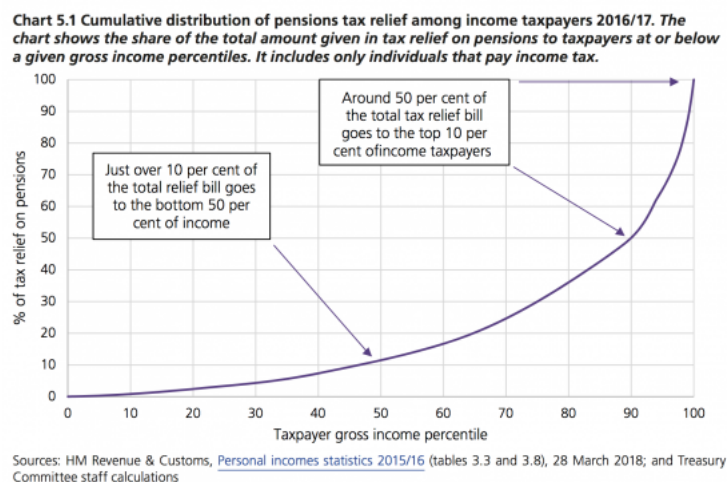


The wealthiest in the UK are given Â£27bn a year to s...

018/07/29/the-wealthiest-in-the-uk-are-given-27bn-a-year-to-subsidise-their-savings-when-total-we

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The Treasury Committee of the House of Commons published the following figure in its [recent report](#) on savings, pensions and related issues:



There are three things to note. First, the lower half of the income distribution ([broadly earning less than £24,000 pa](#) in the year in question) get 10% of all pension tax relief.

The so-called middle-income earners (earning £24,000 to about £54,000 in that year) enjoy 40% of tax reliefs.

And the top 10% of earners, all earning over £54,000 pa) enjoy 50% of all tax relief.

The total cost of the tax reliefs is as follows:

The total comes to £54.8 billion: the tax receipt offset is wholly bogus accounting that is utterly unacceptable under any accounting convention.

In other words, tax relief for those best off - which is nothing more than a straightforward state subsidy for their savings which increases the wealth divide in the

UK as a result - costs £27 billion a year.

This needs to be put in context. [In 2016/17 the spending on welfare in the UK was approximately as follows:](#)

Comparison should not be made with housing benefit - since the vast majority of that goes to landlords, most of whom will also be in the top 10% of income earners.

And it's hard to call pensions -which are paid almost universally - a welfare payment.

Whilst unemployment benefits are almost insignificant.

The other benefits come to £125bn.

And the best off get a sum equivalent to 20% of that just to boost their wealth.

What is the logic to this? It's almost impossible to discern.

The Treasury Committee suggests reform to pension tax relief, giving it at a flat rate.

I am beginning to question why it is given at all.