

The Treasury's deeply misleading data on the impact of ...

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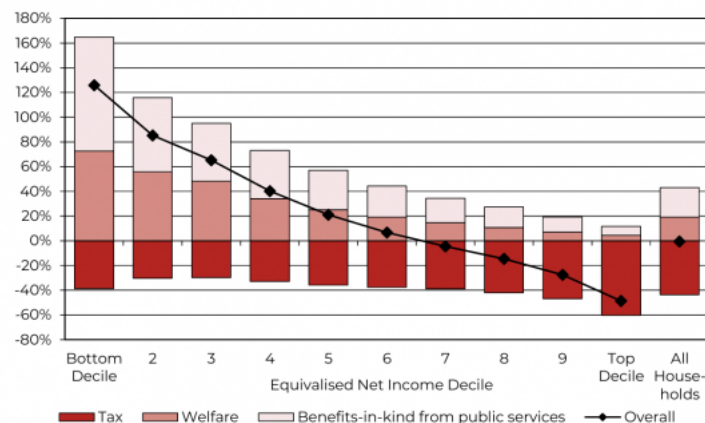
The Treasury [yesterday produced a distributional analysis](#) of the Budget, plus last year's fiasco from Reeves.

They said:

This document sets out estimates of the impact of tax, welfare and public service spending decisions on household incomes, across the household income distribution in 2028-29 (the final year of Spending Review 2025).

They included this chart as their overall summary of the current impact of government activity (spending, tax and benefits) on households split into ten equal groups ranked by income in UK society:

Figure 1.C Overall level of public spending received, and tax paid, as a percentage of net income, by income decile, in 2028-29



Source: HM Treasury distributional analysis model

I reproduce it because it is total nonsense. How can I tell? Look at the data for the top 10% of households by income. If the presentation in this chart was to be believed, they pay 60% of their income in tax.

They don't, of course. They pay nothing like that. The data is wrong because:

- * The income comparator used is net income after tax. In other words, tax paid is compared with income stated after tax is paid, meaning that the two are not statistically independent of each other in any way, making this an utterly meaningless chart.
- * Income excludes capital gains and increases in the value of assets, and yet both significantly impact well-being, most especially for the well-off.
- * Indirect taxes are ignored: only direct taxes are taken into account, but as a percentage of income, those on the lowest earnings pay a much higher percentage of indirect taxes and those on high incomes a low one.

Any reasonable person should think, as a result, that the Treasury has deliberately set out to produce highly misleading data on a sensitive topic.

So why would they do that? Could it be that they want to:

- * Suggest the best off pay much more tax than they do?
- * Extra taxes on wealth are not needed?
- * Claim the overall system is heavily redistributive when taking all sources of increased financial well-being and taxes owed into account, it is hardly so at all, as I showed in the Taxing Wealth Report?
- * Those on the lowest incomes are better off than they really are?

It would seem so to me. And I sense a profound pro-wealth agenda underpinning all this, which is deeply unsavoury, and should not exist in national statistics produced by HM Treasury.

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