

Calculating the number of tax changes since 2010

Darwin Friend

February 2021



POLICY RESEARCH SERIES

Introduction

The Conservative party's record on tax policy is contested. Previous research found that the Conservative government of Winston Churchill cut the tax burden as a proportion of GDP by more than any other postwar prime minister.¹ The 2019 Conservative manifesto promised that "Conservatives want to give you freedom – low taxes, opportunity, the chance to realise your dreams."² Yet under the current Conservative prime minister, the sustained tax burden will reach a 70 year high.³

To aid public understanding of the tax policy debate, this paper itemises the scale of the changes made within the tax system from each budget since the Conservatives gained office in May 2010.

The paper analyses the number of tax changes which have taken place, quantifying both cuts and rises. Within each individual tax there are a number of bands, rates, thresholds and exemptions, changes to which have impacts on individuals, households and businesses. An example would be changes to vehicle excise duty: often, changes are made to different classes of vehicle based on metrics like emissions. Those discrete changes impact personal finances in different ways. Aggregating these changes sheds light on the scale of tax changes as well as the simplicity and predictability of the tax system.

Key findings

- Since May 2010, Conservative or Conservative-led governments have implemented at least **1,651** tax changes. Of these, **1,034** or **(63 per cent)** were tax rises.
- The **greatest number of tax changes** was in **2012-13** with **189**.
- The **greatest number of tax rises** occurred in **2012-13** with **132**. This occurred despite the budget in 2011 purporting to implement policies which "achieve strong, sustainable and balanced growth that is more evenly shared across the country."⁴
- The **greatest number of tax cuts occurred in 2014-15**, the last full year of the Conservative – Liberal Democrat coalition, with **83**.
- The only year since 2010 with more tax cuts than rises was **2020-21, with 78 of the 151 tax changes being cuts**.
- Vehicle excise duty was the tax with the largest number of changes over the period with **258**. Of these, **248 were tax rises**.
- Value added tax (VAT) had the greatest number of tax cuts since May 2010 with **130**. This includes the abolishment of VAT on female sanitary products in 2021. However, this is largely offset by **126 tax rises** over the same period. These include VAT being charged on mobile phones and the standard rate rising from 17.5 per cent to 20 per cent.
- The majority of tax changes concerned indirect taxes, such as alcohol, fuel and tobacco duties. These accounted for **1,146** or **(69 per cent)** of the **1,651 tax changes** implemented since May 2010.

¹ TaxPayers' Alliance, Briefing: sustained tax burden at highest level since 1951, 1 February 2021.

² The Conservative and Unionist Party, Manifesto 2019, November 2019, p. 26.

³ TaxPayers' Alliance, Briefing: sustained tax burden at highest level since 1951, 1 February 2021.

⁴ HM Treasury, *Budget 2011*, March 2011, p.1.

- National account taxes – the amount of revenue the government receives in taxes each year – is forecast to increase by more than **£187 billion** between 2009-10 and 2021-22.⁵ This is a real terms increase of £172 billion since 2010.⁶

[Click here to see ten years of tax changes](#)

Tax burden since May 2010

Tax changes

Since 2010, there have been cuts or no increases to various types of direct taxation, including income tax, corporation tax and capital gains tax. Table 1 shows 119, 65 and 37 cuts to each tax respectively. This trend continues to other forms of direct taxation, with national insurance and the withholding tax seeing more cuts than rises in the last 10 years.

While these individual taxes have seen significant cuts – with the personal allowance rising from £6,475 to £12,500 since 2009-10 and corporation tax cut from 28 per cent to 19 per cent – the average tax burden has continued to rise with it reaching 33.8 per cent in 2020-21, its highest level since 1951.⁷

Beyond the headline changes, tax cuts have been offset with tax rises. As chart 1 demonstrates, there have been significantly more tax rises than cuts in every year since 2010. The single exception is 2020-21, when temporary tax cuts and new reliefs to ameliorate the effects of covid-19 were introduced.

Often these rises have come in changes to indirect taxes, the most prominent being the increase in VAT from 17.5 per cent to 20 per cent. Other rises in VAT have come from changing rates in certain products, such as hot food, self storage and hairdressers' chair rental. However, these are only three rises amongst 1,033 others. The most common tax rises have come on duties, including air passenger, alcohol, fuel, gambling, tobacco and vehicle excise. In total they accounted for 496 of the total tax rises over this period compared to 68 cuts. This means that alcohol duty has increased from £9.4 billion in 2010 to £12.9 billion today.⁸

⁵ Office for Budget Responsibility, *Public finances databank – January 2021*, 28 January 2021, <https://obr.uk/data/>, (accessed 10 February 2021)

⁶ Office for National Statistics, *GDP deflators at market prices, and money GDP December 2020 (Quarterly National Accounts)*, 6 January 2021, www.gov.uk/government/statistics/gdp-deflators-at-market-prices-and-money-gdp-december-2020-quarterly-national-accounts, (accessed 25 February 2021)

⁷ TaxPayers' Alliance, *Briefing: sustained tax burden at highest level since 1951*, 1 February 2021.

⁸ Office for Budget Responsibility, *Public finances databank – January 2021*, 28 January 2021, <https://obr.uk/data/>, (accessed 10 February 2021)

Chart 1: total number of implemented tax changes since May 2010

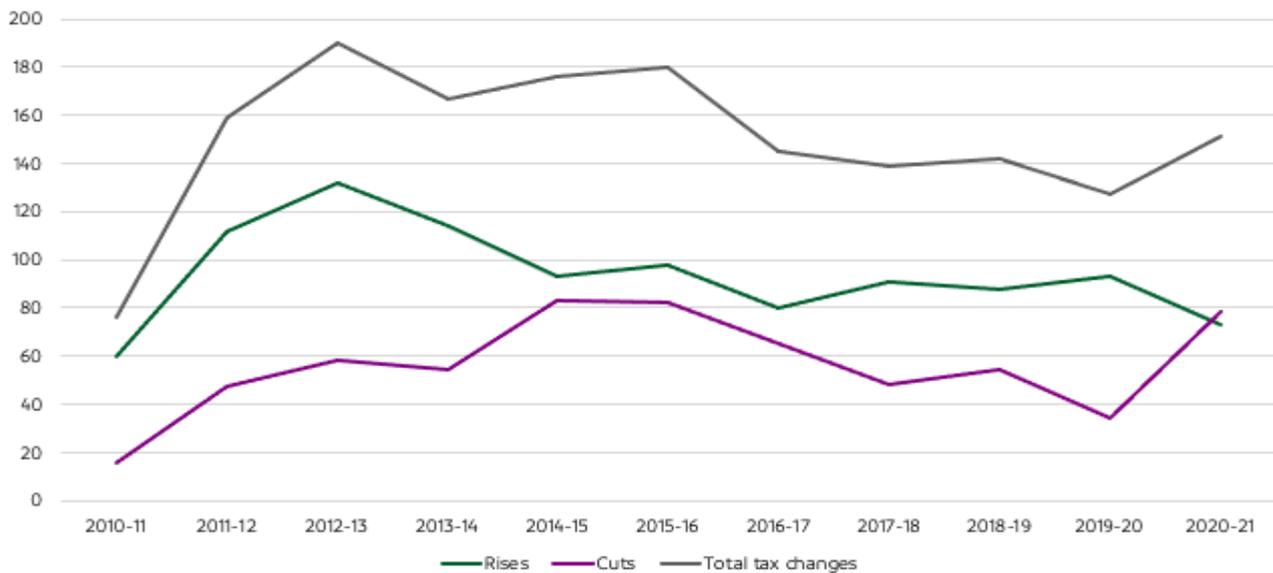


Table 2 illustrates the number of tax changes in each year since 2010. It shows that tax changes were most popular during George Osborne’s tenure as chancellor of the exchequer: the top five years with the largest number of tax changes all occurred during his term of office. Furthermore, four of these years had the greatest number of tax rises.

It should be noted that the largest number of tax cuts occurred in 2014-15 and 2015-16, the final two years of Osborne’s tenure as chancellor.

Similar levels of tax rises occurred under Philip Hammond. Part of the reasoning for this is that the new vehicle excise duty bands for cars made from the 1 April 2017 onwards were introduced. Across his time as chancellor the number of tax cuts fell noticeably, from 48 in his first full year to 34 in 2019-20.

Tables

Table 1: total number of implemented tax changes since May 2010, by tax type

Tax	Rises	Cuts	Total changes	Net tax rises (+) or cuts (-)
Air passenger duty	54	4	58	50
Alcohol duty	114	11	125	103
Apprenticeship levy	1	0	1	1
Bank levy	12	13	25	-1
Business rates	18	21	39	-3
Capital gains tax	22	37	59	-15
Carbon price floor	19	8	27	11
Climate change levy	52	7	59	45
Company car tax	21	12	33	9
Corporation tax	45	65	110	-20
Digital services tax	1	0	1	1
Diverted profits tax	1	0	1	1

Tax	Rises	Cuts	Total changes	Net tax rises (+) or cuts (-)
Fuel duty	12	11	23	1
Gambling duty	16	31	47	-15
Income tax	61	119	180	-58
Inheritance tax	0	10	10	-10
Insurance premium tax	5	1	6	4
ISA	0	20	0	-20
Landfill tax	16	0	16	16
National insurance	64	66	130	-2
Non-domiciles	7	0	7	7
Soft drinks industry levy	2	0	2	2
Stamp duty	49	19	68	30
Swiss agreement	3	1	4	2
Tobacco duty	52	1	53	51
VAT	126	130	256	-4
Vehicle excise duty	248	10	258	238
Venture capital schemes	12	18	30	-6
Withholding tax	1	2	3	-1
Total	1,034	617	1,651	417

Table 2: total number of implemented tax changes in each year since May 2010

Year	Rises	Cuts	Total changes	Net tax rises (+) or cuts (-)
2010-11 ⁹	60	16	76	44
2011-12	112	47	159	65
2012-13	132	57	189	75
2013-14	114	53	167	61
2014-15	93	83	176	10
2015-16	98	82	180	16
2016-17	80	65	145	15
2017-18	91	48	139	43
2018-19	88	54	142	34
2019-20	93	34	127	59
2020-21	73	78	151	-5

⁹ 2010-11 figure is the total tax changes implemented following the formation of the Conservative-Liberal Democrat coalition.

Table 3: total number of implemented tax changes since May 2010, by prime minister

Prime minister	Rises	Cuts	Total changes	Net tax rises (+) or cuts (-)
David Cameron (11 May 2010 – 13 July 2016)	663	396	1,059	267
Theresa May (13 July 2016 – 24 July 2019)	291	140	431	151
Boris Johnson (24 July 2019 – present)	80	81	161	-1

Methodology

Data used in this paper has been gathered by collating the policy decisions made in budget and Autumn statement documents from the June 2010 budget to the Spring budget 2020. Where policies have been announced in these documents but an implementation date or supporting information has not been provided or cannot be found, it has been excluded from this dataset. Changes in local government (such as council tax) and devolved governments (like new income tax rates) have not been included.

Any budget decision which was legislated for before the 2010 general election but implemented after has been counted as a tax change. One example would be the fuel duty rises in October 2010 and January 2011.

This research measures the number of tax raising and cutting measures in cash terms. It does not account for inflation. Therefore, freezes have not been included but adjustments to account for inflation are. This applies to reliefs as well as fixed tax rates and affects the number of tax rises and cuts. Similarly, where the exact same tax exemption has been implemented and subsequently extended, such as the business rates discount for local newspapers, this is counted as one tax change from the date it was originally implemented.