

Why does the tax year start on 6 April?

Winter solstice

Our story starts with the the winter solstice (now 22 December) when the earth's axial tilt is farthest from the sun. It is the day when the night is the longest. Most ancient cultures had some form of festival for this solstice.

In 46 BC, Julius Caesar created the Julian calendar. Under this, the winter solstice was fixed at 25 December, known as the festival of Bruma.

Before, the Romans worshipped the sun god Sol Invictus. Emperor Aurelian dedicated a temple to this god on 25 December 274 AD. This was marked with games and became a national holiday called Dies Natalis Solis Invicti.

Christmas

Christmas is the traditional celebration of Jesus' birth. No-one knows for certain even the year that Jesus was born, let alone the date.

So in the early 4th century AD, it seems that the early Christians simply took over an existing festival. Until the 18th century, many Christian writers believed that this date was the actual birth of Jesus. Using a date from which daylight hours lengthen is an obvious symbol for "the light of the world".

And this Christian take-over still allowed everyone to celebrate at a time of the year when there was not much work to do.

Julian calendar and leap years

A year is the time it takes for the earth to revolve round the sun. This is now known to be 365.22 days.

The Julian calendar had 365 days a year with a leap year every 4th year. This is the equivalent of assuming that the earth took 365.25 days.

This left a discrepancy of 0.03 days (43 minutes) every year. The consequence was that the winter solstice gradually crept forward in the calendar until it arrived at 12 December in 16th century.

Gregorian calendar

In 1582 Pope Gregory XIII restored the correspondence between the calendar and the natural seasons.

He annulled the accumulated ten days of error that had arisen between the 4th and 16th centuries, but not the three days between the 1st century BC and the 4th century AD. The result is that the winter solstice was and is celebrated on 22 December, while Christmas remains on 25 December.

However it took many decades before his calendar was generally adopted.

Lady Day

As Christmas celebrates the birth of Jesus, nine months earlier on 25 March celebrates his conception.

This is the festival known as the annunciation of the Virgin Mary, or Our Lady's Day. This became Lady Day.

With Christmas in December, Midsummer Day in June and Michaelmas in September, these became the four traditional quarter days still in use today for such purposes as payment of rent.

Under the ecclesiastical calendar in use until 1752, the year started on Lady Day.

This date falls between the traditional periods of ploughing and sowing, and so was a convenient quiet time for negotiation of farm tenancies which then usually lasted for one year at a time.

Lady Day also corresponds to the Spring Equinox when days and nights are of equal length. Many cultures have regarded this as a reason for starting their calendars.

As an aside, the Swedish for "Our Lady" is Vår Fru. It became a tradition to eat waffles on this day. Vår Fru drifted into Våffel and was then Anglicised as "waffle", which seems an appropriate point to mention in an article about tax law.

Calendar Act

Britain switched to the more correct Gregorian calendar in 1752 under provisions of the Calendar (New Style) Act 1750 which remains law to this day.

This required 11 days to be eliminated. Thus 2 September 1752 was followed by 14 September 1752. This led to street protests as workers were still paid weekly but were expected to pay a month's rent with no compensation for the lost 11 days.

It also changed the rules on leap years, so that every 100th year was not a leap year, except that every 400th year was a leap year. This correlates more accurately to 365.22 days.

The calendar also adopted 1 January as the first day of the year.

1752/53 tax year

The Treasury was unwilling to lose 11 days of tax revenue, so it simply added 11 days to the end of the 1752/53 tax year. This now finished on 4 April, with the new tax year starting on 5 April.

The year 1800 became the first Julian leap year not to be a Gregorian leap year. For the 1800/01 tax year, one day was added to compensate. So the 1801/02 tax year started on 6 April. Income tax was first introduced in 1799.

Since then there has only been one other Julian leap year — in 1900. An extra day was not added in that year, so the tax year has started on 6 April for more than 200 years. The year 2000 *was* a leap year as it is divisible by 400.

No-one seems to have noticed that every leap year adds one extra day's worth of taxation to the Revenue. So there is a logical argument for bringing *forward* the year-end by one day in each leap year. Perhaps the failure to do so was the first stealth tax!

No change

Although it is an anomalous date, there seems to be no great desire to change it.

The Irish Republic, which inherited the British tax year on independence, gave it up in 2001 when it had a nine-month “tax year” before adopting the calendar year as the tax year from 2002.

However when corporation tax was introduced in 1965, it was decided to adopt 1 April as the start of its tax year, known as the financial year.

On 25 July 1972 Sir J Langford-Holt MP asked a question as to why the tax year started on that date and if there were plans to change it (Hansard HC Deb 25 July 1972 vol 841 c247W).

Patrick Jenkin MP explained that the reasons were historic and offered to send an account. He confirmed that the Chancellor of the Exchequer “has at present no proposals to change the date of the tax year”.

Forty years later it seems that there are still no such plans.