British super-rich pay less tax as workers pay more

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British workers have experienced an unprecedented assault on their living standards, wages and social conditions. Working class communities have witnessed severe attacks on basic public services, with welfare benefits slashed for the poorest in society.

While austerity ravages the lives of workers and their families, the super-rich continue to rake in gargantuan levels of wealth.

The New Year began with a bonanza for the super-rich and corporations as the stock market hit record levels. On January 9 in early trading, the Financial Times Stock Exchange (FTSE) was up 29 points to an all-time high of 7,239. The FTSE consists of the 100 companies listed on the London Stock Exchange with the highest market capitalization. Traders rejoiced when the index closed last week after experiencing its longest run of record closes in 20 years.

Only one year ago, the FTSE 100 ended the first week of January at 5,912 points. By the first week of 2017, the FTSE had climbed 22 percent to 7,208 points.

Two of the FTSE firms, Anglo American and Glencoe, are mining corporations and beneficiaries of the protracted market rally. Central to this has been the plummet in the value of the British pound since the referendum vote to leave the European Union (EU) last summer. The persistent fall in the value of sterling has boosted multinational companies listed on the FTSE 100, when their foreign earnings are converted into pounds.

In the time it took between the FTSE 100 Share Index opening trading on the first Monday morning of the New Year and reports of its continuing rise arriving across news desks by midday, the UK's most highly remunerated CEOs had already received more money than most workers earn in a year.

The High Pay Centre (HPC) which conducts research and analysis on issues relating to the incomes of the super-rich compared the earnings of CEOs at FTSE 100 firms with UK average wage rates.

Its informed estimate is that British-based CEOs are paid approximately £1,000 an hour, in comparison to the National Living Wage of £7.20. They calculated it would take approximately 28 hours of employment in the New Year for them to equal the UK average wage of £28,200. This means that by lunchtime on Wednesday January 4, the average FTSE 100 CEO had surpassed the average annual worker's salary in less than 48 hours. The top bosses now receive 129 times more than their employees.

Pointing to the further enrichment of the super-rich, a report by the public spending regulator the National Audit Office (NAO) suggests that Her Majesties Revenue and Customs (HMRC) was chasing nearly £2 billion in taxes that have potentially gone unpaid by those more than capable of affording them.

In 2009, HMRC set up a specialist unit, following widespread public anger and criticism that it was failing to seriously tackle tax avoidance by the wealthiest. Seven years after HMRC launched this "crackdown" on the super-rich, it emerges that they are now paying even less income tax than before.

More than half of the estimated £2 billion in missing taxation was linked to tax avoidance schemes the likes of which were partially exposed by the release of the Panama Papers last year.

The NAO research shows that since 2009, while the total amount of income tax collected in Britain has risen by £23 billion to £273 billion, the amount paid by the super-rich has fallen by £900 million to £3.5 billion. In 2014, the Conservative-Liberal Democrat government cut the top rate of income tax to just 45

percent and subsequently the numbers of the super-rich, whilst still tiny in absolute terms—the British population is approximately 60 million—rose sharply from 5,900 to 6,500 individuals.

The heads of the HMRC recently gave evidence to parliament's public accounts committee, following the publication of the NAO's research. Some MPs felt obliged to go through the motions and question why tax inspectors assigned to deal with the super-rich were known euphemistically but accurately as "customer relationship managers."

Questions were asked about why the richest individuals in society received only "suspended fines" rather than serious penalties for their infringements and breaking of the law. The 380-strong HMRC unit had prosecuted just one super-rich tax avoider since the team was established back in 2009. It aims to prosecute 100 individuals by 2020. However, on the basis of its record so far, prosecuting just 100 more would take hundreds of years!

According to the HMRC, the super-rich paid just £4.4 billion in income tax and National Insurance in 2009-2010, but that fell further to £3.5 billion in the year to April 2015. During the same timeframe, the total amount collected by the Treasury increased from £250.1 billion to £272.9 billion, a 9 percent rise—with the share paid by Britain's richest falling from an already derisory 1.8 percent to 1.3 percent.

Standing reality on its head, HMRC saw fit to release a statement suggesting that the potential tax paid by rich taxpayers would have been negatively affected by the economic downturn. In fact, the incomes of the super-rich have been entirely unaffected and indeed have grown, not shrunk, since the beginning of the 2008 global financial crisis.

Nothing will be done to ensure that the super-rich hand over taxes due. HMRC all but confirmed this when stating that really everyone should be grateful for what they do deign to pay. It stated, "Today, the top 1 percent of earners pay more than quarter, 27% of all income tax, and the National Audit Office makes it clear that each year HMRC has increased the amount of tax it chases from the very wealthy that would have otherwise gone unpaid."

While the sated rich are allowed to avoid and evade the taxes necessary to fund vitally-needed services for millions of people, the government continually devises the means to extract ever more from the working class.

Last month, Conservative Prime Minister Theresa May approved a measure allowing local authorities to hike up council tax from the currently permitted 1.99 percent each year to an extra 6 percent over the next two years. This is to offset massive cuts in central government funds.

The amount expected to be raised nationally through this measure is £900 million—exactly equal, according to HMRC, to the amount the super-rich have got away with paying in income tax in recent years.

A council tax increase on this scale means that a household in an average council B and D property—which already pay £1,530 a year—would face a nearly £100 increase over the next two years if the full 6 percent is levied. This would be on top of a general increase of 2 percent set to be imposed by councils. Councils are already planning to enforce the increase. For example, Manchester City Council is to increase council tax by the maximum 4.99 percent in 2017-2018 and 2018-2019, and then by 1.99 percent in 2019-2020. For a property in band D, this results in a council tax increase of £178.20 between now and 2020.

This regressive tax is justified on the basis that it is needed to fund social care. But it comes after overall social care funding has been slashed by 12 percent in real terms over the past five years. Tens of thousands of people with physical disabilities and mental health problems have been the victims of social care cuts. By 2013, after years of austerity since 2008, more than £1.5 billion had been cut from the social care budget and an estimated 483,000 elderly and disabled people had either lost their care support, or were no longer eligible.

The cuts have resulted in a fall in the number of available care homes overall in England. From more than 18,000 available in September 2010, just over 16,600 remained by July last year.