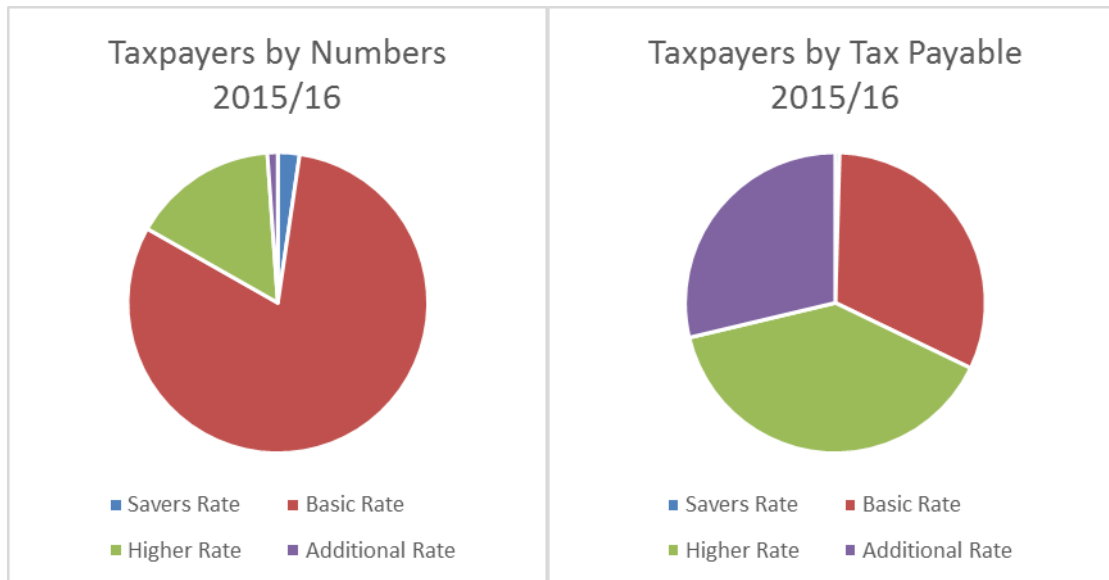


## 1 in 6 pay more than basic rate tax

**HMRC have updated their income tax payer data.**



HMRC regularly updates data on income tax payers and last month it produced a revised set of numbers. These give an interesting insight into the drivers behind tax policy, and in particular, the emphasis on reducing tax avoidance.

- HMRC estimates there will be 29.7 million income taxpayers in 2015/16, 1.6 million fewer than in 2010/11, despite increased employment. The drop is mainly due to the significant increases in the personal allowance over recent years combined with low earnings growth.
- Of that near 20 million, almost 5 million will be higher or additional rate taxpayers at the margin – just over 1 in 6 of all taxpayers. In 2005/06 – with additional rate tax not yet invented – the proportion of higher rate taxpayers was less than 1 in 8.
- While 81% of taxpayers are basic rate, in 2015/16 they will only provide 32% of the total income tax receipts of £171 billion. Higher rate taxpayers will supply 39%, while additional rate taxpayers (numbering 332,000) will account for nearly 29% of all income tax paid. The average rate taxpayer will have a tax bill of £148,000.

The heavy dependence on additional and higher rate taxpayers helps to explain why pension tax reliefs have been squeezed and the relentless attack on the more aggressive forms of tax avoidance.

If you are in the 1 in 6 who pay more than basic rate, the second pie chart is a reminder why the Chancellor will not rush to reduce your tax bill. Fortunately there remain plenty of tried and tested opportunities to cut your contributions to the Treasury. Please call us to discuss the income tax planning options which are relevant to you.