

UK Estimates of Top Income Share 2009-2010

Anthony B. Atkinson

March 2012



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The HMRC has just released Personal Incomes Statistics 2009-10, containing the annual Survey of Personal Incomes (SPI) data that can be used to estimate the top income shares. (The data for 2008-9 have been delayed).

The control total for population is the number of adults aged 15 and over, from the ONS website (Table B Mid-1971 – Mid-2010 Population Estimates, quinary age groups), and is 50.996 million.

The control total for income could be obtained in two different ways, as is explained in Atkinson (2007, page 90). One can start from the national accounts figure for “Households and non-profit institutions serving households” and subtract items; or one can start from the SPI total and add for the non-taxpaying population. In the past, the UK estimates have been based on the second method, but the national accounts approach offers more likelihood of comparability with the estimates for other countries. In view of this, an alternative calculation has been made for the UK from the national accounts (United Kingdom National Accounts 2011, and earlier years), defined as follows (using Table 6.1.4, except where indicated):

Balance of primary incomes, gross

- + Social benefits, other than transfers in kind, excluding redundancy fund benefits (Table 5.2.4S), Social Fund benefits (Table 5.2.4S) and employee benefits from employers’ liability insurance (Table 6.1.4S)
- Employers’ actual social contributions
- Imputed rent of owner occupiers (Table 6.4)
- Attributed property income of insurance policyholders (Table 6.1.3)
- Imputed social contributions (net)
- Housing benefits (Table 5.3.4S)
- Fixed capital consumption

The fiscal year figures are based on $\frac{3}{4}$ and $\frac{1}{4}$ of calendar years.

The total defined above is in principle more extensive than that used to date, but over the period 2000-1 to 2007-8, the two series converged, and the 2007-8 value is essentially the same (£907 billion compared with £906 billion). It therefore seemed a good year in which to make the change, and the national accounts total has been used for 2009-10. It should be noted that the earlier method gives a smaller total for 2009-10, and hence would have given higher estimates of the top income shares in 2009-10. The total income is £954,705 million.

The shares of the top groups for 2009-10 (referred to as 2009 in the database) are

Top 10%	Top 5%	Top 1%	Top 0.5%	Top 0.1%	Top 0.05%
41.49%	29.97%	15.41%	11.82%	6.46%	4.90%

Finally, very small adjustments have been made to the series for 2007-2008 (referred to as 2007 in the database) due to minor revisions to the control totals.

Reference

Atkinson, Anthony B. (2007). The Distribution of Top Incomes in the United Kingdom 1908-2000; in A. B. Atkinson and T. Piketty (editors) *Top Incomes over the Twentieth Century. A Contrast Between Continental European and English-Speaking Countries*, Oxford: Oxford University Press, chapter 4, pp. 82-140.