



Tax Changes

The government has just announced that measure will be put into place in September to offset the effects of the abolition of the 10% tax band. The changes will be backdated to 6 April.

The way the new measure will work is that personal tax allowances for everyone aged up to 65 will increase by £600. This means that everyone who gets a personal tax allowance and earns up to about £40,835 will gain £120 this year. This will be paid in a lump sum of £60 in your September pay packet, followed by a £10 a month increase for each month until 5 April 2009.

Higher rate tax payers will not gain more. Basic rate tax will stay at 20% and higher rate tax will stay at 40%.