



NEED ADVICE? PRESSING ISSUES THAT UK TAXPAYERS ARE CURRENTLY FACING

Many UK taxpayers are feeling squeezed, not just by the cost of living, but by a tax system that can feel increasingly unforgiving. Even where tax rates have not changed, small shifts in thresholds, benefits and HMRC processes can lead to unexpected tax bills and cash flow pressure.

Below are five of the most common issues that are causing concern right now.

1. FROZEN INCOME TAX THRESHOLDS (FISCAL DRAG)

Income tax thresholds have been frozen for some time. This means that even modest pay rises can push more income into higher tax bands.

As a result, many people find they are paying more tax each year, without feeling better off. This can affect employees, directors, pensioners and the self-employed.

2. THE £100,000 INCOME "TAX TRAP" AND LOSS OF ALLOWANCES

If your total income goes above £100,000, you start losing your Personal Allowance. This creates a marginal rate of tax on income of 60% between £100,000 and £125,140.

This issue is catching more people each year, particularly where bonuses, dividends, rental profits, or one-off income pushes total earnings over the threshold.

For families, it can also link to losing access to certain childcare-related support, creating an even bigger overall cost.

3. HIGH HMRC LATE PAYMENT INTEREST

HMRC late payment interest is now high enough to cause real problems for anyone who misses a payment deadline.

Even taxpayers with a good history can be caught out by a short-term cash flow squeeze, an unexpectedly high Self-Assessment bill, or a simple administrative delay. The cost of paying late can build up quickly.

4. SELF-ASSESSMENT CASH FLOW PRESSURE (PAYMENTS ON ACCOUNT)

Payments on account can create a serious cash flow pinch.

Many self-employed people and landlords pay a balancing payment for the previous year, plus a large payment towards the current year. These amounts are usually due in January and July.



This often comes as a shock, particularly where income is seasonal, profits fluctuate, or personal spending has increased.

If your income has fallen, it may be possible to reduce payments on account, but this needs to be handled carefully.

5. INCREASED COMPLEXITY AND REPORTING BURDEN

Many taxpayers feel the tax system is becoming harder to stay on top of.

There is more digital reporting, more emphasis on compliance, and more scope for penalties if mistakes are made. For small businesses and landlords, this can be stressful, especially where records are not fully up to date.

In the background, Making Tax Digital for Income Tax is getting closer and this is increasing concern about software requirements, digital record keeping, and new deadlines.

NEED ADVICE OR REASSURANCE?

If any of the issues above are affecting you, or if there are other tax or financial concerns creating anxiety, please contact us. Call us on **01753 888 211** or email **info@nhllp.com**, we are here to help. A short conversation now can often prevent problems later and help you feel more confident that you are on top of the situation.

If you feel this alert could help a business colleague or family member, please feel free to share it with them.