **2022:** A 1.25 percentage point Health and Social Care Levy is added, then reversed within months.
- **2024:** The employee main rate is cut from 12% to 10% and then to 8%, the largest cuts in its history.
- **2025:** The employer rate rises from 13.8% to 15% and the threshold falls from £9,100 to £5,000, raising around £25bn. The OBR expects most of it to reach workers as lower pay rises.

Where does the money go?

The National Insurance Fund, and the NHS. This one is genuinely earmarked, though less tightly than the name suggests. Most contributions go into the National Insurance Fund, which pays the state pension and contributory benefits and is legally separate from general taxation. A defined slice is allocated to the NHS instead. But the Fund is not invested: today's contributions pay today's pensions, and if it ran short the Treasury would top it up from general taxation. It is a ring-fence, not a pot of savings.

Because it is not earmarked, the only honest way to show what it pays for is by proportion. If national insurance receipts of £200.8bn were spent in the same proportions as all public spending in 2025-26, they would break down like this. It is an illustration of scale, not a statement about where those particular pounds went.

If £200.8bn of national insurance were spent like all public money in 2025-26



Spending shares from HM Treasury's Public Expenditure Statistical Analyses. An illustration of scale, not where these particular pounds went.

See for every £100 of tax for the full picture.

Does it change what people do?

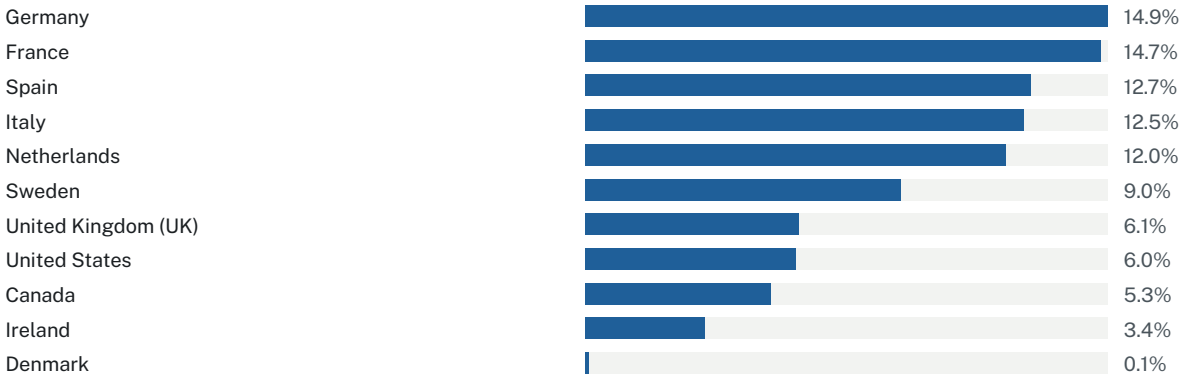
The self-employed pay a lower rate than employees, and the gap has been a long-running argument: it encourages people to be classified as self-employed for tax reasons rather than because of how they actually work. An attempt to narrow it in 2017 was abandoned within a week after objections that it broke a manifesto commitment.

When a tax rise stops raising money looks at the cases where the effect has been large enough to move the revenue.

How does that compare with other countries?

In 2024 the UK raised 6.1% of GDP this way: seventh of the 11 countries compared here.

Revenue from this heading as a share of GDP, 2024



Most European countries raise far more through social security contributions than the UK does, and correspondingly less through income tax. Comparing income tax rates alone across countries is therefore misleading; the two have to be added together.

The OECD counts National Insurance as a social security contribution, alongside the contributory systems other countries run.

Countries are those this site compares throughout, not the whole OECD, and a country appears only where it reports this heading for 2024.

What are the arguments?

The case for keeping it separate from income tax

- The contributory link, however weak, keeps the state pension politically distinct from welfare.
- It is not charged on pension income, which protects pensioners.
- Employer contributions spread the cost of employment beyond the employee.
- The National Insurance Fund gives the state pension a visible, auditable source.

The case for merging it with income tax

- Two taxes on the same income with different thresholds and bases is pure complexity.
- It is a tax on work only, so wealth and rental income escape it entirely.
- The insurance framing is largely fiction: it is pay-as-you-go, not a fund.
- Employer National Insurance is a tax on wages that does not appear on any payslip.

Both columns are set out as their strongest case, not as a preferred answer and a strawman. See how this site handles contested questions.

Common questions

- **What is National Insurance and where does it go?** A second tax on earnings, paid by employees, employers and the self-employed, which buys a record of contributions towards the state pension. Employees earning above the primary threshold, their employers, and the self-employed on their profits. People over state pension age stop paying it on earnings; employers do not.
- **How much does national insurance raise?** £200.8bn in 2025–26, which is 21.4% of everything HMRC collects.
- **Where does national insurance go?** The National Insurance Fund, and the NHS. This one is genuinely earmarked, though less tightly than the name suggests. Most contributions go into the National Insurance Fund, which pays the state pension and contributory benefits and is legally separate from general taxation. A defined slice is allocated to the NHS instead. But the Fund is not invested: today's contributions pay today's pensions, and if it ran short the Treasury would top it up from general taxation. It is a ring-fence, not a pot of savings.

VAT

Every tax · Last updated 13 November 2026 · https://whereyourmoneygoes.co.uk/vat/

A tax on most spending, charged at 20% on the standard rate, collected by businesses at every stage and ultimately paid by whoever buys the finished thing. Everyone who buys anything standard-rated. Businesses collect it and reclaim what they paid on their own purchases, so the tax lands on the final consumer. It raised **£179.9bn** in 2025–26, which is 19.2% of everything HMRC collects and 5.85% of the economy. That is up £8.9bn (5.2%) on the year before.

Key figures

£179.9bn
Raised in 2025–26
+£8,867m (+5.2%) vs 2024–25

19.2%
Of everything HMRC collects
−0.7 pts (−3.7%) vs 2024–25
2025–26

5.85%
Of the whole economy (GDP)
+0.06 pts (+1.0%) vs 2024–25
2025–26

-5.6%
In real terms, against the 2021–22 peak
Adjusted for inflation with the GDP deflator
As of 6 April 2025

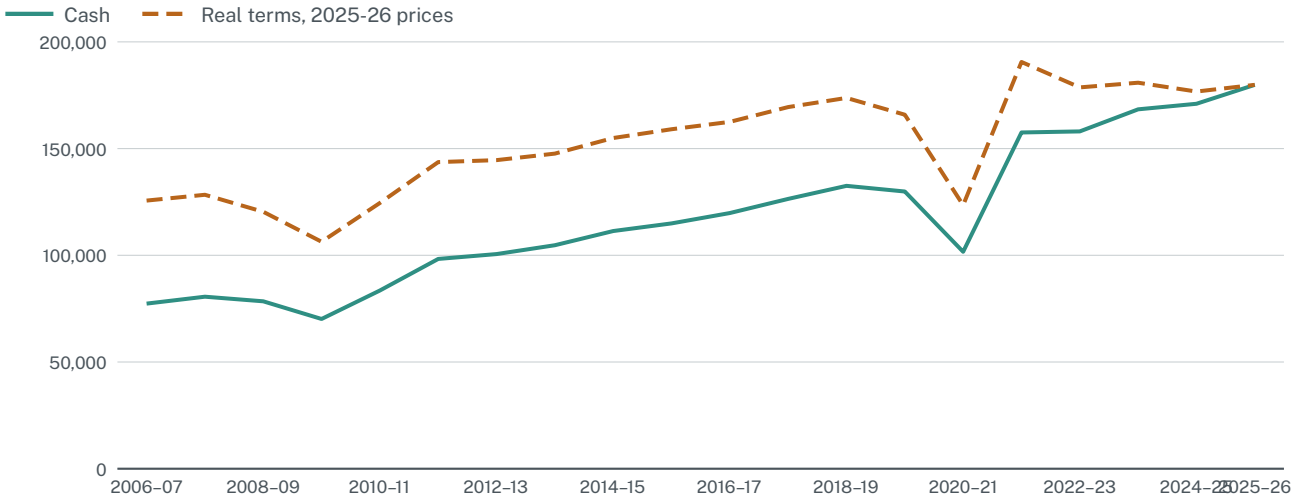
20%
Standard rate
Unchanged since 4 January 2011

The short version

- **How big:** £179.9bn in 2025–26, 19.2% of everything HMRC collects; after inflation, 13% more than in 2015–16.
- **A £60 pair of shoes:** VAT at 20% is always exactly one sixth of the price you pay, never one fifth. That is the most common arithmetic mistake about it.
- **Latest change, 2025:** Private school fees become standard-rated at 20%, having previously been exempt as education.
- **Where it goes:** Nowhere in particular, like almost every tax: it is not earmarked.
- **The argument:** Very hard to avoid, because the chain of reclaims creates a paper trail; against that, measured against income rather than spending, it takes a larger share from poorer households.

How much does it raise?

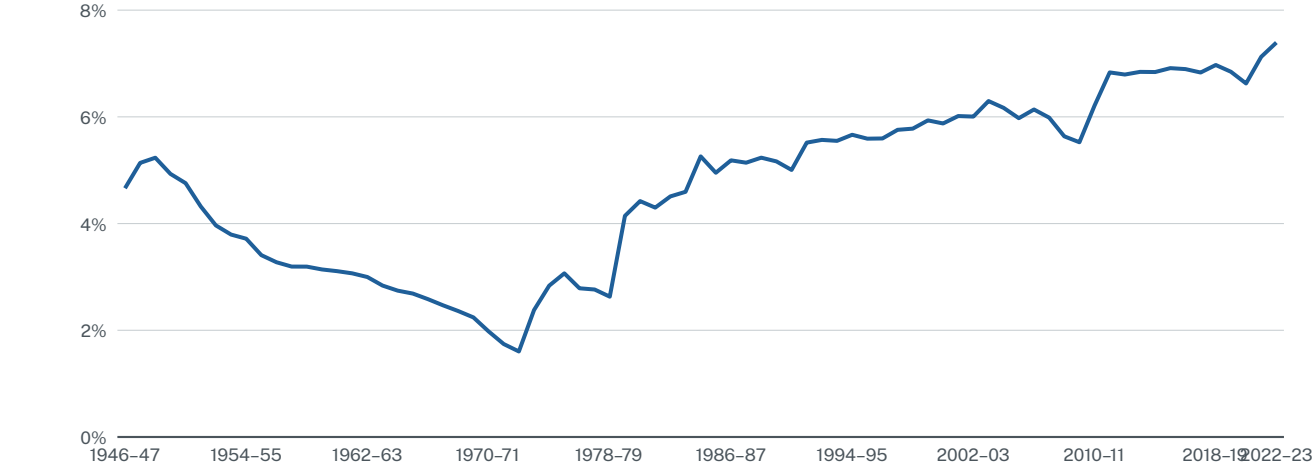
VAT receipts, cash and real terms



Line chart of VAT receipts from 2006–07 to 2025–26. In cash terms they went from £77.4bn to £179.9bn. In real terms they peaked in 2021–22 and are -5.6% from that peak.

It raised more than the year before, but the other taxes grew faster, so its share of the total fell.

VAT as a share of the economy, 1946–47 to 2022–23



Line chart of VAT as a percentage of GDP from 1946–47 to 2022–23, moving from 4.662% to 7.392%.

Real terms use HM Treasury's GDP deflator, rebased to 2025-26 prices. That is the measure the Treasury and the OBR use for public finances; the consumer price index is the right one for a shopping basket, not for the size of the state.

How does it work?

VAT is charged at each stage of production, but each business reclaims the VAT it paid on its inputs, so the tax collected in total is just the rate applied to the final price. That is the mechanism that makes it hard to avoid and cheap to administer.

Three rates apply, and the law rather than the price decides which one a thing falls under.

VAT rates, 2026-27

Rate	Charged	Covers, for example
Standard	20%	most goods and services
Reduced	5%	domestic gas and electricity, children's car seats, home insulation and other energy-saving materials, mobility aids for older people
Zero	0%	most food, children's clothes and shoes, books, newspapers and magazines, prescription medicines, public transport fares, new-build housing
Exempt	–	most insurance, postage stamps, education and training, healthcare (no VAT, and the seller cannot reclaim VAT on its own costs)

Zero-rated and exempt are not the same thing, and the difference matters to businesses. A zero-rated seller charges no VAT but can still reclaim the VAT on their costs. An exempt seller charges none and cannot reclaim, so the tax gets stuck in the middle of the chain.

The zero rates are what make VAT less regressive than it looks. Poorer households spend more of their income on food, energy and children's clothes, all of which are zero- or reduced-rated. Measured against spending rather than income, VAT is close to flat.

A £60 pair of shoes

A £60 pair of shoes

Step	Amount	Note
Price on the shelf	£60.00	
VAT included in that price	£10.00	one sixth of the price, because 20% is added to the pre-tax £50
The shop keeps	£50.00	
If they were children's shoes	£0.00 VAT	children's shoes are zero-rated

VAT at 20% is always exactly one sixth of the price you pay, never one fifth. That is the most common arithmetic mistake about it.

How has it changed?

Standard rate of VAT

From	Rate
1973	10%
1974	8%
1979	15%
1991	17.5%
2008	15%
2010	17.5%
2011	20%

VAT registration threshold each tax year



Each panel starts at zero on its own scale. Cash values, not adjusted for inflation: a flat line is a freeze, and a freeze is a real-terms cut.

How it got here, and why each change was made:

- **1973:** VAT replaces Purchase Tax when the UK joins the European Economic Community, which required it. It starts at 10%.

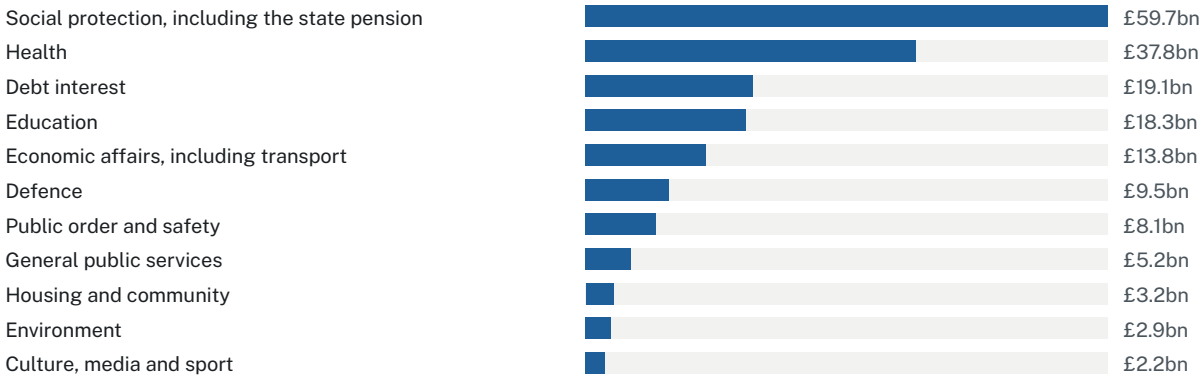
- **1979:** Nearly doubled from 8% to 15% to pay for large cuts in income tax, a deliberate shift from taxing earning to taxing spending.
- **1991:** Raised to 17.5% to pay for cutting the poll tax.
- **2008:** Cut to 15% for thirteen months as a stimulus during the financial crisis.
- **2011:** Raised to 20%, where it has stayed.
- **2025:** Private school fees become standard-rated at 20%, having previously been exempt as education. Around 7% of UK children attend private schools.

Where does the money go?

Nowhere in particular. VAT is not earmarked. It goes into the Consolidated Fund with almost every other tax and is spent on whatever the government of the day decides. Anyone who tells you a particular tax "pays for" a particular service is describing an illustration, not a rule.

Because it is not earmarked, the only honest way to show what it pays for is by proportion. If vat receipts of £179.9bn were spent in the same proportions as all public spending in 2025-26, they would break down like this. It is an illustration of scale, not a statement about where those particular pounds went.

If £179.9bn of vat were spent like all public money in 2025-26



Spending shares from HM Treasury's Public Expenditure Statistical Analyses. An illustration of scale, not where these particular pounds went.

See for every £100 of tax for the full picture.

Is it different where I live?

Scotland

VAT cannot be devolved under EU-derived rules that still apply, so the rate is the same across the UK. A share of Scottish VAT receipts is assigned to the Scottish budget, but Scotland cannot change the rate.

Does it change what people do?

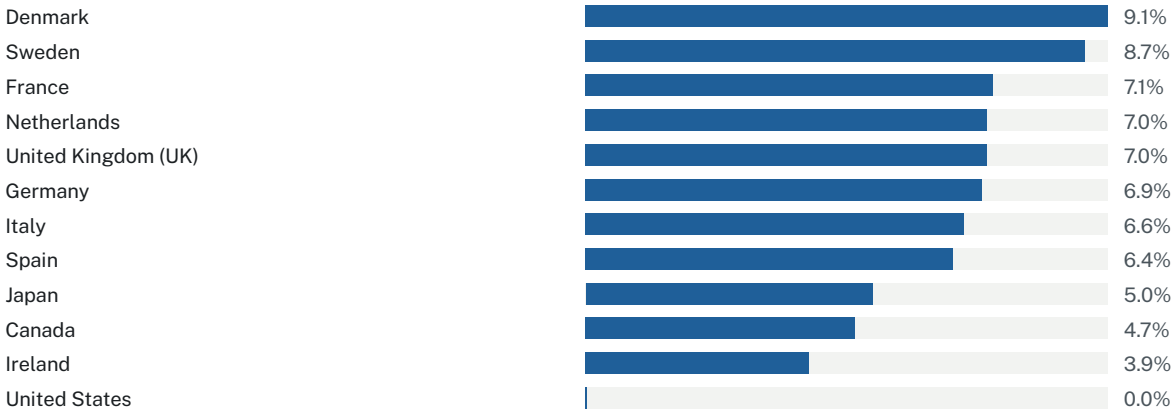
The 2008 cut to 15% is one of the better-studied stimulus measures. The evidence suggests retailers passed most of it on and it did lift spending, but modestly relative to its cost, partly because a temporary cut is a weak signal when people expect it to reverse.

When a tax rise stops raising money looks at the cases where the effect has been large enough to move the revenue.

How does that compare with other countries?

In 2024 the UK raised 7.0% of GDP this way: fifth of the 12 countries compared here.

Revenue from this heading as a share of GDP, 2024



At 20%, the UK standard rate is close to the EU average and below France, Italy and the Nordic countries. What is unusual is the breadth of the UK's zero rates: most countries tax food at a reduced rate rather than at nothing.

Countries are those this site compares throughout, not the whole OECD, and a country appears only where it reports this heading for 2024.

What are the arguments?

The case for VAT

- Very hard to avoid, because the chain of reclaims creates a paper trail.
- Taxes spending rather than work, so it does not discourage earning.
- Broad base means a large amount of revenue from a moderate rate.
- Zero rates on food, energy and children's goods blunt the effect on poorer households.

The case against

- Measured against income rather than spending, it takes a larger share from poorer households.
- The line between zero-rated and standard-rated is arbitrary and litigated constantly.
- Compliance falls heavily on small businesses near the registration threshold.
- The threshold creates a cliff that discourages small firms from growing.

Both columns are set out as their strongest case, not as a preferred answer and a strawman. See how this site handles contested questions.

Common questions

- **How much VAT do I pay, and on what?** A tax on most spending, charged at 20% on the standard rate, collected by businesses at every stage and ultimately paid by whoever buys the finished thing. Everyone who buys anything standard-rated. Businesses collect it and reclaim what they paid on their own purchases, so the tax lands on the final consumer.
- **How much does vat raise?** £179.9bn in 2025–26, which is 19.2% of everything HMRC collects.
- **Where does vat go?** Nowhere in particular. VAT is not earmarked. It goes into the Consolidated Fund with almost every other tax and is spent on whatever the government of the day decides. Anyone who tells you a particular tax "pays for" a particular service is describing an illustration, not a rule.

Stealth taxes

Every tax · Last updated 13 November 2026 · https://whereyourmoneygoes.co.uk/stealth-taxes/

"Stealth tax" is a name for a tax rise that does not look like one: no rate goes up, but more is paid. The biggest is the freeze on income tax and National Insurance thresholds. The Personal Allowance has been **£12,570 since April 2021** and is fixed until April 2031. The OBR estimates the freezes raise **£42.3bn in 2026–27**, rising to £67bn by 2030–31, against thresholds that had risen with inflation. Cut allowances, withdrawn allowances that create marginal rates above 60%, and taxes collected from businesses and built into prices work the same way.

Key figures

£42.3bn
Raised by the threshold freezes in 2026–27 (OBR estimate)
+£8.9bn (+26.6%) vs 2025–26
As of 1 March 2026

£12,570
Personal Allowance
Frozen since April 2021, until April 2031
As of 22 September 2026

4.88 million
Extra people paying income tax because of the freezes, 2026–27
+0.95m (+24.2%) vs 2025–26
As of 1 March 2026

£176.0bn
Collected from businesses and built into prices
+£27.6bn (+18.6%) vs 2024–25
2025–26

74%
Highest effective marginal rate in our examples
Single parent of two, renting, on universal credit, at £51,000
As of 22 September 2026

The short version

- **Who it reaches:** the OBR counts 4.88 million extra income tax payers in 2026–27 and 3.39 million extra higher-rate payers.
- **For one person:** about £979 a year in extra income tax and National Insurance on a £35,000 salary.
- **Cut allowances:** the capital gains allowance has gone from £12,300 to £3,000 since 2020.
- **Not new, and not hidden:** governments of every party have used freezes, and the OBR costs each one in public at every Budget.

How can tax rise without a rate rising?

- Frozen thresholds 12 thresholds held in cash, what they would be had they risen with prices, and what the OBR says they raise.
- Cut allowances The capital gains allowance cut from £12,300 to £3,000, the dividend allowance from £5,000 to £500.
- Hidden marginal rates The 60% band, the child benefit charge, the universal credit taper and student loans stacked on income tax.
- Taxes hidden in prices £176.0bn a year collected from businesses and built into what people pay.
- What the freezes cost a household About £979 a year for someone earning £35,000, with the method shown.

Why do governments use them?

A rate rise is announced once, attracts a headline and has to be voted through as a change. A freeze is also announced and voted on, but its effect arrives gradually, as pay and prices rise past a fixed line, and it is spread across millions of people in small amounts. Governments of every party have used freezes: the inheritance tax nil-rate band has not moved since 2009, and the VAT registration threshold was held for seven years from 2017.

"Stealth tax" is a label, not an official term. The OBR calls the effect of freezes fiscal drag and costs it openly at each Budget, which is where the figures on these pages come from.

Where does the money go?

The extra income tax, capital gains tax and inheritance tax raised by freezes and cuts goes where those taxes always go: into the Consolidated Fund, the government's general account, with no earmark. Extra National Insurance goes into the National Insurance Fund, which pays the state pension and contributory benefits.

Income tax, capital gains tax, inheritance tax, VAT and duties

Consolidated Fund (general Treasury funds) the Consolidated Fund, with no earmark. National Insurance goes to the National Insurance Fund.

Exchequer and Audit Departments Act 1921, s2 (HMRC Trust Statement)

HMRC accounts for taxes, fines and penalties in its Trust Statement, prepared under section 2 of the Exchequer and Audit Departments Act 1921, and pays net receipts into the Consolidated Fund. National Insurance goes to the National Insurance Fund.

Are stealth taxes fair?

The case for using them

- Every freeze and cut is announced, legislated and costed by the OBR in public.
- A small rise spread across many people does less damage to incentives than a sharp rate rise on a few.
- Thresholds are not entitled to rise: uprating is a choice each Parliament makes.
- The alternative is a visible rise in a headline rate, or spending cuts of the same size.

The case against

- The rise compounds every year with no fresh decision to defend.
- People underestimate what they pay, which weakens the link between tax and consent.
- Withdrawn allowances create marginal rates of 60% and more in the middle of the income scale.
- Freezes bite hardest when inflation is high, which is when households are least able to absorb them.

Common questions

- **What is a stealth tax?** A tax rise that does not involve a headline rate going up: a threshold frozen while pay rises, an allowance cut, or a tax charged on businesses and passed on in prices. It is a popular name, not an official term.
- **How much do frozen tax thresholds raise?** The OBR estimates £42.3bn in 2026–27, rising to £67bn by 2030–31, compared with thresholds that had risen with inflation. The Personal Allowance has been £12,570 since 2021.

Frozen thresholds, and what they cost

Every tax · Last updated 13 November 2026 · https://whereyourmoneygoes.co.uk/frozen-thresholds/

A frozen threshold raises tax every year that pay and prices rise, without any rate changing. The Personal Allowance has been **£12,570 since April 2021** and the higher-rate threshold £50,270; both are fixed until **April 2031**. Had the allowance risen with inflation it would be £16,070 in 2026–27. The OBR estimates the freezes raise £42.3bn this year and have pulled 4.88 million more people into paying income tax.

Key figures

£12,570
Personal Allowance
Frozen since April 2021, until April 2031
As of 22 September 2026

£16,070
Where the Personal Allowance would be in 2026–27 had it risen with inflation
OBR estimate
As of 1 March 2026

£42.3bn
Raised by the threshold freezes in 2026–27 (OBR estimate)
+£8.9bn (+26.6%) vs 2025–26
As of 1 March 2026

4.88 million
Extra people paying income tax because of the freezes, 2026–27
+0.95m (+24.2%) vs 2025–26
As of 1 March 2026

3.39 million
Extra people paying the higher rate, 2026–27
+0.57m (+20.2%) vs 2025–26
As of 1 March 2026

The short version

- **Not just income tax:** 12 thresholds are held in cash, the oldest the inheritance tax nil-rate band, £325,000 since 2009.
- **It grows every year:** the OBR expects the freezes to raise £67.0bn by 2030–31.
- **Into the higher rate:** 3.39 million people pay 40% who would not have, and 590,000 people whose main income is the state pension now pay income tax because of it.
- **For one person:** about £979 a year at £35,000; the calculator below works it out for any salary.
- **By law, not by default:** the allowance would rise with CPI each April; every freeze is Parliament deciding otherwise in a Finance Act.

Which thresholds are frozen, and until when?

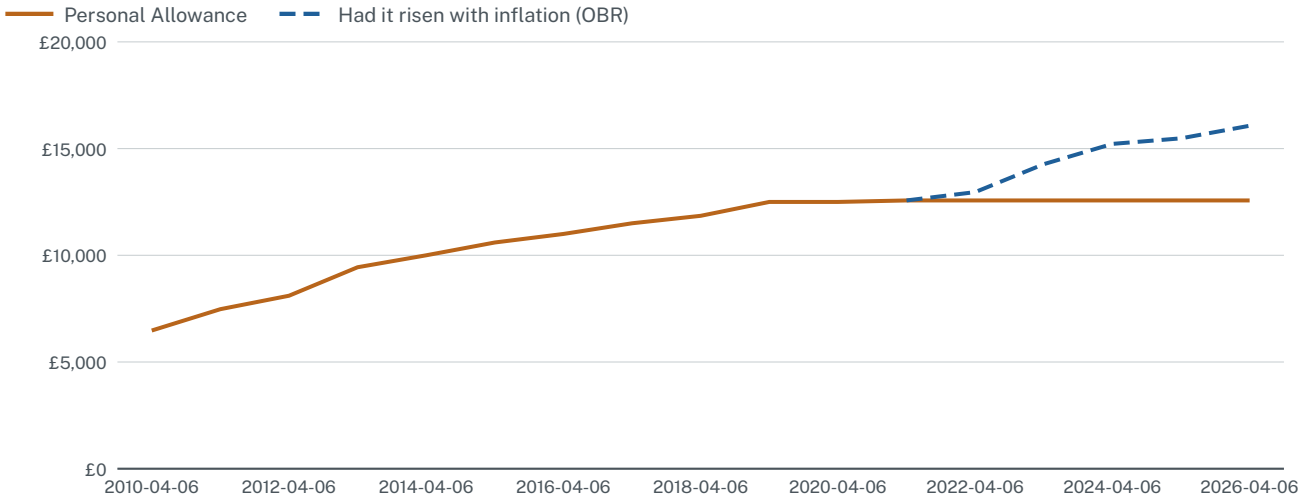
Thresholds held in cash, 2026–27

Threshold	Value	Held since	Held until	Had it been indexed
Income tax Personal Allowance It was also £12,500 in both 2019-20 and 2020-21. The freeze was legislated in the Finance Acts of 2021, 2023 and 2026.	£12,570 a year	2021	2031	£16,070 OBR
Basic rate limit (the width of the 20% band) Added to the Personal Allowance it gives the higher-rate threshold.	£37,700 a year	2021	2031	£48,400 CPI, our calculation
Higher-rate threshold Scotland sets its own higher-rate starting point.	£50,270 a year	2021	2031	£64,470 OBR
Additional-rate threshold Cut from £150,000 to £125,140 in April 2023, then frozen.	£125,140 a year	2023	2031	—
National Insurance primary threshold (employees) £12,570 a year. It was raised to match the Personal Allowance in July 2022 and has been frozen since.	£242 a week	2022	2031	—
National Insurance upper earnings limit £50,270 a year. Above it employees pay 2% rather than 8%, so a frozen limit keeps more pay in the 8% band.	£967 a week	2021	2031	—
Employer National Insurance secondary threshold £5,000 a year. Cut from £9,100 in April 2025, when the employer rate rose to 15%, and held there to April 2031.	£96 a week	2025	2031	£100 CPI, our calculation
Inheritance tax nil-rate band Legislated to April 2031 in the Finance Act 2026, section 72.	£325,000	2009	2031	£535,000 CPI, our calculation
Inheritance tax residence nil-rate band HMRC's thresholds table still shows 5 April 2030 for this band; the Budget 2025 overview and the Finance Act 2026 both say 2031.	£175,000	2020	2031	£228,000 CPI, our calculation
VAT registration threshold Held at £90,000 for 2025-26 and 2026-27 with no end date announced. Before that it was frozen at £85,000 for seven years, from April 2017 to March 2024.	£90,000 a year	2024	no end date announced	—
Pension annual allowance Set in cash and never indexed. The money purchase annual allowance (£10,000) and lump sum allowance (£268,275) are also fixed in cash.	£60,000 a year	2023	no end date announced	—
Plan 2 student loan repayment threshold Rose to £29,385 in April 2026, then held there for 2027-28, 2028-29 and 2029-30 under Budget 2025.	£29,385 a year	2027	2030	—

"Had it been indexed" uses the OBR's own figure where it publishes one. Otherwise it is our calculation: the frozen value uprated by the September CPI figure for each year of the freeze and rounded the way the law would round it (the Personal Allowance to the next £10, the basic rate limit to the next £100, the inheritance tax bands to the next £1,000). Thresholds that are not indexed by law at all, like the pension annual allowance and the VAT threshold, have no counterfactual shown, because there is no rule to apply.

How has the Personal Allowance moved over the long run?

The Personal Allowance since 2010-11, and where indexation would have taken it

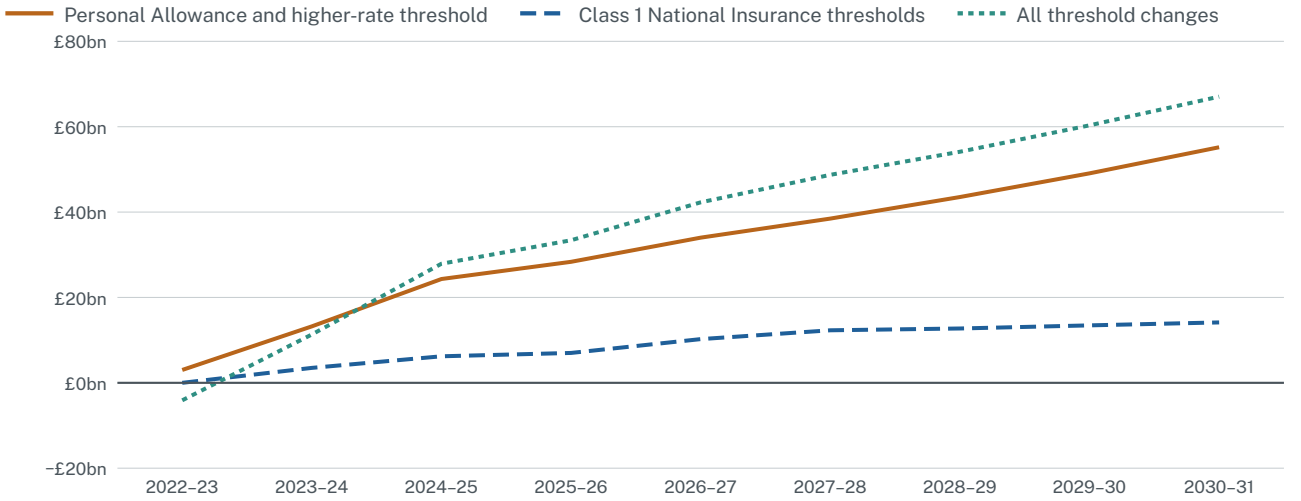


The Personal Allowance since 2010-11, and where indexation would have taken it. Personal Allowance: £6,475 from 2010-04, £7,475 from 2011-04, £8,105 from 2012-04, £9,440 from 2013-04, £10,000 from 2014-04, £10,600 from 2015-04, £11,000 from 2016-04, £11,500 from 2017-04, £11,850 from 2018-04, £12,500 from 2019-04, £12,500 from 2020-04, £12,570 from 2021-04. Had it risen with inflation (OBR): £12,570 from 2021-04, £12,960 from 2022-04, £14,270 from 2023-04, £15,220 from 2024-04, £15,480 from 2025-04, £16,070 from 2026-04

How much do the freezes raise?

The OBR estimates how much more tax is paid because thresholds were frozen rather than uprated, and publishes the estimate at every Budget and Spring Statement. For 2026–27 it is **£42.3bn**, rising to £67.0bn in 2030–31.

What the threshold freezes raise each year, £ billion (OBR, March 2026)

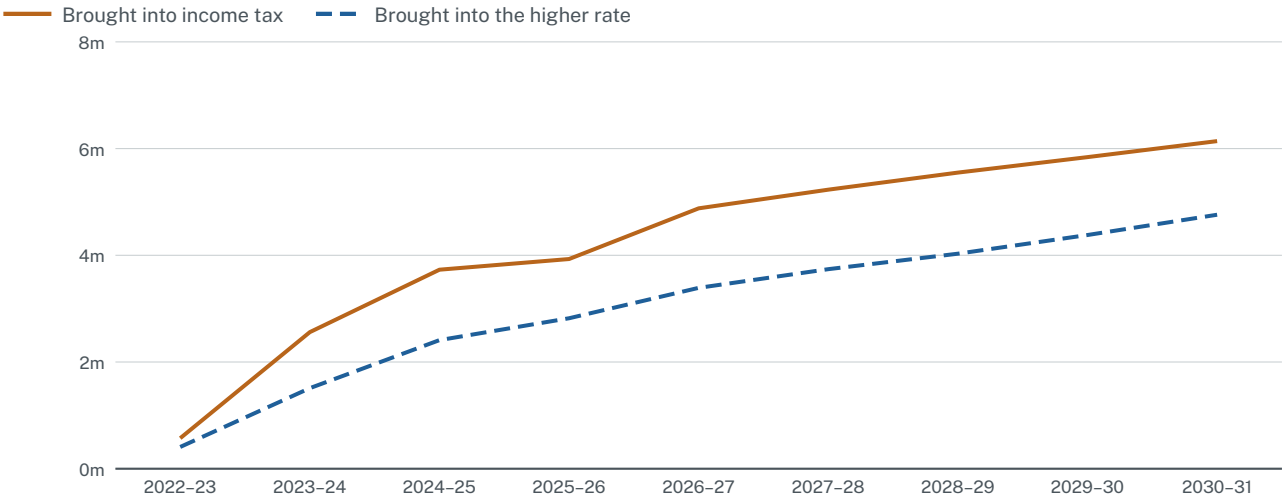


What the threshold freezes raise each year, £ billion (OBR, March 2026). Personal Allowance and higher-rate threshold: £3bn in 2022–23, £55.2bn in 2030–31. Class 1 National Insurance thresholds: £0bn in 2022–23, £14.2bn in 2030–31. All threshold changes: £-4.1bn in 2022–23, £67bn in 2030–31.

How many people does it pull in?

In 2026–27 the OBR estimates 4.88 million people pay income tax who would not have with indexed thresholds, 590,000 of them people whose main income is the state pension. A further 3.39 million pay the higher rate who otherwise would not.

Extra people paying tax because of the freezes, millions (OBR)



Extra people paying tax because of the freezes, millions (OBR). Brought into income tax: 0.57m in 2022–23, 6.14m in 2030–31. Brought into the higher rate: 0.41m in 2022–23, 4.76m in 2030–31.

What does the freeze cost me?

For one person, the cost is the tax on the slice of income that would have fallen under the higher threshold. We work it through for four salaries, with every assumption shown, on what frozen thresholds cost a household. At £35,000 it comes to about **£979 a year** in income tax and National Insurance.

Why is it called fiscal drag?

Under the Income Tax Act 2007 the Personal Allowance and basic rate limit rise each April by the previous September's CPI, unless Parliament decides otherwise. Every freeze is Parliament deciding otherwise, in a Finance Act:

- **2021:** The first freeze, for the first years.
- **2023:** Extended to 2028.
- **2026:** Extended to 2031.

As wages rise, more income falls above each fixed line, which is the "drag".

It is sometimes called a stealth tax. The freezes were announced and costed in public, so they are not hidden in that sense; what they share with other stealth taxes is that the amount paid rises every year with no new decision.

Income tax, capital gains tax, inheritance tax, VAT and duties

Consolidated Fund (general Treasury funds) the Consolidated Fund, with no earmark. National Insurance goes to the National Insurance Fund.

Exchequer and Audit Departments Act 1921, s2 (HMRC Trust Statement)

HMRC accounts for taxes, fines and penalties in its Trust Statement, prepared under section 2 of the Exchequer and Audit Departments Act 1921, and pays net receipts into the Consolidated Fund. National Insurance goes to the National Insurance Fund.

Is freezing thresholds legitimate?

The case for

- It is announced openly and costed by the OBR, like any other measure.
- It spreads a tax rise thinly rather than concentrating it on a few.
- Uprating is a policy choice, not an entitlement: Parliament can decide either way each year.
- The alternative is a visible rate rise or spending cuts of the same size.

The case against

- The rise compounds silently, with no annual decision to defend.
- It pulls people into higher rates that were designed for much higher real incomes.
- It now reaches pensioners: the OBR counts 590,000 people whose main income is the state pension among those brought into tax.
- It hits hardest when inflation is high, which is when households can least absorb it.

Common questions

- **What is fiscal drag?** Tax thresholds staying the same while wages and prices rise, so more of your income falls above them and more people are pulled into higher bands. It raises tax without any rate changing.
- **How long is the Personal Allowance frozen for?** It has been £12,570 since April 2021 and is fixed until 5 April 2031, under the Finance Act 2026.
- **What would the Personal Allowance be if it had not been frozen?** £16,070 in 2026–27, on the OBR's estimate.
- **How many people do frozen thresholds pull into tax?** The OBR estimates 4.88 million extra income tax payers and 3.39 million extra higher-rate payers in 2026–27.

Taxes over a lifetime

Every tax · Last updated 13 November 2026 · https://whereyourmoneygoes.co.uk/taxes-over-a-lifetime/

Nobody pays one tax. Over a working life you pay income tax and National Insurance on what you earn, VAT and duties on what you spend, stamp duty when you move, council tax every year you live somewhere, and your estate may pay inheritance tax at the end. **This page follows one illustrative person through all of it.** It also prices the fees, fines and frozen thresholds that come with dealing with the state. The figures are worked from the current rates on this site, applied to a made-up but ordinary life. It is an illustration of shape and scale, not a forecast for anyone in particular.

Key figures

£15,960
Fees and fines over the illustrative life
At today's prices; every count is an assumption, shown below
As of 22 September 2026

£979
Extra tax a year from frozen thresholds at £35,000
Against thresholds that had risen with inflation
2026–27

£12,570
Personal Allowance: income tax starts above it
Frozen since 2021
As of 22 September 2026

£2,411
Average Band D council tax a year, England, 2026–27
Paid every year you live somewhere
As of 6 April 2026

£325,000
Inheritance tax nil-rate band; 40% above it
Frozen since 2009
As of 22 September 2026

The short version

- **The big two:** income tax and National Insurance raise 56% of everything HMRC collects, far more than the taxes people argue about most.
- **Much of it is invisible:** employer National Insurance, £143.9bn a year, never appears on a payslip, and VAT is inside the shelf price.
- **It moves across a life:** light in the first years of work, heaviest in mid-career, then shifting from taxes on earning to taxes on spending and property.
- **Fees and fines add up:** about £15,960 over the same life, at today's prices, on top of the taxes.
- **At the end:** around one estate in twenty pays inheritance tax, but probate costs a fee whether or not tax is due.

Which taxes does one life meet?

- **18: First job.** Earning below the Personal Allowance of £12,570, they pay no income tax. They may still pay National Insurance, because its threshold is set separately and is lower. Every purchase already carries VAT. Paying: National Insurance, VAT.
- **22: Graduate salary.** Now over the Personal Allowance, income tax starts at 20% on the part above it. Employer National Insurance is being paid on their behalf, at a cost they never see on the payslip. Paying: Income tax, National Insurance, Employer NI, VAT.
- **25: First car.** Vehicle Excise Duty every year, and fuel duty plus VAT on every litre. On the current pump price, tax is close to half of what they spend on fuel. Paying: Vehicle Excise Duty, Fuel duty, VAT, Insurance Premium Tax.

- **31: Buying a first home.** Stamp duty falls due on completion, in cash, on top of the deposit. First-time buyer relief lifts the starting threshold to £300,000. From then on, council tax every year: the average Band D bill in England is £2,411. Paying: Stamp duty, Council tax.
- **40: Higher earnings.** Crossing the higher-rate threshold means 40% on the part of income above it, not on all of it. Because the threshold is frozen, this happens to more people each year at the same real income. Paying: Income tax at the higher rate, National Insurance.
- **55: Selling an investment.** Capital gains tax on the profit above the annual exempt amount, now £3,000 after being cut from £12,300 in three years. Paying: Capital gains tax.
- **67: Retiring.** National Insurance stops on earnings at state pension age, but income tax does not: the state pension and any private pension above the Personal Allowance are taxable. Council tax, VAT and duties carry on exactly as before. Paying: Income tax, Council tax, VAT.
- **After: The estate.** Inheritance tax at 40% on anything above the nil-rate band of £325,000, or £500,000 where a home passes to direct descendants; both have been frozen, the first since 2009. Around one estate in twenty pays anything at all. Probate costs £526 whether or not tax is due. Paying: Inheritance tax, Probate fee.

Fees, fines and stealth taxes over the same life

The taxes above are only part of what dealing with the state costs. The same illustrative person also pays fees for passports, licences, certificates and prescriptions, the odd fine, and more income tax than the headline rates suggest because thresholds are frozen. Each figure is today's fee from this site's fee pages; each count is an assumption, stated in full.

Fees and fines across an illustrative life, at today's prices

Charge	Each	Times	Total	Assumption
Adult passports, renewed every 10 years from 18 to 78	£102	7	£714	Seven adult passports, applied for online.
Child passports before 16	£66.50	2	£133	Two child passports.
Provisional driving licence	£34	1	£34	One, online.
Photocard renewals every 10 years to 70	£14	5	£70	Five renewals; renewal at 70 and over is free.
MOT tests	£54.85	45	£2,468	One car, tested every year from its third year, for 45 years of driving, at the maximum fee. Many garages charge less.
NHS prescriptions in England	£9.90	60	£594	Sixty paid items across a working life, in England. Under-16s, over-60s and many others pay nothing, and in Scotland, Wales and Northern Ireland prescriptions are free.
NHS dental check-ups	£27.90	40	£1,116	Forty Band 1 courses of treatment between 18 and 60, in England.
Birth, marriage and death certificates	£12.50	6	£75	Six certificates over a life, for passports, a marriage and a parent's estate.
Basic DBS checks	£21.50	2	£43	Two, for jobs that need one.
Land Registry registration on buying homes	£150	2	£300	Two purchases between £200,001 and £500,000, registered online by a conveyancer at £150 each.
Householder planning application	£548	1	£548	One extension.
Probate on a parent's estate	£526	1	£526	One application for an estate over £5,000.
TV licence	£180	50	£9,000	Fifty years as the householder at today's £180.
A speeding fine	£100	1	£100	One fixed penalty in a lifetime. Most drivers who are caught are offered a course instead, at a similar cost.
Council parking penalties, paid within 14 days	£35	4	£140	Four Band 2 penalties outside London at the discounted £35.
A late Self Assessment return	£100	1	£100	One £100 late filing penalty.
Fees and fines			£15,961	The sum of the rows above.

Frozen thresholds add about £979 a year for someone earning £35,000 in 2026–27, compared with thresholds that had risen with inflation. The freeze runs for 10 years, from 2021 to 2031. Multiplying this year's figure by 10 gives about **£9,800**, which is a rough guide only: the gap was smaller in the early years of the freeze and will be larger in the last. The method is on what frozen thresholds cost a household.

An illustrative life, not a forecast. Every fee is the current one from the fee pages on this site; every count is an assumption, stated next to it. Council tax, VAT, duties and the other taxes are in the walk-through above rather than this table, so nothing is counted twice. Fees differ in Scotland, Wales and Northern Ireland, where prescriptions, for example, are free.

What does the shape tell you?

Three things stand out from putting it in one place. The first is that the taxes people argue about most are not the ones they pay most: income tax and National Insurance together dwarf everything else over a lifetime, while inheritance tax, which generates far more heat, is paid by a small minority of estates.

Share of everything HMRC collects, 2025–26



The whole country in one year, not one person's lifetime: a national picture of which taxes are large and which are small.

The second is how much is invisible. Employer National Insurance never appears on a payslip. VAT is in the shelf price. Business taxes reach people through prices and wages. A great deal of what an ordinary person pays is never itemised anywhere they can see it.

The third is that the burden moves across a life. It is light in the first years of work, heaviest in mid-career, and shifts in retirement from taxes on earning to taxes on spending and property. A tax system that looks fair at one age can look very different at another.

What does this not tell you?

It is not a calculation of what you will pay. It is one made-up life, priced at today's rates, to show the sequence and the relative scale. Real lives differ enormously: renting rather than buying removes stamp duty and changes who pays council tax, self-employment changes the National Insurance position entirely, and living in Scotland or Wales changes several of these figures.

Average Band D council tax by nation, 2026–27



One of the figures that changes with where you live. Northern Ireland has domestic rates instead of council tax.

Every figure used here is the current one from the relevant page on this site, so if a rate changes tonight this page changes with it. Each tax named links to its own page with the full detail.

Common questions

- **How much tax will I pay in my lifetime?** There is no single answer, because it depends on earnings, where you live, whether you buy a home and what you leave. This page walks one illustrative life through every tax at current rates to show the sequence and the relative scale.
- **How much do government fees and fines cost over a lifetime?** On the illustrative life on this page, about £15,960 at today's prices: passports, licences, MOTs, prescriptions, certificates, probate, the TV licence and a few fines. Every count is an assumption, shown in the table.
- **Which tax do people pay most of over a lifetime?** Income tax and National Insurance together, by a wide margin. Taxes that attract far more argument, such as inheritance tax, are paid by a small minority.

For every £100 of tax

Public finances · Last updated 13 November 2026 · https://whereyourmoneygoes.co.uk/for-every-100-pounds-of-tax/

Out of every **£100** of UK public spending in 2025-26, **£33.20** went on social protection, including the state pension, **£21.00** on health and **£10.60** on debt interest. The shares are of the £1227.6bn spent on services; total managed expenditure was £1360.1bn, the other £132.5bn being accounting adjustments PESA does not assign to any function. Figures are HM Treasury's Public Expenditure Statistical Analyses. This is spending, not an allocation of any particular tax: almost no UK tax is earmarked.

Key figures

£33.20
Of every £100 spent goes on social protection, including the state pension
+£0.13 (+0.4%) vs 2024–25
2025–26

£21.00
Of every £100 spent goes on health
+£0.25 (+1.2%) vs 2024–25
2025–26

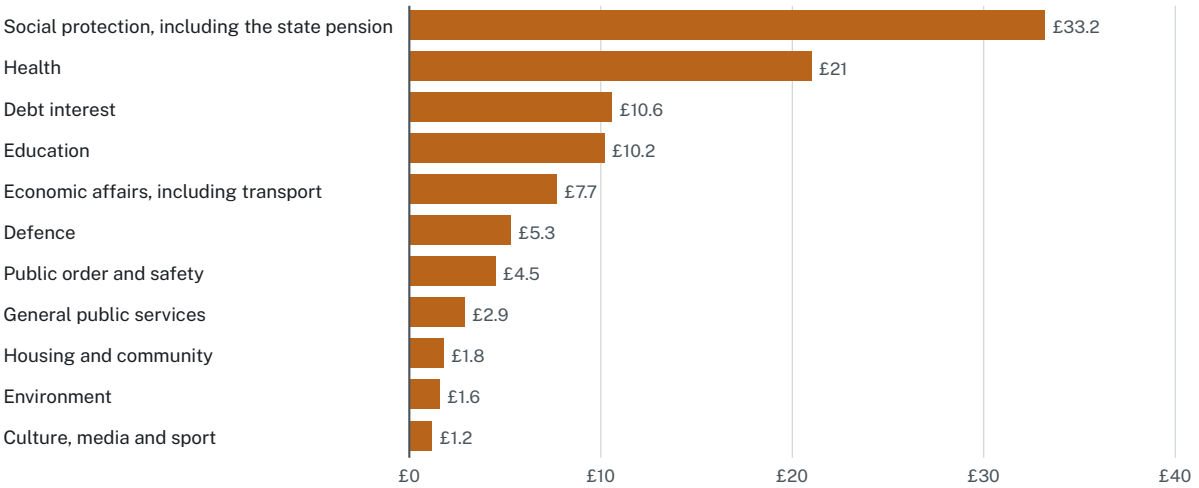
£10.60
Of every £100 spent goes on debt interest
−£0.23 (−2.1%) vs 2024–25
2025–26

£1,227.6bn
Spent on services, the total the shares divide
+£59.6bn (+5.1%) vs 2024–25
2025–26

£1,360.1bn
Total managed expenditure
Includes £132.5bn of accounting adjustments
2025–26

Where does every £100 go?

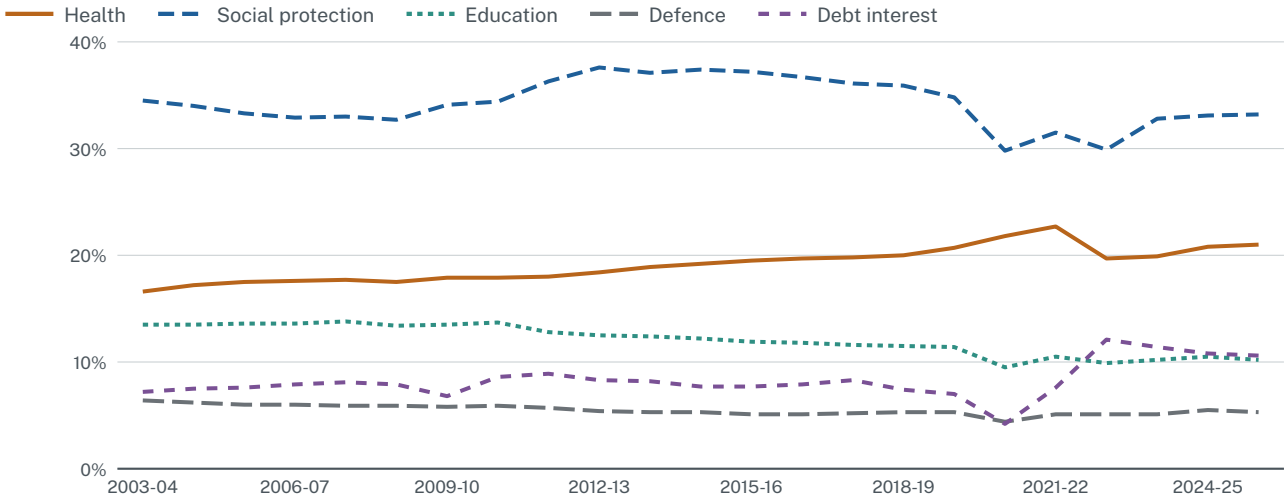
What every £100 of public spending buys, 2025-26



Horizontal bar chart of UK public spending by function in 2025-26. Social protection, including the state pension £33.20 of every £100, Health £21.00 of every £100, Debt interest £10.60 of every £100, Education £10.20 of every £100, Economic affairs, including transport £7.70 of every £100, Defence £5.30 of every £100, Public order and safety £4.50 of every £100, General public services £2.90 of every £100, Housing and community £1.80 of every £100, Environment £1.60 of every £100, Culture, media and sport £1.20 of every £100.

How has it changed?

How the split has changed



Line chart of the share of public spending going to each function from 2003-04 to 2025-26. Health and debt interest have grown as shares; defence has shrunk.

Two things stand out over twenty years. Health has taken a steadily larger share, driven by an ageing population and the cost of treatment. And debt interest has swung sharply: it is the one line that responds to interest rates rather than to any decision about services, which is why it rose so quickly after 2021.

What does this not show?

It is not an allocation of your tax. Almost no UK tax is earmarked: income tax does not pay for the NHS, fuel duty does not pay for roads, and the money is not tracked from a particular tax to a particular service. What this page shows is the proportion in which all public money is spent.

It is also spending, not tax. In most years the government spends more than it raises and borrows the difference, so these shares add to more than the tax on the all UK taxes page.

The two genuine exceptions are set out on their own pages: National Insurance, most of which goes to the National Insurance Fund, and the TV licence, which passes through the Consolidated Fund but is matched pound for pound by a grant to the BBC.

Common questions

- **Where does my tax money go?** Out of every £100 of public spending, £33.20 goes on social protection, including the state pension, £21.00 on health and £10.60 on debt interest. No individual tax is allocated to a service.
- **Does income tax pay for the NHS?** No. Income tax is not earmarked. It goes into the Consolidated Fund with almost every other tax. The only UK taxes with a genuine destination are National Insurance, most of which goes to the National Insurance Fund, and the TV licence, which is matched pound for pound by a grant to the BBC.

Sources and licences

Every dataset behind the figures in this document, with its publisher, the date its figures are as of, and the licence they are used under.

Source	Publisher	Figures as of	Licence	Used in
HMRC tax receipts and National Insurance contributions for the UK https://www.gov.uk/government/statistics/hmrc-tax-and-nics-receipts-for-the-uk	HM Revenue and Customs	the 2025–26 financial year	Open Government Licence v3.0	Every UK tax, and what it raises; The overall tax burden; Income tax; National Insurance; VAT; Stealth taxes; Taxes over a lifetime
Historical public finances database https://obr.uk/data/	Office for Budget Responsibility	the 2022–23 financial year	Open Government Licence v3.0	Every UK tax, and what it raises; The overall tax burden; Income tax; National Insurance; VAT
GDP deflators at market prices, and money GDP https://www.gov.uk/government/collections/gdp-deflators-at-market-prices-and-money-gdp	HM Treasury	the 2025–26 financial year	Open Government Licence v3.0	Every UK tax, and what it raises; Income tax; National Insurance; VAT
Revenue Statistics: comparative tables https://data-explorer.oecd.org/vis?df[ds]=dsDisseminateFinalDMZ&df[id]=DSD_REV_COMP_OECD%40DF_RSOECD	OECD	1 January 2024	CC BY 4.0 (OECD)	The overall tax burden; Income tax; National Insurance; VAT
Office for Budget Responsibility, Economic and fiscal outlook, November 2025, Box 3.3 https://obr.uk/docs/dlm_uploads/OBR_Economic_and_fiscal_outlook_November_2025.pdf	Office for Budget Responsibility	22 September 2026	Open Government Licence v3.0	Income tax; National Insurance; VAT; Stealth taxes; Frozen thresholds, and what they cost; Taxes over a lifetime
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legislation.gov.uk and official guidance, provision by provision https://www.legislation.gov.uk/	legislation.gov.uk	22 September 2026	Open Government Licence v3.0 (legislation.gov.uk)	Stealth taxes; Frozen thresholds, and what they cost
CPI annual rate, all items (D7G7) https://www.ons.gov.uk/economy/inflationandpriceindices/timeseries/d7g7/mm23	Office for National Statistics	1 September 2026	Open Government Licence v3.0	Frozen thresholds, and what they cost
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Council Tax levels set by local authorities in England https://www.gov.uk/government/collections/council-tax-statistics	Ministry of Housing, Communities and Local Government	the 2026–27 financial year	Open Government Licence v3.0	Taxes over a lifetime
Council Tax Assumptions: Council Tax by Band https://www.gov.scot/publications/council-tax-datasets/	Scottish Government	the 2026–27 financial year	Open Government Licence v3.0	Taxes over a lifetime
Council Tax levels https://www.gov.wales/council-tax-levels	Welsh Government	the 2026–27 financial year	Open Government Licence v3.0	Taxes over a lifetime

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