

One of the vile things about the UK's current taxation system is that it reaches so far down the income scale. So says Tim Worstall in an [article](#) in The Guardian, arguing that the statutory minimum wage should not be increased. Worstall pointed out that "it is possible to be working part-time on the minimum wage and be paying income tax. Indeed, a full-time worker who gets that pre-tax £13,400 will be paying about £1,500 a year in income tax to say nothing of further National Insurance deductions. That £13,400 minus £1,500 is £11,900 - which is just about the amount a full-time minimum wage worker will make before tax. So, if we weren't taxing the working poor then, by the measurement of the Joseph Rowntree Foundation, they wouldn't be poor.

"Or if you'd prefer the whole thing in a nutshell, if we want to make the working poor better off, then we should stop bloody taxing them."

Yes. And if existing taxes on labour were replaced by LVT, there would be no need for a statutory minimum wage at all because employers would not be able to get anyone to work for penurious wages. In a programme for the introduction of LVT, the first taxes to be abolished should be those on low-paid workers, which would be achieved by raising tax and national insurance thresholds. Those working for 40 hours on the statutory minimum wage should not be paying tax. Only it is not the employees who pay it. The burden falls on employers and forms part of labour costs. By reducing the cost of employing people, raising thresholds is the most effective way of getting as many people as possible into employment.