

ADVERTISEMENT

## Half price on selected Heinz sauces.



Only available 1 – 7 May.

### ROS ALTMANN: The government's stealth tax raid on pensioners shows they're just giving with one hand and taking away with the other

By ROS ALTMANN

PUBLISHED: 22:46, 2 April 2024 | UPDATED: 22:57, 2 April 2024

SHARE SELECTION



46 shares

559 View comments

In the coming months many British pensioners will face a horribly unwelcome surprise when they pick up their post from the doormat.

There could be a letter in one of those brown envelopes informing them they will have to fill in a tax self-assessment form – even worse, that they did not pay their tax and face a penalty.

Alas, the threat of the taxman making his presence felt among our elderly is very real. Estimates emerged yesterday that 1.6 million more pensioners could become liable for income tax in the next few years, courtesy of the Government's decision to freeze the

personal tax threshold rather than allowing it to rise with **inflation**.

For Britain's pensioners this is an iron fist clad in a velvet glove. The trumpeted state pension rise – the so-called triple lock guaranteeing a reasonable increase – is welcome. But it has dragged many more unsuspecting pensioners into the tax net.



The threat of the taxman making his presence felt among our elderly is very real says Ros Altmann (pictured)

## TRENDING



**Kate and William are 'going through hell' amid cancer battle**

17.8k viewing now



**DANIEL HANNAN: How a yell of Allahu Akbar defined the local elections**

50.7k viewing now



**Darts star FORFEITS match as she refuses to face transgender player**

11.2k viewing now

Indeed, it could mean more than 9 million having to pay tax – a doubling of the 4.5 million liable in 2010, when the coalition government came to power.

Don't get me wrong – I'm delighted that after years of erosion, the triple-lock has boosted state pensions. Under the system, the 8.5 per cent inflation increase this year has raised the state pension by £17.35 a week, to £221.20.

But this good news comes with a nasty sting in the tail, as the state pension now accounts for 90 per cent of the tax-free allowance before you have to start paying income tax. Even a bit of extra private income will take pensioners into tax liability, and the accompanying nightmare of paperwork.

Many pensioners, existing on modest sums, will never have had to pay tax on their pensions before nor, in their working lives, done a self-assessment.

Given there are no plans for any form of marketing or advertising campaign alerting them to this, many are going to find themselves subject to tax without

**READ MORE: Stealth tax raid will force 1.6 million pensioners to pay income tax over the next four years, analysis reveals**

### Council Tenants Only

Find Out if You Have A Claim

Council Tenants Only. Find Out If You Can Claim Compensation Today

tenantsupporthelpline.co.uk

Learn More



realising it – thus incurring penalties for not doing something they didn't know needed to be done in the first place.



**Estimates emerged yesterday that 1.6 million more pensioners could become liable for income tax in the next few years**

Nor can they rely on HMRC for help, if its helpline becomes overwhelmed. Where are they expected to turn for help, particularly those who are not confident online?

At the very least, the Department for Work and Pensions must write to alert pensioners to check whether they may be liable for tax – and we should have better liaisons between DWP and HMRC, with a dedicated helpline for pensioners who want to speak to someone.

Either way, this situation leaves me exasperated – a feeling with which as a longstanding pensions expert, I have become increasingly familiar.

Whether it be the constant moves to increase the pension age – to 68 by the mid 2030s, meaning much higher poverty rates for 65-67 year-olds – the failure to reform social care or cutbacks to pension credit, it's hard not to feel that our elderly, particularly the poorer among them, are getting a rum deal.

Even the laudable rise in pension income is partly offset by the spiralling cost of living: analysis by the think tank Resolution Foundation found that the average recipient would be left only £190 a year better off in practice.

Factor in the Chancellor's ongoing freeze on income tax thresholds, and that is likely to be wiped out altogether.

Pensioners with little more than just a state pension deserve better than a Government giving with one hand – and cynically taking with the other.

---

## **Stealth tax raid will force 1.6 million pensioners to pay income tax over the next four years, analysis reveals**

**By Jessica Beard**

More than 1.6 million pensioners will be forced into paying income tax over the next four years, as a result of a Government stealth tax raid.

An official analysis of the Prime Minister and Chancellor **Jeremy Hunt**'s tax plans has revealed that up to 600,000 people will be dragged over their personal allowance threshold – the point at which you must start paying tax – when the state pension rises next Monday.

Around 1.2 million extra pensioners will have to pay income in the new tax year as a result of the Government's freeze on tax allowances, according to research from the House of Commons Library, commissioned by the **Liberal Democrats**. As many as 9.3 million people over age 66 will be paying the tax by 2028, it found.

The personal allowance typically rises by **inflation** but has been frozen since 2021 at £12,570 and will remain at that level until 2028.

The new state pension will rise by £902.20 a year from April 8, under the Government's 'triple lock' pledge. This guarantees the state pension will rise by the highest of inflation, wage growth or 2.5 per cent.



**British Finance Minister Jeremy Hunt (pictured) leaves Downing Street on March 19**

The full new state pension – paid to those who reached pension age after 2016 – will be £11,502.40 a year. But this pushes hundreds of thousands of pensioners closer to the upper limit of their personal allowance.

This 'stealth' tax trap means they can receive additional income of only £1,067.60 a year before having to pay income tax.

The personal allowance would have increased to £15,220 from next week if it had not been capped and had instead risen in line with inflation, and to £15,990 by 2028, according to the Office for Budget Responsibility.

The number of pensioners paying income tax has nearly doubled since the Tories came to power, rising from 4.9million in 2010 to 8.5million today, according to

research from think tank the Institute for Fiscal Studies.



**Around 1.2 million extra pensioners will have to pay income in the new tax year as a result of the Government's freeze on tax allowances, according to research from the House of Commons Library**

The stealth freeze on income tax thresholds will leave the average taxpaying pensioner £1,000 worse off by 2027/28, costing a collective £8 billion, analysis from think tank Resolution Foundation has found.

More pensioners are at risk of facing fines for not paying tax they knew was due, experts have warned.

Sarah Olney, MP and Liberal Democrat Treasury spokeswoman, said: 'Older people who have worked hard and contributed all their lives are now being clobbered with years of unfair tax hikes.'