



News Release

Date: March 2010

### **TOP EARNERS TAX HIKE**

Accountants DJH Accountants Ltd are warning those earning over £150,000 across Staffordshire and Cheshire, including our local footballing heroes, to be prepared as the current financial year comes to an end and a sharp increase in their tax bills come into force.

The new top rate of 50 per cent on incomes of more than £150,000 is just one of many measures that will see high earners contributing extra in tax by 2012. From April this year any income of more than £150,000 will be taxed at the new top rate of 50% and this rate will affect over 350,000 people across the UK.

Many premiership footballers earn in excess of £150,000 per week and this will mean they will pay an extra £770,200 in tax each year if for example they earn £151,000 per week.



In addition, from April 6, 2010, the personal tax allowance, currently £6,475 for a single person, will be cut by £1 for every £2 of income over £100,000 so that it is completely withdrawn for those earning £112,950 or more and higher earners also face a new tax on their pension contributions. From April 2011, anyone earning more than £150,000 will see the 40 per cent tax relief on money paid into their pension stopped.

Chris Beardmore Director at DJH comments: “Life is going to get tougher for high earners with these new rules. Tax on dividend income also rises to 42.5 per cent to stop directors and senior executives trying to avoid being hit by the 50 per cent top rate of tax by paying themselves in dividends. It is vital therefore that good tax planning is implemented to lessen the blow.

What’s more, the increases don’t stop there. There will be a half-percentage point increase in National Insurance from April 2011, applicable to all workers earning above £6,500 per year, high earners will pay a total of 51½p in tax on every pound they earn above £150,000.”

The new 50% top rate will be more of an issue for some taxpayers than others as they will see the harsh realities of it sooner including those who have a year-end of April 30, something which is common in partnerships like architects, solicitors and surveyors.

Any partnership income they earn from next month onwards will be assessed under the new tax rules as their new financial year ends when the 50 per cent rate applies.



Chris Beardmore adds: “This tax increase is a hard knock to many of these firms particularly those in the construction industry who have suffered as the recession has taken hold. Now they will find that they are also paying substantially more in tax but their profits have dropped. Just as people start to talk of green shoots of the economy will these new tax rules have the reverse affect?”

**ENDS**

**Media Enquiries**

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