

[Welcome To Tax Poverty Week](#) [1]

Written by [Tim Worstall](#) [2] | Monday 4 November 2013



Someone or other has decided that this is Living Wage Week. A far better name, one that properly describes the reality, is Tax Poverty Week.

I've a long piece [here](#) [3] laying out the basic argument. Cutting to the chase the core argument is very simple. The suggested Living Wage of 7.20 an hour is a pre-tax wage. Once you've taken off the tax and NI due on that sum the resulting post-tax income is only 50 pounds a year different from what the minimum wage untaxed would be. Therefore the minimum wage is indeed the living wage except for the depredations that government makes into the pocketbooks of the poor.

That is, the poor are being taxed into poverty, it isn't that employers are paying too little. So let's start calling it what it is: tax poverty.

So my suggestion for this coming week is that every time someone mentions the living wage we should just replace that mention with the phrase "tax poverty".

And then we've got a truly ludicrous [suggestion](#) [4]:

Miliband will pledge that in the first year of a Labour government firms which sign up to the living wage will receive a tax rebate of up to £1,000 for every low-paid worker who gets a pay rise, funded by tax and national insurance revenue from the higher wages.

You what? Someone is suggesting that we make sure the working poor have more money by taking more off them in tax?

Eh?

It's really terribly, terribly simple. The UK tax system dips into incomes too far down the scale. Thus if you want the working poor to have more money please, just stop taxing them so damn much.

Intending to tax them more is an insanity worthy of a lunatic asylum.

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[3] <http://www.forbes.com/sites/timworstall/2013/11/03/5-million-britons-are-living-in-tax-poverty/>

[4] <http://www.theguardian.com/society/2013/nov/03/people-below-living-wage-uk>

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