

# Funding the Future

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I have just posted this video on YouTube.

Why are we imposing tax rates only designed for those with much higher incomes onto students earning little more than the minimum wage? It makes no sense, at all.

<https://youtu.be/NCthfll6GFA?si=g9eeAZsti7USKkNa>

The transcript is:

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*Why are so many people paying up to 38 per cent tax on quite, well, average levels of earnings in the UK?*

*As we know, the basic rate of income tax on earnings up to £50,270 a year in the UK in 2024 is supposedly 20%. Supposedly, but not actually, of course.*

*If you earn your income from work, you also pay National Insurance. And that adds 8 per cent to the bill.*

*And then if you're a younger person who's been to university, and approximately half of younger people now have, then you'll also be repaying your student loan. If you're earning much over £25, 000, that means that your combined tax rate will now be 38%.*

*Now, people say, but that's a student loan repayment, that's not a tax.*

*Of course, it's a tax. It's charged on your income at a fixed rate depending on how much you make. So, it's a tax in anything but name.*

*And the reality is, that means that a person who is on little more than minimum wage now could be paying 38 per cent marginal tax rates. When somebody earning double that sum - on £60,000 a year, but who did not go to university - might only be paying 42%, and the*

*There is no sense to this. In fact, the only sense within it is that it is extremely unfair*

*and it must be designed to be so. Why else would we end up with such a bizarre situation? Somebody, I presume, wanted it to happen.*

*Well, I don't. And I don't think anyone with any sense should. Because this unfairness, first of all between the young, and secondly between those on lower incomes and those who are on higher incomes who had the benefit of going to university free of charge in a great many cases, should not exist inside our tax system.*

*It's a disincentive to the young, it prevents them saving, it prevents them buying their own homes, it prevents them putting money aside for a pension and it leaves them worse off than those on a much higher level of income with regard to their tax rate.*

*This should stop. The student loan repayment system does not cover even a tiny proportion of the cost of sending students to university. Let's stop pretending it does. Let's stop charging unfair tax as a result. And let's come up with a better way of funding universal education for everyone, which our society needs.*