



NORTH TYNESIDE  
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To:

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**Chronicle Live**

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## Times

I work part-time as a home-carer. The role involves performing personal care, administering medication, preparing meals, shopping, companionship and very often counselling. This month, because of sickness and holidays, I was asked to cover a few extra shifts. As I have a modest pension any earnings, I make are taxed at the basic rate of 20%. I receive the minimum wage and for working 70 hours this month I received £640 after a tax deduction of £180. That works out at about £9 an hour or two coffees at Starbucks.

However, what if I was a buy-to-let landlord with 15 rental properties, like the MP for Ilford South, Jaz Atwal, and decided to sell one the profit I made, after deducting annual allowance and any improvements, stamp duty or legal fees, which would only be taxed at 18%. That is if I was a basic rate taxpayer. 24% if a higher rate tax payer. That's just for owning property.

Similarly, if I was a CEO of a company I could be paid part of my salary in shares. Again, a higher rate tax payer I would only pay 24% tax on these shares as they are considered assets or, disgracefully, nothing if they were paid into a private pension. Pay as you earn (PAYE) which is how the majority of us pay tax is taxed at 20% lower rate 40% and 45% higher rates. Therefore, the CEO is probably paying 20% less than they would if taxed equally.

Less than 3% of adults paid capital gains tax for the decade up to 2020. Capital gains tax raised £15 billion in the last financial year. A review commissioned by the government in 2020 advised that the amount raised by cutting exemptions and doubling the rates, to align with income tax, could raise an extra £14 billion. Rachel Reeves has only raised a mere £2.5 billion with her measures for capital gains in the budget.



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In effect, a home carer worker on 12 hours shifts like myself pays a higher rate of tax than a CEO of a company or a rich landlord. Coupled with the extra NI contributions employers are now required to make, wage rises are now less likely even taking into account the raising of the minimum wage. An independent think tank warns that the budget means workers will be no better off by the end of this parliament.

In their book 'The Spirit Level' (2009) authors Kate Pickett and Richard Wilkinson, argue how societies that have greater equality almost always do better. And that greater inequality goes with higher rates of ill-health, lack of community life, long working hours and bigger prison populations to name but a few.

This government has argued it is on the side of working people but this doesn't ring true. The Resolution Foundations analysis shows the immediate outlook for pay is far from rosy and, after this budget, has worsened. Maybe, by the end of this parliament my take home hourly rate will only stretch to the equivalent of a tea and a sausage roll at Greggs.

**Sincerely,**

**Cathy Davis**

North Tyneside Community Independent



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