

Good News At Right Time

After the finance budget of 2008-09 poll ratings of Mr.Gordon Brown and Alistair Darling were down significantly. They tried to squeeze extra taxes from the people who need maximum support. In their U-turn they have surprised even the HMRC by increasing the tax free personal allowances to £6035 from £5435 and this means £120 for those paying tax @ 20%. This is a nice small freebie and we have something to cheer about.

This is all done in the hope of increase poll ratings and nothing to do with their sympathy or support.

I am a director of the company currently taking £5435 as wages. How does it affect me? It means that you can withdraw extra £600 from the company tax-free. So you can take in monthly wages £503 tax free from the company. This can be extra bonus if your wife is director/secretary of the company withdrawing currently £5435. She can start withdrawing £6035 this means extra £600. This means double bonus and you can save a tax up to £240.

I am a sole trader. What impact it has on me? The impact is similar to company directors and you save tax of £120 on extra allowances. So you will be better off by £120.

I am an employee. Does this save me £120 as well? Yes it applies to employees as well. Start planning now how you can use the extra saving of £120.

To conclude public is the real winner of this political stunt. Lets enjoy and hope there is more to come.

