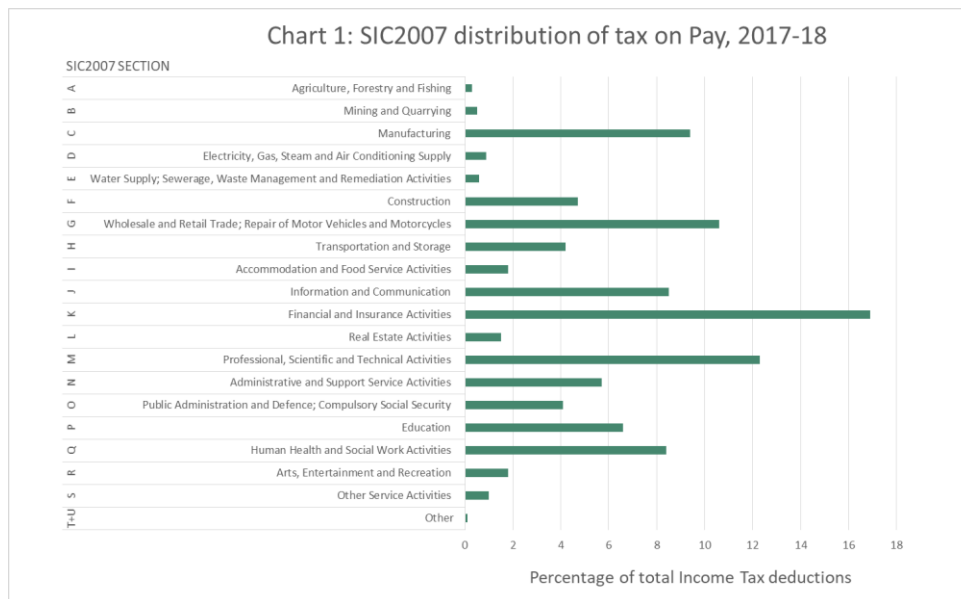




## Headlines

Chart 1 shows the distribution by industry (under SIC2007) of Income Tax deducted from pay for 2017-18.

The industry sectors accounting for the largest share of Income Tax deducted from pay in 2017-18 is broadly unchanged from the previous year, with the Financial and Insurance Activities sector accounting for the largest share with 16.9%, Professional, Scientific and Technical Activities second with 12.3%, and Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles third with 10.6%.



## Key statistics

**Table 1. Sectors with biggest increase between 2016-17 and 2017-18**

		Percentages		
Industry based on SIC 2007		2016-17 <sup>b</sup>	2017-18 <sup>c</sup>	difference
J	Information and Communication	8.1	8.5	+0.4
Q	Human Health and Social Work Activities	8.2	8.4	+0.2
N	Administrative and Support Service Activities	5.5	5.7	+0.2
G	Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles	10.4	10.6	+0.2

**Table 2. Sectors with biggest decrease between 2016-17 and 2017-18**

		Percentages		
Industry based on SIC 2007		2016-17 <sup>b</sup>	2017-18 <sup>c</sup>	difference
K	Financial and Insurance Activities	17.2	16.9	-0.3
P	Education	6.8	6.6	-0.2
C	Manufacturing	9.6	9.4	-0.2

### Footnotes

b. Revisions to previously published figures reflect processing of further data and improvements to identification and exclusion of additional small amounts of occupational pension. The exclusion of additional amounts of occupational pension has only a negligible effect on industry distribution of PAYE tax.

c. Provisional.



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## ***About these statistics***

This is a National Statistics publication produced by HM Revenue and Customs (HMRC) using employer end of year Pay As You Earn (PAYE) summary information from HMRC's administrative systems. For more information on National Statistics and governance of statistics produced by public bodies please see the UK Statistics Authority website: <http://www.statisticsauthority.gov.uk/>.

The table in this publication shows the distribution by industry of income tax deducted from pay.

## ***New or updated statistics in this release***

These statistics were published on 28 November 2019. There were no changes to the figures for 2015-16 and earlier. Figures for 2016-17 have been revised. This is the first publication of figures for 2017-18.

The next release of Income Tax Deducted from Pay Statistics will be in August 2020.

## Section 1: Introduction

### ***What is Income Tax?***

Income Tax is an annual tax on an individual's income for a tax year (6 April to the 5 April the following year). It is the UK Government's largest single source of tax revenue. National Insurance contributions (NICs) are also paid in respect of earnings. Class 1 NICs are calculated based on earnings in each pay period and paid by both employees and employers. Class 1 National Insurance contributions and Income Tax are deducted before an individual's employer pays their wages. Employers use the Pay as You Earn (PAYE) system to calculate the deductions due to be paid. Employee's National Insurance contributions will stop once an individual has reached state pension age.

The amount of Income Tax an individual should pay, their tax liability, is determined by a number of factors; their level of income, the type of income and the level of allowance to which they are entitled.

For more information about the Income Tax liability of an individual see the [Income Tax liabilities statistics<sup>1</sup>](#) release.

Income Tax is collected by HM Revenue and Customs (HMRC). The way in which Income Tax is collected is dependent on the type of income an individual has and the total income of that taxpayer.

For most individual taxpayers, Income Tax on employment income or occupational pensions is collected through Pay As You Earn (PAYE) where Income Tax is calculated and deducted from the taxpayer's pay or pension before being paid over directly to HMRC by the employer or pension provider. The self-employed and those with particularly complex or high incomes pay Income Tax through the Self Assessment system.

These statistics relate to tax on pay which has been collected through PAYE.

### ***What information does this publication cover?***

This publication shows percentage distribution of Income Tax deducted from pay, by industry. The amount of Income Tax in this publication does not include National Insurance contributions. The table currently covers tax years 2004-05 to 2017-18.

### ***Who might be interested in this publication?***

This table is likely to be of interest to policy makers in government, academics, journalists, think-tanks and other research bodies. It would be of use to individuals or organisations interested in the industry distribution of Income Tax deducted from

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<sup>1</sup> <https://www.gov.uk/government/collections/income-tax-statistics-and-distributions>

pay. Users may also like to view the tables on [Income Tax Liabilities statistics](#) release, [Income Tax Receipts<sup>2</sup>](#) release, [Personal Incomes statistics<sup>3</sup>](#) release and [Earnings and Employment statistics from RTI<sup>4</sup>](#) release.

## ***Other Income Tax statistics publications***

In addition to Table 2.10, HMRC publish statistics on [Income Tax Liabilities](#) at Tables 2.1 to 2.7, [Personal Incomes statistics](#) at Table 3.1 to 3.15a, [Income Tax Receipts](#) at Tables 2.8 and 2.9 and [Earnings and Employment statistics from RTI](#) at Tables 1a to 3b. Liabilities are amounts of tax due on incomes arising in a given tax year, whereas receipts show amounts paid and collected in a given year.

Table 2.10 shows the distribution of Income Tax deducted from pay by employers, based on the industrial classification of the employer. In PAYE, the amount of tax deducted is determined by the income in that employment and the application of a tax code that may reflect not just the personal allowance but also a range of coding allowances for such things as non-pay income, deductions, reliefs and over/underpayment of tax for previous years. In some cases, adjustments will be needed after the end of the tax year to ensure the correct liability is charged. So the figures in Table 2.10 may not match the liability figures in other tables.

For more information on Income Tax statistics see [Income Tax Liabilities statistics](#) release and [Personal Incomes statistics](#) release.

Estimates may differ from receipts statistics due to timing effects. Receipts are reported by tax year received by HMRC whereas tax deducted is recorded against accrued pay period. For more information on Income Tax receipts statistics see [Income Tax Receipts statistics](#) release.

## ***Rounding***

Figures in the table are rounded to 1 decimal place. Percentages are calculated using unrounded figures.

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<sup>2</sup> <https://www.gov.uk/government/collections/income-tax-receipts-statistics>

<sup>3</sup> <https://www.gov.uk/government/collections/personal-incomes-statistics>

<sup>4</sup> <https://www.gov.uk/government/statistics/uk-real-time-information-experimental-statistics>

## ***Publication and Revisions strategy***

These statistics are published annually, usually in August. Release dates will be announced on the UK Statistics Hub and the HMRC National Statistics website ([scheduled updates](#)).

Any delays to the publication date will be announced on the HMRC National Statistics website ([announcements](#)).

Provisional statistics are provided for the latest tax year and they are revised in the following annual publication. The revisions reflect processing of further data and improvements in identification and exclusion of additional small amounts of occupational pension. These will only be revised further if an error is discovered.

## ***Statistical contacts***

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Any media enquiries should be directed to the HMRC Press Office contacts listed on the front page of this release.

## **Section 2: Income Tax Deducted from Pay Statistics Table**

This publication covers Pay As You Earn Tax deducted from pay (excluding pension and National Insurance contributions), by industry. Data sources and methods are described in more detail in Annex A.

These figures are based on a 1% sample of PAYE administrative information.

These figures show the distribution of tax deducted from pay (excluding pensions and National Insurance contributions) by employers under the PAYE system by industry group. A small amount of tax from occupational pensions is included in this table as it is not always possible to distinguish pensions from pay when they are in the same PAYE scheme.

The industry groups used in the table are based on the UK Standard Industrial Classification of Economic Activities (SIC). The classification was updated in 2003 and 2007. All industry detail for years to 2006-07 is based on SIC2003. For 2007-08, results are presented on both SIC2003 and SIC2007 bases for comparison of changes in classification. The industry detail for 2008-09 onwards is based on SIC2007 only.

The industry groups in the table each comprise one or several Sections from the Standard Industrial Classification. Sections in SIC2003 may have different coverage to Sections in SIC2007 even if they share the same Section Letter and/or broad text description. See Annex A Industry Comparisons over time.

## **Section 3: Statistical Commentary**

### ***Changes from last year***

The industry sectors accounting for the largest share of Income Tax deducted from pay in 2017-18 is broadly unchanged from the previous year.

Financial and Insurance Activities accounted for most tax in each of the seven years. The proportion of tax was 17.2% in 2016-17 and 16.9% in 2017-18.

Professional, Scientific and Technical Activities accounted for 12.2% of tax in 2016-17 and 12.3% in 2017-18.

Wholesale and Retail Trade: Repair of Motor Vehicles and Motorcycles accounted for 10.4% in 2016-17 and 10.6% in 2017-18.

### ***Overall Trends***

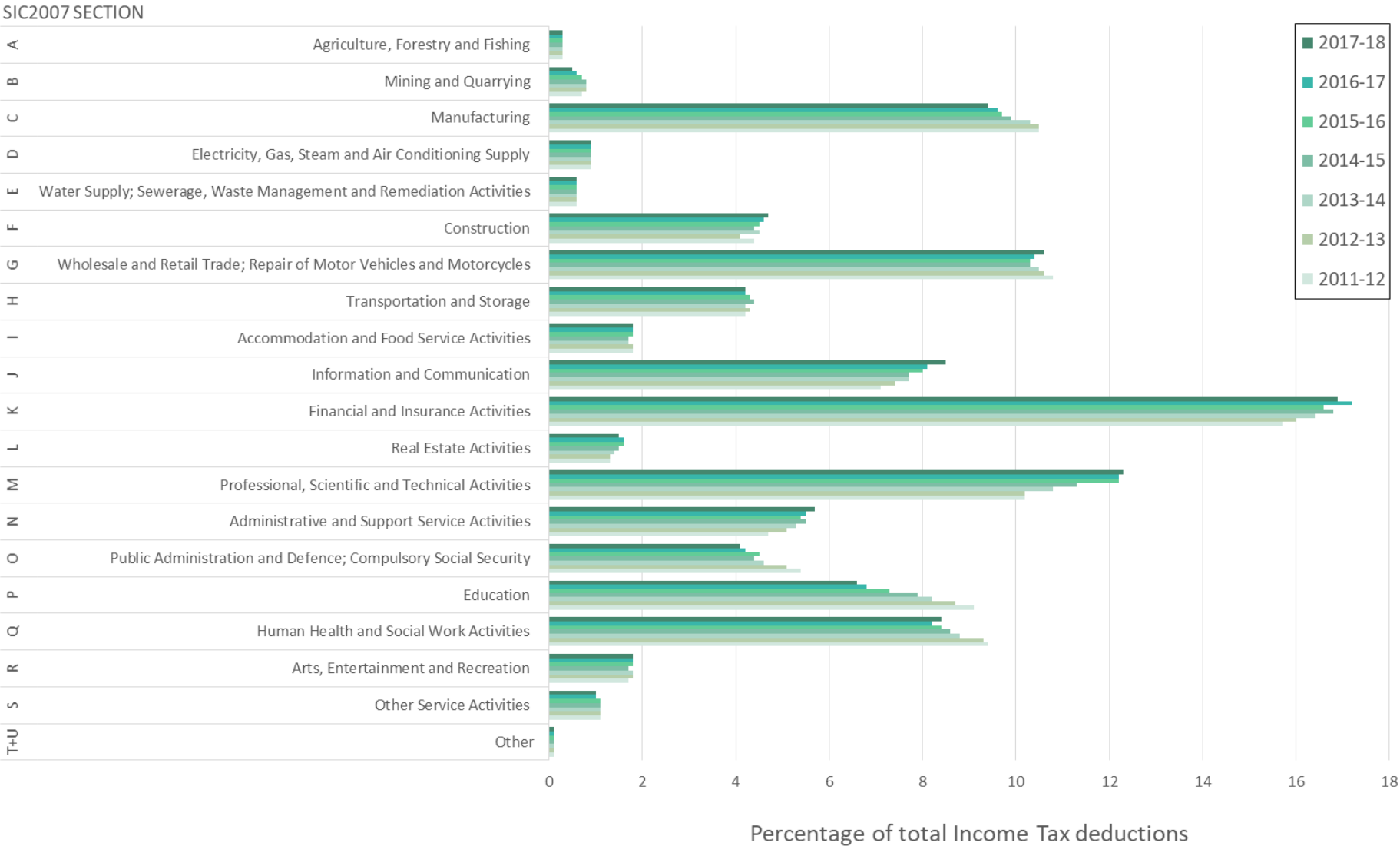
Chart 2 shows the distribution by industry (under SIC2007) of Income Tax deducted from pay for tax years 2011-12 to 2017-18.

The biggest increase of total Income Tax deductions between 2011-12 and 2017-18 are in 'Professional, Scientific and Technical Activities' increasing 2.1 percentage points, 'Information and Communication' increasing 1.4 percentage points and 'Financial and Insurance Activities' increasing 1.2 percentage points.

The biggest decrease of total Income Tax deductions between 2011-12 and 2017-18 are in "Education" decreasing 2.5 percentage points, "Public Administration and Defence; Compulsory Social Security" decreasing 1.3 percentage points and "Manufacturing" decreasing 1.1 percentage points.



### Chart 2: SIC2007 distribution of tax on Pay



**Table 2.10** Pay-As-You-Earn Tax deducted from pay (excluding pension), by industry

Percentages

Industry based on SIC 2003 <sup>a</sup>		2004-05	2005-06	2006-07	2007-08
A+B	Agriculture, forestry and fishing	0.4	0.4	0.4	0.4
C	Mining and quarrying	0.4	0.4	0.6	0.5
D	Manufacturing	14.6	14.1	13.3	12.6
E	Electricity, gas and water supply	0.6	0.7	0.7	0.8
F	Construction	5.0	4.9	5.0	5.3
G	Wholesale, retail and repairs	11.3	10.9	11.0	11.1
H	Hotels and restaurants	1.8	1.8	1.9	2.0
I	Transport, storage and communication	6.6	6.4	5.9	6.0
J	Financial intermediation	12.3	12.9	14.6	14.6
K	Real estate, renting and business activities	18.9	19.6	19.7	20.3
L	Public administration and defence	6.0	5.8	5.5	5.3
M	Education	9.5	9.6	9.3	9.2
N	Health and social work	8.7	8.6	8.4	8.2
O	Other services	3.7	3.8	3.6	3.7
Total		100	100	100	100

Percentages

Industry based on SIC 2007		2007-08	2008-09	2009-10	2010-11	2011-12
A	Agriculture, Forestry and Fishing	0.3	0.4	0.3	0.3	0.3
B	Mining and Quarrying	0.5	0.6	0.7	0.6	0.7
C	Manufacturing	11.6	11.4	10.5	10.4	10.5
D	Electricity, Gas, Steam and Air Conditioning Supply	0.8	0.8	0.8	0.9	0.9
E	Water Supply; Sewerage, Waste Management and Remediation	0.5	0.5	0.5	0.5	0.6
F	Construction	5.8	5.5	5.3	4.3	4.4
G	Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles	11.0	11.1	11.1	10.5	10.8
H	Transportation and Storage	4.2	4.4	4.2	4.1	4.2
I	Accommodation and Food Service Activities	2.0	1.8	1.7	1.8	1.8
J	Information and Communication	6.8	6.8	6.5	6.6	7.1
K	Financial and Insurance Activities	14.9	13.0	15.0	16.3	15.7
L	Real Estate Activities	1.6	1.5	1.3	1.3	1.3
M	Professional, Scientific and Technical Activities	9.3	10.0	9.2	9.5	10.2
N	Administrative and Support Service Activities	5.2	5.0	4.7	4.9	4.7
O	Public Administration and Defence; Compulsory Social Security	5.5	5.8	5.9	5.7	5.4
P	Education	9.3	9.7	9.8	9.5	9.1
Q	Human Health and Social Work Activities	8.1	8.9	9.4	9.8	9.4
R	Arts, Entertainment and Recreation	1.3	1.5	1.7	1.7	1.7
S	Other Service Activities	1.2	1.3	1.3	1.2	1.1
T+U	Other <sup>d</sup>	0.1	0.1	0.1	0.1	0.1
Total		100	100	100	100	100

Percentages

Industry based on SIC 2007		2012-13	2013-14	2014-15	2015-16	2016-17 <sup>b</sup>	2017-18 <sup>c</sup>
A	Agriculture, Forestry and Fishing	0.3	0.3	0.3	0.3	0.3	0.3
B	Mining and Quarrying	0.8	0.8	0.8	0.7	0.6	0.5
C	Manufacturing	10.5	10.3	9.9	9.7	9.6	9.4
D	Electricity, Gas, Steam and Air Conditioning Supply	0.9	0.9	0.9	0.9	0.9	0.9
E	Water Supply; Sewerage, Waste Management and Remediation	0.6	0.6	0.6	0.6	0.6	0.6
F	Construction	4.1	4.5	4.4	4.5	4.6	4.7
G	Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles	10.6	10.5	10.3	10.3	10.4	10.6
H	Transportation and Storage	4.3	4.2	4.4	4.3	4.2	4.2
I	Accommodation and Food Service Activities	1.8	1.7	1.7	1.8	1.8	1.8
J	Information and Communication	7.4	7.7	7.7	8.0	8.1	8.5
K	Financial and Insurance Activities	16.0	16.4	16.8	16.6	17.2	16.9
L	Real Estate Activities	1.3	1.4	1.5	1.6	1.6	1.5
M	Professional, Scientific and Technical Activities	10.2	10.8	11.3	12.2	12.2	12.3
N	Administrative and Support Service Activities	5.1	5.3	5.5	5.4	5.5	5.7
O	Public Administration and Defence; Compulsory Social Security	5.1	4.6	4.4	4.5	4.2	4.1
P	Education	8.7	8.2	7.9	7.3	6.8	6.6
Q	Human Health and Social Work Activities	9.3	8.8	8.6	8.4	8.2	8.4
R	Arts, Entertainment and Recreation	1.8	1.8	1.7	1.8	1.8	1.8
S	Other Service Activities	1.1	1.1	1.1	1.1	1.0	1.0
T+U	Other <sup>d</sup>	0.1	0.1	0.1	0.1	0.1	0.1
Total		100	100	100	100	100	100

Table updated November 2019

**Footnotes**

- The SIC2003 table and the total on which the sector distribution is based exclude activity relating to private households. This has a negligible impact on sector shares as household activity accounts for less than 0.1 percent of the total.
- Revisions to previously published figures reflect processing of further data and improvements to identification and exclusion of additional small amounts of occupational pension. The exclusion of additional amounts of occupational pension has only a negligible effect on industry distribution of PAYE tax.
- Provisional.
- Includes activities of private households and overseas organisations.

**Notes on the Table**

- This table shows the distribution of tax deducted from pay (excluding pensions) by employers under the PAYE system by industry group for years 2004-05 to 2017-18. Income tax does not include National Insurance contributions.
- Industry breakdown is based on the UK Standard Industrial Classification of Economic Activities (SIC). The classification was updated in 1992, 2003 and 2007. All industry breakdowns shown in this table for years to 2006-07 are based on the 2003 SIC which, for the industry groups shown, is equivalent to 1992 SIC. Industry breakdowns for 2007-08 are based on both SIC 2003 and SIC 2007. Industry breakdowns for 2008-09 onwards are based on SIC 2007. The industry breakdown based on SIC 2003 cannot be mapped directly onto the industry distribution based on SIC 2007.
- A small amount of tax from occupational pensions is included in this table. It is not always possible to distinguish pensions from pay when they are included in the same PAYE scheme.
- Percentages may not sum to 100% due to rounding.

## **Annex A: Data sources, methodology and data quality**

Data used in the Income Tax deducted from pay table comes from a 1% sample of an HMRC departmental administrative source.

The NPS (National Insurance and PAYE Service) system is a system used by HMRC to collect and account for Income Tax on earnings from employment and pensions. Income Tax and National Insurance (NI) Contributions are deducted by the employer and paid over to HMRC on behalf of the individual for each pay period.

NPS was introduced in July 2009 bringing together the National Insurance Recording System (NIRS) and PAYE elements of Computerisation of PAYE (COP). The relevant data to produce these statistics was previously held within NIRS. The move to NPS did not impact on the coverage of these statistics.

Up to tax year 2013-14, tax on pay was reported by employers to HMRC on a P14. Form P14 is an End of Year summary for an employment that is submitted by the employer to HMRC, showing pay, tax and NI contributions for the year. The employer provides similar information to the employee on an end of year certificate, form P60.

In April 2012, HMRC began a phased introduction of Real Time Information (RTI). The Income Tax (Pay As You Earn) Regulations 2003 were amended to reflect reporting in real time. Under RTI, information about tax and other deductions under the PAYE system is transmitted to HMRC by the employer every time an employee is paid. Employers using RTI are no longer required to provide information to HMRC using Forms P35 and P14 after the end of the tax year, or to send Forms P45 or P46 to HMRC when employees start or leave a job.

Since tax year 2014-15, tax on pay has been taken from RTI PAYE end of year summary information.

Tax on pay reported on P14 and on the PAYE end of year summary information can relate to pay or occupational pensions. In the majority of cases it is possible to identify whether the PAYE amount relates to pay or pension by looking at the PAYE scheme. Some PAYE schemes include both pay and pension. In some such cases we cannot distinguish pensions from pay and therefore a small amount of tax on occupational pension is included within the published figures.

### ***Changes to the Data***

There have been no changes to the data.

## ***Industry allocation methodology***

Each payment submission submitted by the employer is associated with a PAYE scheme. The Inter-Departmental Business Register (IDBR) contains information about PAYE schemes including industry. Each payment submission is assigned to an industry by matching PAYE scheme to IDBR.

## ***Industry Classification***

The industry groups used in the table are based on the UK Standard Industrial Classification of Economic Activities (SIC). The classification was updated in 2003 and 2007. All industry detail for years to 2006-07 is based on SIC2003. For 2007-08, results are presented on both SIC2003 and SIC2007 bases for comparison of changes in classification. The industry detail for 2008-09 onwards is based on SIC2007 only.

Section letters and descriptions are provided in the tables and full detail can be found by referencing relevant ONS indexes.

<http://www.ons.gov.uk/ons/guide-method/classifications/current-standard-classifications/standard-industrial-classification/index.html>

## ***Industry Comparisons over time***

The industry groups in the table each comprise one or several Sections from the Standard Industrial Classification. Sections in SIC2003 may have different coverage to Sections in SIC2007 even if they share the same Section Letter and/or broad text description.

Under SIC2003 Section K Real Estate, Renting and Business Activities was consistently the largest industry group. Under SIC2007 this now forms three separate categories Section L Real Estate Activities, Section M Professional, Scientific and Technical Activities and Section N Administrative and Support Service Activities. Together these would form the largest industry group. There are many more differences in coverage which may not be immediately obvious at section level therefore analysis over time should be undertaken with caution.

When providing figures under SIC2003, Section P – Activities of Private Households has been excluded, Section Q - Activities of Extraterritorial Organisations and Bodies has been treated as industry unknown. When providing figures under SIC2007, Section T – Activities of Private Households and Section U – Activities of Extraterritorial Organisations and Bodies have been included as a combined category.

Employers' PAYE schemes are sometimes restructured or reclassified. Tax for a small number of employees may not therefore be included in the same industry group in all years.

## ***Treatment of Industry Unknown***

Every effort is taken to assign tax to an industry group, but in some cases this is not possible.

The amount of tax that could not be allocated to the SIC2003 industry groups ranged from 0.9% in 2000-01 to 0.6% in 2006-07 falling to 0.2% in 2007-08. This tax has been allocated pro-rata across all SIC2003 industry groups.

The amount of tax that could not be allocated the SIC2007 industry groups was 0.4% in 2007-08, 0.2% in 2008-09, 0.1% in 2009-10, 0.2% in 2010-11, 0.1% in 2011-12, 0.2% in 2012-13 and 0.1% in each of 2013-14, 2014-15, 2015-16, 2016-17 and 2017-18.

## ***Quality Report***

A background quality report for these statistics can be found at <https://www.gov.uk/government/statistics/quality-report-income-tax-deducted-from-pay-statistics>

## **Annex B: Glossary of Terms**

Annex B aims to explain acronyms, abbreviations and terms associated with Pay As You Earn (PAYE) tax.

### **Income Tax liabilities**

The amount of Income Tax liabilities in this publication is the amount of tax due on incomes arising in a given tax year, and is different from the amount of tax receipts collected in a financial year.

### **Income Tax receipts**

The amount of Income Tax collected by HMRC. This publication measures the amount of Income Tax liability for a tax year, but not the amount of receipts in the financial year. The Income Tax receipts are amounts paid and collected in a given financial year.

### **National Insurance Contributions**

National Insurance contributions are tax on earnings paid by employees and employers. National Insurance contributions will be taken off along with Income Tax before an individual's employer pays their wages. Employee's National Insurance contributions will stop once an individual has reached state pension age. The amount of Income Tax in this publication does not include National Insurance contributions.

### **Industry**

Industry categories are based on UK Standard Industrial Classification of Economic Activities.

### **National Insurance and PAYE System (NPS)**

NPS is the computer system HMRC uses to administer PAYE. It replaced the COP system and brought it together with the National Insurance Recording System (NIRS).

### **Computerisation of PAYE (COP)**

The computer system which used to administer PAYE until it was replaced by NPS.

### **National Insurance Recording System (NIRS)**

The computer system used to monitor payment of National Insurance (NI) contributions and to calculate and prove entitlement to contributory benefits. These include Job Seekers Allowance (JSA) and the National Insurance Pension. It provides contribution information to a number of government departments.

### **Pay As You Earn (PAYE)**

PAYE is the system used by HMRC to collect and account for Income Tax on earnings from employment and pensions. Income Tax and National Insurance Contributions are deducted by the employer and paid over to HMRC on behalf of the individual for each pay period.

**Personal Allowance**

The amount of income you can receive for the tax year without having to pay tax on it.

**P14**

Form P14 is an End of Year summary for an employment that is submitted by the employer to HMRC. In April 2012, HMRC began the phased introduction of Real Time Information (RTI). Employers using RTI are no longer required to provide information to HMRC using Form P14 after the end of the tax year.

**Real Time Information (RTI)**

RTI is the admin system through which tax and other deductions under the PAYE system is transmitted to HMRC by the employer every time an employee is paid.