

How The New UK Tax Laws Affect Your Money

The last Budget of Gordon Brown was a bold political move that presented him in a good light right before his Prime Minister bid. He abolished the 10p rate of tax, and lowered the 22p tax bracket to 20p - a move to show Labour cuts taxes.

It wasn't until he was elected, that it came to light that the tax changes had meant the lowest paid workers of the country were now paying more tax.

There was outcry, and under intense political pressure, tax rebates were offered which come into play on September 2008. These aren't cheques in the post like the American system, since such a move could encourage more debt. Those people who know money is coming on average spend more than they are going to receive in debt before it comes.

The UK rebate was paid in income tax changes, so a worker would only see an increase in a pay-packet, or next time they audit for self employed people.

So what is all this talk about [UK tax](#) rebates, and does it affect you?

- * 5 million low paid workers were losing out due to the abolition of the 10p tax rebate - this is roughly classed as all those who earn less than £17,000 a year.
- * The rebate will cost around £2.7 billion to the UK coffers.
- * The tax rebate will be given via the pay-slip PAYE, or next year if you're self employed when you declare your taxes.
- * The rebate was done by changing how much taxable income you are tax free on - increasing from £600 to £6035.
- * There are still losers - those earning £8-10,000 were to lose £200 a year from the new tax laws - the rebate should give back £120 so they will still be losing £80 compared to pre-budget.
- * People earning from circa £17,000 to £40,835 gain from the rebate, as they were better off before anyway under the 10p tax rate abolition and now get the rebate on top.

The Government are now heavily publicising this move, to try and gain them favours with the public before a big downturn in the economy looms. Darling the Chancellor even went on record, in an unprecedented step, saying:

"the economic downturn would be "profound and long-lasting",

"...has insisted it is his duty to be straight with the public, after telling a newspaper the UK faces its worst economic crisis in 60 years."

"...that voters were "pissed off" with Labour's handling of the economy, a key issue at the next election, and said it was "absolutely imperative" that ministers communicated their intentions better."

This is the MP whose job it is to know everything about the economy of the UK. If he says we're in trouble, we're in trouble.

The words given to the MPs to say in TV interviews are like mantra's - to every question asked of Darling after he had been "briefed" his answer included:

- * I'm being honest
- * Every other country in the World
- * Unique Circumstances
- * Credit Crunch
- * Rising Oil and Food Prices
- * We helped Northern Rock
- * Tax Rebate next month
- * Helping People getting back into work
- * Fundamental of Economy Sound

"Who's going to win Eurovision this year?" "Honestly, every other country in the world has rising oil and food prices, I remember when we helped northern rock I was going to give a tax rebate next month...blah blah blah...I think they should bring back Cliff Richard."

I don't have a TV so I don't need to listen to repetitious spin a lot. Lets break it down a bit:

* I'm being honest - Why do I get jittery when a politician starts with that?

* Every other country in the world... - Asia seems to be unaffected thus far

* Credit Crunch - such a buzzword for people at the moment. Basically free credit to everyone will eventually cause problems, you can't keep borrowing forever.

* Rising Fuel and Oil Prices - Why did we invade Iraq - wasn't it for WMD or for "\$20 a barrel oil"? Because both failed.

* We Helped Northern Rock - Nationalising a bank under intense pressure after failing to find it a buyer, placing £1.3 billion more in national debt.

* Tax Rebate next month - What tax rebate? The one where companies can claim back VAT they shouldn't of paid in the first place because they overpaid?

Or the rebate to make up for the blunder of not noticing abolition of the 10p tax rate would put the lower paid workers out of pocket?

About the Author

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