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# Today is Tax Freedom Day 2012 [1]

Written by **Blog Editor** [2] | Tuesday 29 May 2012

- **Tax Freedom Day falls two days later in 2012 as UK re-enters recession**
- **Austerity measures cut the Cost of Government Day back to 23rd June, seven days earlier than in 2011**

The UK's Tax Freedom Day ? the day when Britons stop working for the Chancellor and start working for themselves ? falls today, 29th of May.

The Adam Smith Institute has calculated that, for 149 days of the year, every penny earned by the average UK resident will be taken by the government in tax. This year?s Tax Freedom Day falls two days later than it did in 2011.*

Tax Freedom Day falls later this year down to a number of factors. The double-dip recession, the VAT increase from last year, our high personal taxes, as well as fuel duty and stealth taxes, all mean that the government is taking a larger share of our hard-earned income. Britain?s tax burden is still too high and tax cuts are desperately needed to boost economic growth.

This year?s corporation tax receipts are a good example of how tax cuts can pay for themselves. There were large increases in tax revenue from onshore corporation tax, coinciding with the government?s cuts to the headline rate of corporation tax. Reductions in the corporation tax rate have brought the government higher revenues as more companies choose to invest in the UK. By stimulating growth and investment, tax cuts really can pay for themselves.

However, our Tax Freedom Day still falls long after the USA?s, on April 17th and Australia?s, on April 4th. Our only comfort is that our tax burden isn?t quite as high as France?s, which will have to wait until July to celebrate its own Tax Freedom Day. With Hollande now in power, that day could get even later in years to come.

*Cost of Government Day*

Tax Freedom Day only measures the money actually raised by the government in taxes, not the full amount it spends. The government borrows one pound for every four it raises in taxes, so if the full cost of government is considered the Cost of Government day, this would fall on 23rd June.

Last year?s Cost of Government day fell on 30th June, meaning that the government?s austerity measures have reduced the cost of government by 7 days. But, when we take into account the extra two days tax burden, the net effect of George Osborne?s austerity measures is a measly five days net cut in the burden faced by taxpayers. ?A lot of work still needs to be done,? says the Institute, ? to bring down government

borrowing and the Chancellor must make more tax cuts to allow greater economic growth.?

The ASI's Director, Dr Eamonn Butler, says, "Tax Freedom Day, which the Adam Smith Institute has been calculating for 25 years, is the plainest way to show what the tax burden really is. That is why the Treasury hates it. They of course want to conceal how much tax we pay, which is why they are so keen on stealth taxes."

"But we put in every tax, including stealth taxes  ? income tax, national insurance, council tax, excise duties, air passenger taxes, fuel and vehicle taxes and all the rest ? and show just how long the average person has to work to pay their share of them all. The stark truth is that this burden costs us all 149 days of hard labour every year. That's not how long a rich person has to work ? it is the time the average person must labour for the tax collectors."

?In the Middle Ages a serf only had to work four months of the year for the feudal landlord, whereas in modern Britain people have to toil five months for Osborne?s tax gatherers.?

"An increasing number of economists believe that Britain's taxes are too high and are choking off recovery. Some politicians say they need to keep taxes high in order to balance the government's books. But the trouble with governments is that they always spend everything they raise in tax ? and then as much more as they can get away with through borrowing. Just as the rest of us have had to cut back, so should the government. The UK economy would be a lot healthier for it." (Here's a video of Eamonn talking about the morality of capitalism [3].)

Steve Baker, MP for Wycombe, said: "Many congratulations to The Adam Smith Institute for making transparent the cost of government and just how far government lives beyond its means. It's time to ask whether society is well served by such a huge state or whether we wouldn't all be better off with institutions which know their limits.

"A wealth of evidence is currently emerging which suggests we should stop fibrillating and make a near-revolutionary commitment to ending crony capitalism and embracing social cooperation through business."

**TFD was 28th May in 2011, and this year?s date includes the extra day for the leap year. Our yearly estimation of Tax Freedom Day is regularly updated to match the Treasury's most recent figures.*

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