

Enough of the cost of benefits, what do subsidies to hi...

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I am a little bored of discussion of the [cost of social security](#) from which we all, unambiguously, benefit. I thought it time, assisted by some reader prompting, to look at the cost of the tax subsidies to the [12.7% or so](#) in the UK who are higher rate taxpayers.

Let me start with some caveats. What follows is just a stab at this issue. It is not a proper study; it is indicative. The [data comes from HM Revenue & Customs](#), and I have generously excluded some costs where the major benefit goes to those well off (VAT zero-rating on train fares, for example). I have also had to guess the proportion of some reliefs, e.g. on ISAs, capital gains tax reliefs and venture capital trusts that go to higher rate tax payers. Some of these guesses could be a little out, but I suspect not by far.

I have also, very deliberately, not included the full cost of pension tax relief for those on higher rates in the costing and only that part above basic rate as I think that relief should be restricted to that rate but not abolished. On the other hand I have not shown the cost of capital gains tax being taxed at rates well below income tax, but I have questioned why a second annual allowance needs to be given to those who make gains which most will never enjoy.

I have included the VAT exemptions of private healthcare and education as a subsidy. I think that appropriate.

I have ignored all tax avoidance, income shifting, use of companies and other tricks to lower rates. This is a deliberately simple estimate. I have, therefore, tried to be balanced, and this is what came out:

Something like £29 billion of tax relief is given to the higher rate tax payers of this country each year. That sum is shared by about 4.4 million people. That's £6,695 each.

I stress; this is a very broad estimate and of course the benefit is not equally shared.

But if we're to have a balanced debate, is this right?

And if it is why are we complaining about Jobseekers's Allowance [that can be as little as £56.80 a week](#)?