

Funding the Future

Why top income earners pay most tax

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There is much kerfuffle in the media about the fact that the top 1% of taxpayers are now paying maybe 29.6% of all income tax in the UK.

That's not 29.6% of all tax, I stress: income tax is less than 25% of all tax. So let's not let anyone say they pay 29.6% of all tax: they don't.

But then look at this table from the same HMRC [statistics report](#) that the 29.6% data comes from. It shows the share that the top 1% and others make of all taxable personal income:

In twenty years highest income earners are pulling, very persistently, away from the rest. Is it surprising that they pay a bigger tax share as a result, as this table shows?:

2.4 Shares of total income (before and after tax) and income tax for percentile groups, 1999-00 to 2019-20
 Continued Taxpayers only

Percentile Groups (ranged on total income before tax)	Bottom				Bottom		Top		Top	
	1%	5%	10%	25%	50%	50%	25%	10%	5%	1%
Share of Total Tax										
1999-00	0.0	0.1	0.3	2.4	11.6	88.4	69.5	50.3	39.6	21.3
2000-01	0.0	0.1	0.3	2.2	11.3	88.7	70.3	51.5	40.7	22.2
2001-02	0.0	0.1	0.3	2.2	11.1	88.9	70.8	51.9	40.8	21.8
2002-03	0.0	0.1	0.3	2.2	11.1	88.9	70.5	51.5	40.2	21.0
2003-04	0.0	0.1	0.3	2.2	11.2	88.8	70.1	50.9	39.8	20.8
2004-05	0.0	0.1	0.3	2.1	10.8	89.2	70.7	51.4	40.3	21.4
2005-06	0.0	0.1	0.3	2.1	10.6	89.4	71.5	52.9	41.9	22.7
2006-07	0.0	0.1	0.3	2.1	10.5	89.5	71.8	53.5	42.6	23.5
2007-08	0.0	0.1	0.3	2.1	10.4	89.6	72.2	54.3	43.4	24.4
2008-09 (a)	*	*	*	*	*	*	*	*	*	*
2009-10	0.0	0.1	0.6	2.7	11.2	88.8	72.0	54.9	44.8	26.5
2010-11	0.0	0.1	0.5	2.7	11.3	88.7	71.3	53.5	43.3	25.0
2011-12	0.0	0.1	0.5	2.5	10.7	89.3	72.7	55.4	44.7	25.4
2012-13	0.0	0.1	0.5	2.5	10.6	89.4	73.0	55.8	44.8	25.1
2013-14	0.0	0.1	0.3	2.2	9.7	90.3	75.0	58.6	47.5	27.6
2014-15	0.0	0.1	0.3	2.2	9.7	90.3	75.0	58.5	47.4	27.2
2015-16	0.0	0.1	0.3	2.1	9.4	90.6	75.9	60.0	48.9	28.8
2016-17 (2)	0.0	0.1	0.4	2.3	9.6	90.4	75.6	59.7	48.5	28.1
2017-18 (1,2)	0.0	0.1	0.4	2.3	9.5	90.5	75.9	60.3	49.3	29.0
2018-19 (1,2)	0.0	0.1	0.4	2.2	9.3	90.7	76.2	60.6	49.6	29.1
2019-20 (1,2)	0.0	0.1	0.4	2.2	9.2	90.8	76.3	60.9	50.1	29.6

The real questions to ask are:

- * Why do they earn so much?
- * Are they worth it?
- * Why is their share increasing?
- * What is the cost of it doing so?
- * Why are they given such enormous tax privileges despite this by enjoying low corporation tax rates, low savings tax rates, massive tax deductions, low capital gains tax rates and other exemptions in things like VAT that only they can really enjoy despite this?

And maybe, why have those on what are called middle-class incomes done so poorly in comparison?

Plus, remember that the data is manipulated: millions who do not pay tax are not in it at all. For them the situation is much worse.

Why do these people pay so much? Because they can, is the answer. Do they pay enough? Almost certainly not is the answer. We have a tax system still horribly skewed to the well off: it's just that selective reading the income tax statistics that let them claim otherwise. But that selective reading does not reveal the whole truth.