

PRESS RELEASE

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Younger generations losing out to taxation by stealth

Younger generations are being targeted with taxation by stealth, according to new research from the non-party-political Intergenerational Foundation (www.if.org.uk)

The think tank report entitled, *“Packhorse Generation: The new tax burdens forced onto young people by inflation”*, argues that the government is purposefully targeting younger generations for higher taxation in order to increase tax receipts while staying true to a manifesto pledge not to increase taxation.

IF argues that during a period of high inflation the government has chosen to use fiscal drag, which results from the freezing of national insurance and income tax thresholds, combined with the freezing of the student loan repayment threshold, to pull more low-income, and largely younger, workers into the taxation system sooner than if the thresholds had increased by inflation. Furthermore, frozen tax brackets in a time of high inflation will force young people into higher tax brackets sooner.

Angus Hanton, IF Co-founder, comments, “It seems particularly intergenerationally unfair, after all they have sacrificed to protect older generations during the pandemic, that lower-earning younger generations will be forced to shoulder the cost of government promises to increase social care spending and reduce COVID-19 debt, when both spending decisions were made to protect older generations.”

The forthcoming 10% increase in National Insurance Contributions (NICs) will mean that younger workers will pay over ten times more than workers over 65 years who will pay just 1.25% extra.

A graduate earning £27,000 will see the government raise their deductions by around 20% over the next four years – from 18% to 22%.

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Hanton concludes, “The government has chosen to target earned income, which is all that young people have, when charging national insurance on landlord and dividend income, which older wealthier generations tend to have more of, and which would raise £24 billion a year, would be intergenerationally fairer.”

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Note to Editors:

Angus Hanton is available for comment

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The Intergenerational Foundation is a non-party-political charitable think tank that researches fairness between generations. IF believes policy should be fair to all: the old, the young and those to come.