



## Tax Changes 'Could Hit 18 Million Families'.

Eighteen million families could be worse off by as much as £150 a year unless the Government can find the money to extend temporary tax concessions.

According to a report by think-tank the Institute for Fiscal Studies, the Government will need to extend last week's 'one-off' income tax cut and continue topping up the winter fuel allowance to prevent families being hit.

According to IFS, 900,000 people are still worse off this year despite the Government's concessions on the 10p rate, but says 21.3 million families will be better off. In fact, it says six million individuals will still pay more income tax this year as a result of the abolition of the 10% tax band, despite the increase in the personal allowance.

It says some 18 million families would be worse off in 2010–11 than they are in 2008–09 as a result of these changes, with 3.6 million families gaining and 10 million broadly unaffected. It adds reversing the increase in the personal allowance would mean that 5.4 million families would not have been compensated in a lasting way for the abolition of the 10% band.

Pressure to maintain the personal tax allowance in future years could put government finances under more strain. By announcing a big one-off increase in the personal income tax allowance, Alistair Darling has not only created millions of winners this year, he has created millions of potential losers next year. On the evidence of its recent decisions, the Government may well be afraid to take their gains away from them.

If public sector borrowing ends up permanently higher as a result, it will further undermine the credibility of the Government's management of the public finances and increase the probability of future tax increases or spending cuts – perhaps soon after the next general election.

*June 2008*

THE FINANCIAL SERVICES AUTHORITY DOES NOT REGULATE SOME ASPECTS OF TRUST AND TAXATION ADVICE.  
YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON A MORTGAGE OR OTHER LOAN SECURED UPON IT.  
The guidance and advice contained within this article are subject to UK regulatory regime and is therefore primarily targeted at customers based in the UK.

ARK Financial Planning Limited is authorised and regulated by the Financial Services Authority.  
ARK Financial Planning Limited - Independent Financial Advisers.  
18-20 Stamford Street, Stalybridge, Cheshire, SK15 1JZ.  
Tel: 0161 303 9977, Fax: 0161 303 8499, E-Mail: [answers@arkfp.co.uk](mailto:answers@arkfp.co.uk).  
Registered in England: No. 4975240.  
Registered Office: 14 Warrington Street, Ashton-under-Lyne, OL6 6AS.