

# Lifetime tax 2025

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## Introduction

Since its foundation, the TaxPayers' Alliance has consistently shown the impact of taxation on the public and businesses. Today, households and companies face mounting economic pressures alongside a tax burden at its highest level since 1949-50. Inflation remains above the Bank of England's two per cent target at 3.8 per cent, almost double the level when the current government took office.<sup>1</sup> Interest rates, while falling from recent peaks, remain elevated at four per cent following a cut in August 2025.<sup>2</sup> In 2025-26, the tax burden stands at a 76-year high and is projected to reach a record high next year.<sup>3</sup> With Labour's autumn budget approaching, there is growing concern that taxes will rise to pay for an even more bloated state. Against this backdrop, it is important to understand the full lifetime effect of taxation on households.

Over a working life, households contribute through direct taxes such as income tax and national insurance contributions as well as indirect taxes like value added tax (VAT), fuel duty, alcohol duty and television licences.

This note estimates the total amount of tax paid by different types of households over a lifetime. For the purposes of this note, a lifetime is defined as 60 years. This assumes 45 years in work, from 21 years old to the state pension age of 66,<sup>4</sup> and 15 years in retirement. The data is provided in quintiles to show the effect of taxation across a range of household income groups. The note also tracks the historic rates of lifetime tax to illustrate how the amount of tax paid over a lifetime has changed.

## Key findings

- An average household during their lifetime - 45 working years and 15 years in retirement - will pay **£1,277,580** in direct and indirect taxes (in 2022-23 prices), an increase of **£21,915** (1.7 per cent) from 2021-22 in nominal terms.
- After adjusting for inflation, the average lifetime tax fell **5 per cent** from **£1,344,632** in 2021-22 to **£1,277,580** in 2022-23, as inflation in 2022-23 outpaced growth in nominal household taxes. By 2024-25, the average lifetime tax is expected to have grown in real terms once again.
- The average lifetime tax has **almost doubled** in real terms from the amount paid in 1977, the first-year data is available. In 1977, the average household paid an inflation-adjusted lifetime tax of just over **£644,340**, by 2022-23 this had increased by **98 per cent** to **£1,277,580**.
- The average household gross income in 2022-23 was **£66,060**. This means the average household would have to devote **19.3 years'** worth of gross income to pay their lifetime tax bill.
- Households in the bottom 20 per cent by income face the heaviest burden relative to income, paying **£541,590** in taxes over a lifetime. The average gross income of those in the bottom 20 per cent of households was **£23,278** in 2022-23. Accordingly, it would take **23.3 years** to pay off their tax bill.
- Between 2021-22 and 2022-23, the bottom 20 per cent of households saw their lifetime tax burden increase by **£79,110** (17.1 per cent) from **£462,480** to **£541,590**. This was the largest

<sup>1</sup> Office for National Statistics, *Consumer Price Inflation, UK: July 2025*, 20 August 2025, [www.ons.gov.uk/economy/inflationandpriceindices/bulletins/consumerpriceinflation/july2025](http://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/consumerpriceinflation/july2025) (accessed 27 August 2025).

<sup>2</sup> Bank of England, *Bank Rate reduced to 4% - August 2025*, 7 August 2025, [www.bankofengland.co.uk/monetary-policy-summary-and-minutes/2025/august-2025](http://www.bankofengland.co.uk/monetary-policy-summary-and-minutes/2025/august-2025) (accessed 27 August 2025).

<sup>3</sup> Office for Budget Responsibility, *Public finances databank - August 2025; National Account Taxes Aggregates (per cent of GDP)*, 21 August 2025, [obr.uk/download/public-finances-databank-august-2025/?tmstv=1756886059](http://obr.uk/download/public-finances-databank-august-2025/?tmstv=1756886059) (accessed 27 August 2025).

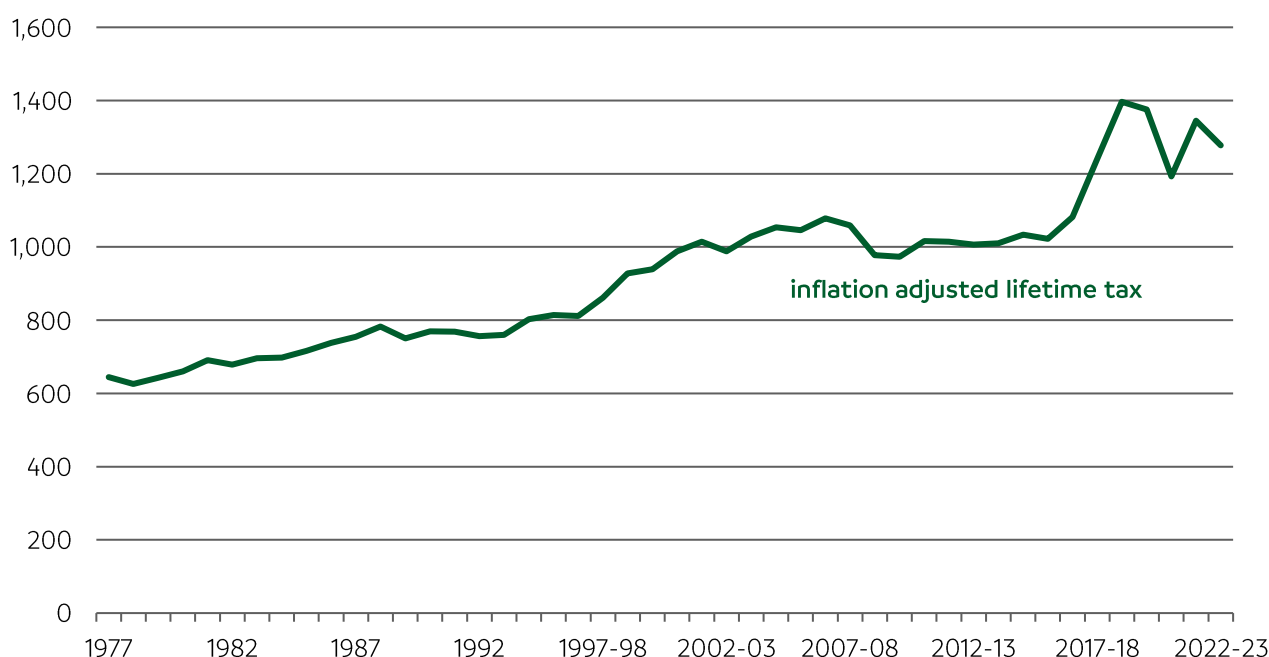
<sup>4</sup> Age UK, *State Pension*, [www.ageuk.org.uk/information-advice/money-legal/pensions/state-pension/](http://www.ageuk.org.uk/information-advice/money-legal/pensions/state-pension/) (accessed 27 August 2025).

percentage increase of any income group and nearly 4 times the **4.7 per cent increase** faced by the average household.

- The top 20 per cent of households in the UK will pay **£2,880,870** in taxes over a lifetime. The average gross income for these households was **£141,494**. For the highest earners, paying off their lifetime tax would take over **20 years**.
- An average household over a lifetime will pay **£571,740** in **income tax**; **£194,505** of **VAT**; **£179,070** of **employee's national insurance contributions**; **£99,690** of **council tax**; and **£45,330** of **employers' national insurance contributions**.
- It would take **2,149,846** average household lifetime taxes to pay off the national debt and **1,063,938** to cover unfunded public sector pension liabilities.
- The nominal value of the Chagos agreement payments would require **36,797** lifetime taxes, while annual asylum system costs in 2023-24 cost **4,210** lifetime taxes.

## Tables and charts

**Chart: average household lifetime tax adjusted to 2022-23 prices, 1977 to 2022-23 (£,000)**



**Table 1: number of average households' taxes required to pay for spending areas**

Area of spending	Cost (£)	Working life annual taxes 2022-23	Total lifetime taxes
National debt <sup>5</sup>	2,746,600,000,000	111,027,569	2,149,846
Unfunded public sector pension liabilities <sup>6</sup>	1,359,266,000,000	54,946,479	1,063,938

<sup>5</sup> Office for National Statistics, *Public sector finances, UK: September 2025*, 21 October 2025, [www.ons.gov.uk/economy/governmentpublicsectorandtaxes/publicsectorfinance/bulletins/publicsectorfinances/september2025](http://www.ons.gov.uk/economy/governmentpublicsectorandtaxes/publicsectorfinance/bulletins/publicsectorfinances/september2025) (accessed 27 October 2025).

<sup>6</sup> Office For National Statistics, *Unfunded public sector pension liabilities: Pension entitlements*, 21 August 2025, [www.ons.gov.uk/economy/governmentpublicsectorandtaxes/publicsectorfinance/timeseries/jejr/pusf](http://www.ons.gov.uk/economy/governmentpublicsectorandtaxes/publicsectorfinance/timeseries/jejr/pusf) (accessed 27 August 2025).

Area of spending	Cost (£)	Working life annual taxes 2022-23	Total lifetime taxes
Department of Health and Social Care budget 2024-25 <sup>7</sup>	204,900,000,000	8,282,804	160,381
Local authorities' expenditure 2023-24 <sup>8</sup>	91,800,000,000	3,710,890	71,855
Universal credit forecast 2024-25 <sup>9</sup>	65,286,000,000	2,639,098	51,101
Nominal value of Chagos agreement payments <sup>10</sup>	47,011,000,000	1,900,356	36,797
Cost of Sizewell C <sup>11</sup>	38,000,000,000	1,536,098	29,744
UK 2024 foreign aid spending <sup>12</sup>	14,080,000,000	569,165	11,021
Asylum system costs 2023-24 <sup>13</sup>	5,377,991,249	217,398	4,210
Average school rebuild cost <sup>14,15</sup>	28,000,000	1,132	22

**Table 2: lifetime tax by quintile, 2022-23 rates of expenditure**

Working life (45 years)						
Tax	Bottom (£)	2 <sup>nd</sup> (£)	3 <sup>rd</sup> (£)	4 <sup>th</sup> (£)	Top (£)	All households (£)
Annual direct taxes and employees NIC	4,294	7,401	11,737	17,738	46,310	17,496
Annual indirect taxes	5,149	5,731	6,484	7,982	10,864	7,242
Total annual tax	9,443	13,132	18,221	25,720	57,174	24,738
Total working life tax	424,935	590,940	819,945	1,157,400	2,572,830	1,113,210
Retired life (15 years)						
Annual direct taxes and employees NIC	2,219	1,867	2,524	4,584	12,866	4,812
Annual indirect taxes	5,558	5,258	5,117	7,125	7,670	6,146
Total annual tax	7,777	7,125	7,641	11,709	20,536	10,958
Total retired life tax	116,655	106,875	114,615	175,635	308,040	164,370
<b>Total lifetime tax</b>	<b>541,590</b>	<b>697,815</b>	<b>934,560</b>	<b>1,333,035</b>	<b>2,880,870</b>	<b>1,277,580</b>

<sup>7</sup> HM Treasury, *Spending Review 2025*, 2025, p.44.

<sup>8</sup> Brien, P., *Local government finances*, House of Commons Library, 2025, p.16.

<sup>9</sup> Department for Work and Pensions, *Outturn and forecast tables: Spring Statement 2025; Table 1a*, 23 July 2025, [assets.publishing.service.gov.uk/media/680744fbda5bb2fc4a682010/outturn-and-forecast-tables-spring-statement-2025.xlsx](https://assets.publishing.service.gov.uk/media/680744fbda5bb2fc4a682010/outturn-and-forecast-tables-spring-statement-2025.xlsx) (accessed 3 September 2025).

<sup>10</sup> TaxPayers' Alliance, *Briefing: cost of the Chagos agreement with Mauritius*, 2025, p.2.

<sup>11</sup> Sizewell C, *Final investment decision reached for Sizewell C - the biggest British clean energy project in a generation*, 22 July 2025, [www.sizewellc.com/news-views/final-investment-decision-reached-for-sizewell-c-the-biggest-british-clean-energy-project-in-a-generation/](https://www.sizewellc.com/news-views/final-investment-decision-reached-for-sizewell-c-the-biggest-british-clean-energy-project-in-a-generation/) (accessed 27 August 2025).

<sup>12</sup> Foreign, Commonwealth & Development Office, *Statistics on International Development: Final UK ODA Spend 2024*, 2025, p.7.

<sup>13</sup> Walsh, P. W. & Jorgensen, N., *Asylum and refugee resettlement in the UK*, Migration Observatory, 1 August 2025, [www.migrationobservatory.ox.ac.uk/resources/briefings/migration-to-the-uk-asylum](https://www.migrationobservatory.ox.ac.uk/resources/briefings/migration-to-the-uk-asylum) (accessed 27 August 2025).

<sup>14</sup> Shearing, H., *Reeves pledges £1.4bn for "crumbling" classrooms*, BBC, 27 October 2024, [www.bbc.co.uk/news/articles/cg5778m232vo](https://www.bbc.co.uk/news/articles/cg5778m232vo) (accessed 27 August 2025).

<sup>15</sup> Calculated as £1.4bn divided by 50 schools.

**Table 3: lifetime tax compared to gross income by quintile**

2022-23	Bottom (£)	2 <sup>nd</sup> (£)	3 <sup>rd</sup> (£)	4 <sup>th</sup> (£)	Top (£)	All households (£)
Gross income	23,278	38,674	53,256	73,597	141,494	66,060
Total lifetime tax	541,590	697,815	934,560	1,333,035	2,880,870	1,277,580
Years required to pay tax bill	23.3	18	17.5	18.1	20.4	19.3

**Table 4: the five most burdensome taxes over a lifetime by quintile**

Year 2022-23	Bottom (£)	2 <sup>nd</sup> (£)	3 <sup>rd</sup> (£)	4 <sup>th</sup> (£)	Top (£)	All households (£)
<b>Income tax</b>						
Working 2022-23	2,139	3,607	6,271	10,511	35,932	11,692
Working life	96,255	162,315	282,195	472,995	1,616,940	526,140
Retired 2022-23	597	419	966	2,796	10,421	3,040
Retired life	8,955	6,285	14,490	41,940	156,315	45,600
Total lifetime	105,210	168,600	296,685	514,935	1,773,255	571,740
<b>VAT</b>						
Working 2022-23	2,261	2,583	3,018	3,714	5,219	3,359
Working life	101,745	116,235	135,810	167,130	234,855	151,155
Retired 2022-23	2,494	2,206	2,329	3,848	3,571	2,890
Retired life	37,410	33,090	34,935	57,720	53,565	43,350
Total lifetime	139,155	149,325	170,745	224,850	288,420	194,505
<b>Employee's national insurance contributions</b>						
Working 2022-23	876	2,256	3,586	5,117	7,855	3,938
Working life	39,420	101,520	161,370	230,265	353,475	177,210
Retired 2022-23	100	29	99	117	274	124
Retired life	1,500	435	1,485	1,755	4,110	1,860
Total lifetime	40,920	101,955	162,855	232,020	357,585	179,070
<b>Council tax and Northern Ireland rates</b>						
Working 2022-23	1,219	1,468	1,694	1,835	2,120	1,667
Working life	54,855	66,060	76,230	82,575	95,400	75,015
Retired 2022-23	1,522	1,419	1,457	1,669	2,157	1,645
Retired life	22,830	21,285	21,855	25,035	32,355	24,675
Total lifetime	77,685	87,345	98,085	107,610	127,755	99,690
<b>Employers' national insurance contributions</b>						
Working 2022-23	690	660	741	821	1,097	802
Working life	31,050	29,700	33,345	36,945	49,365	36,090
Retired 2022-23	568	552	510	661	788	616
Retired life	8,520	8,280	7,650	9,915	11,820	9,240
Total lifetime	39,570	37,980	40,995	46,860	61,185	45,330

**Table 5: lifetime tax for the year 1977 to 2022-23<sup>16,17,18</sup>**

Total lifetime tax						
Year	Bottom (£)	2 <sup>nd</sup> (£)	3 <sup>rd</sup> (£)	4 <sup>th</sup> (£)	Top (£)	All households (£)
1977	56,760	78,210	95,850	116,145	167,235	102,840
1978	54,570	80,265	103,665	131,910	187,995	111,675
1979	63,990	97,080	124,110	154,665	216,375	131,295
1980	80,730	121,200	151,245	186,855	270,330	162,090
1981	91,740	135,825	172,905	224,460	327,240	190,425
1982	91,995	146,160	191,715	239,520	340,890	202,095
1983	94,470	154,335	198,630	254,490	392,220	218,835
1984	95,910	159,660	211,080	278,010	409,455	230,820
1985	103,425	169,845	225,570	289,125	459,960	249,585
1986	107,820	177,330	243,390	319,860	495,870	268,875
1987	113,835	194,865	257,595	334,710	548,925	289,950
1988	131,685	216,195	292,185	370,980	584,580	319,140
1989	133,335	227,970	300,615	396,120	595,110	330,630
1990	149,685	250,365	326,700	426,525	686,160	367,875
1991	149,400	258,360	350,925	465,945	736,995	392,280
1992	157,500	254,895	362,310	464,610	753,705	398,565
1993	155,640	252,495	360,660	484,725	808,830	412,500
1994-95	161,925	265,770	385,125	509,970	860,640	436,710
1995-96	177,150	283,500	409,875	531,150	882,915	456,930
1996-97	169,200	285,615	421,215	563,445	915,600	470,985
1997-98	170,865	303,450	433,335	606,420	985,425	499,920
1998-99	193,965	334,350	475,155	637,710	1,088,640	545,970
1999-00	196,035	341,580	497,205	662,985	1,101,825	559,950
2000-01	221,490	375,285	527,565	702,285	1,148,550	595,035
2001-02	234,210	376,425	536,670	724,590	1,234,095	621,195
2002-03	227,115	371,760	537,390	730,020	1,227,210	618,765
2003-04	235,470	410,520	572,070	779,190	1,295,310	658,530
2004-05	264,630	447,420	598,830	800,460	1,362,615	694,785
2005-06	249,345	435,945	610,905	812,865	1,435,260	708,855
2006-07	282,960	456,915	650,010	867,810	1,494,225	750,450
2007-08	275,250	484,125	664,125	888,720	1,460,100	754,455
2008-09	270,585	439,710	620,010	867,600	1,411,680	721,935
2009-10	258,585	433,740	617,940	839,520	1,491,660	728,295
2010-11	297,390	438,045	637,725	907,680	1,592,670	774,705
2011-12	297,855	449,460	651,420	898,530	1,637,790	787,005
2012-13	298,050	424,980	646,035	918,555	1,688,085	795,150

<sup>16</sup> Data provided by the Office for National Statistics from 1977 to 1993 is in calendar years. From 1994-95 onwards it is provided in financial years.

<sup>17</sup> Office for National Statistics, *Effects of taxes and benefits on household income*, financial year ending 2009-2023.

<sup>18</sup> Office for National Statistics, *Effects of taxes and benefits on household income: historical household-level datasets*, pre-2009.

Total lifetime tax						
Year	Bottom (£)	2 <sup>nd</sup> (£)	3 <sup>rd</sup> (£)	4 <sup>th</sup> (£)	Top (£)	All households (£)
2013-14	311,010	457,245	677,550	971,475	1,649,100	813,300
2014-15	325,590	465,825	717,105	982,905	1,720,605	842,385
2015-16	325,515	482,580	685,935	996,885	1,707,240	839,625
2016-17	380,835	513,885	756,705	1,052,505	1,836,825	908,145
2017-18	423,825	669,660	856,455	1,180,410	2,155,950	1,057,260
2018-19	393,180	606,465	908,430	1,245,000	2,927,955	1,216,200
2019-20	491,670	650,055	880,575	1,262,175	2,847,405	1,226,370
2020-21	400,380	577,410	808,740	1,126,950	2,688,630	1,120,470
2021-22	462,480	668,835	892,560	1,245,690	3,008,685	1,255,665
2022-23	541,590	697,815	934,560	1,333,035	2,880,870	1,277,580

## Methodology

This note uses data from the annual Office for National Statistics release *Effects of Taxes and Benefits on Household Income*. It contains data from 1977 to the financial year 2022-23. 1977 marked the earliest release accessible and, therefore, has been used as the start point.

The lifetime tax is calculated by taking the sum of the direct and indirect taxes for the non-retired households and multiplying by 45 to represent the amount a working household would pay in taxes. The direct and indirect taxes of retired households were summed and then multiplied by 15. These two figures were combined to produce a lifetime tax figure.

The paper maintains the nominal figures provided by the Office of National Statistics for the lifetime tax calculation. When real terms figures are presented, they are derived using the ONS GDP deflator series at market prices.<sup>19</sup> For the inflation-adjusted lifetime tax, 2023–24 is taken as the reference year, with historical values adjusted to 2022–23 prices using the GDP deflator. This ensures that all values are expressed in consistent real terms, allowing comparison across the time series.

<sup>19</sup> Office for National Statistics, *GDP deflators at market prices and money GDP (quarterly national accounts): GDP Deflators Qtrly National Accounts December 2024 update*, 8 January 2025.  
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