

PENSIONERS LOSE NEARLY THIRD OF INCOME TO TAX

According to a new report, most pensioners end up paying around 30% of their modest incomes to HM Revenue and Customs.

During 2011/12, life insurance provider Prudential, reported that the average retired household paid out around £6,400 in tax, from a gross income of £21,300. Some £3,800 of the tax bill takes the form of indirect taxes such as VAT and fuel duty.

Britains seven million retirees contribute almost £50bn to the public purse, with the two largest taxes for pensioners being income tax and VAT, each taking up 8% of income respectively.

Retiring from work does not mean that you are retiring from paying tax, unfortunately you continue to make contributions to the Exchequer throughout your retirement, whether paying through income tax or VAT on purchases.

