



Budget 2012

Who can expect to be 'better' off following George Osborne's Budget speech?

Parents in households where one earns £30,000 will be about £440 better off – until deductions for increases in fuel, cigarettes and alcohol are taken into account. Households with no children and a combined salary of £60,000 will be more than £340 a year better off.

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Parents, low and middle earners, and council tax bills came out better off in Chancellor George Osborne's 2012 Budget.

Low and middle earners

The personal allowance – the first tier of earnings on which no tax is due – is to rise next year from £7,475 to £9,205, an increase of more than £1,000. Millions could be more than £200 a year better off.

The centre piece of the Budget, the move will cut the tax bills for anyone earning less than £100,000 and will potentially lift two million people out of paying tax. The tax-free allowance is set to rise again to £10,000 in April 2014 – saving most taxpayers another £250 annually. This is a year earlier than planned.

High earners

The top rate of tax will be cut from 50p to 45p in the pound from April 2013. This is paid by people earning more than £150,000. The Chancellor said that a rate of 50p had not made a huge difference to the tax take.

Parents

Plans to end child benefit for higher-rate taxpayers have been watered down. The Chancellor said he wanted to avoid a cliff edge – so instead of withdrawing it all at once, the benefit will start to be withdrawn only when an earner brings in more than £50,000 a year, rather than at about £42,000, and it will be withdrawn gradually – 1% of benefit for every £100 earned over £50,000. As a result, an extra 750,000 people will keep some or all of this

benefit; only those earning more than £60,000 will lose it altogether.

Tax statement

From 2014 taxpayers will get a personal tax statement detailing how much of their tax bill goes to pay for services such as health care and education.

Council tax

85% of local authorities will be freezing or reducing their council tax next year.

GET IN TOUCH

To review the key issues that should be on your agenda following Budget 2012, please email or telephone us – and we'll get in touch.