

# Families suffer a fall in their disposable incomes as Brown's tax increases bite

By Edmund Conway  
and Graeme Wilson

FAMILIES have suffered a fall in their incomes over the past four years as Gordon Brown's tax rises eat into their pockets.

New research has laid bare the dramatic effect of the rising tax burden on the finances of Britain's families, showing that many middle-class households have been faced with a highly unusual drop in their disposable incomes.

The study by the Right-leaning think-tank the Centre for Policy Studies shows that double-income families with two children have seen their disposable weekly income fall in

real terms from £709 to £706 a week over the past four years.

In a second blow to the Chancellor – only six days before his final Budget – businesses have warned of a flood of companies leaving Britain because of high taxes.

They said one in five companies was actively considering abandoning the UK and setting up abroad, either in Europe or further afield.

The CPS research shows that the disposable income for an average household – the amount left after income tax and national insurance has been deducted – has only risen from £491 a week in 2001-02 to £500 last year, an

annual increase of just 0.35 per cent.

The small increase contrasts with the situation during Labour's first term, when disposable income rose from £408 to £491 a week during Tony Blair's first four years in Government. This is equivalent to an annual increase of 4.7 per cent.

The average pensioner couple has seen its weekly disposable income increase by only £2 over the past four years – from £382 to £384.

Charlie Elphicke, the report's author, said the paltry rises partly reflected the impact of the Government's decision to increase National

Insurance contributions four years ago.

"As a country we seem to have stopped and we need to get moving again. Britain's economy has been quite strong but people do not seem to be getting the benefit of that in their pockets," he said.

"The problem is that a lot of the economic growth has come from the fact that there are more people in work,  
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