



Haydn Jones – Corporate Partner

# WHAT THE PRE-BUDGET REPORT REALLY MEANS



Now that some time has passed since Chancellor Alistair Darling announced the 2008 Pre-Budget Report (PBR), a local solicitor has worked out its main implications for the average person.

According to Haydn Jones Partner and head of our Corporate Department "Straight after the speech, the media's main focus was on the new 45% top rate of tax for people who earn £150,000 or more. However, this only affects about 1% of earners and there were other changes announced that have implications for many more of us.

"For example, changes to Income Tax and National Insurance mean that anybody earning up to about £75,000 will be slightly better off every year for the next three years. Other changes too will affect home-owners, savers, pensioners, people on benefits and small businesses."

These include:

- An agreement by most major mortgage lenders not to seek repossession for at least three months after a borrower falls into arrears. (The Royal Bank of Scotland has subsequently announced that it will wait at least six months.)
- The launch in 2010 of a new savings scheme, called the Savings Gateway, which is targeted at people on low earnings. In it, the Government will contribute 50p for every pound saved.
- Increases to pensions and child benefits, which will start next month – three months earlier than originally planned – when all pensioners will also receive a one-off payment (£60 for single people and £120 for couples).
- The planned rise in Corporation Tax for small businesses that was to come in during 2009 has now been deferred. HM Revenue and Customs is also allowing struggling small businesses to spread their taxes over a timetable they can afford.

According to Haydn, "The PBR was very complicated, and these are just some of the main changes that will affect the most people. Anyone who wishes to understand better how their individual circumstances will change, particularly those running small businesses, is welcome to get in touch on 014 7663 2121.