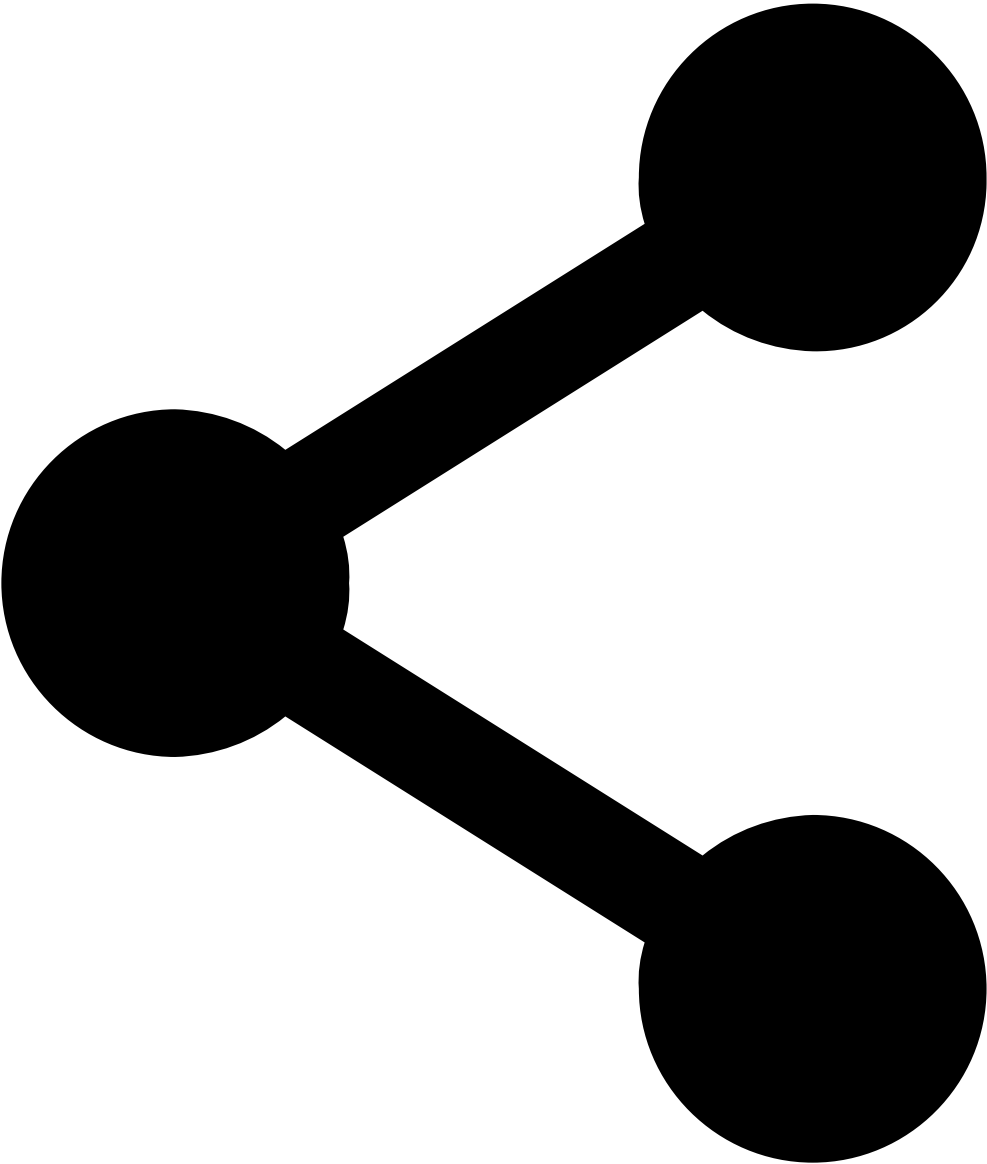


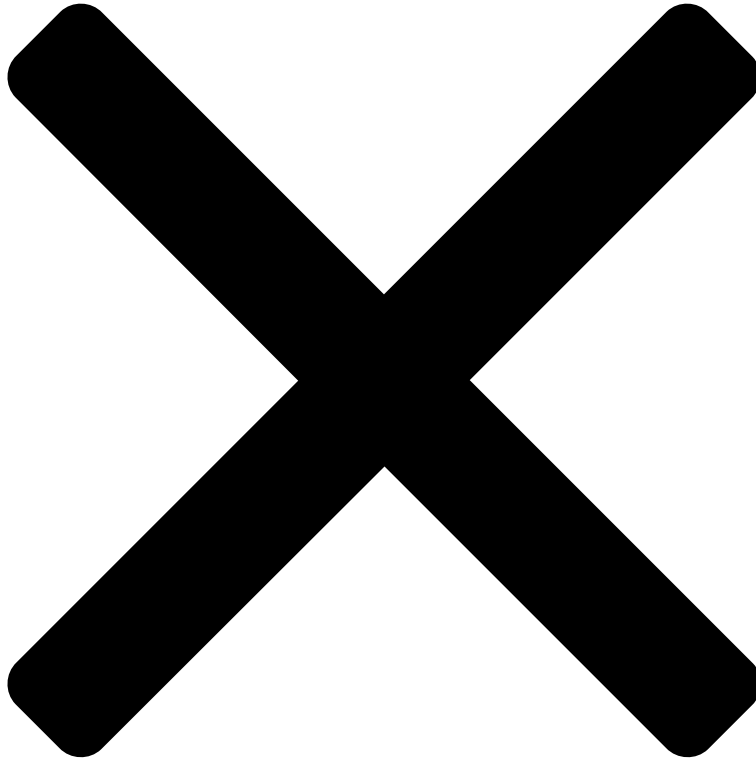
'This is just the start...' Rishi Sunak may hit retirees further in next Budget

RISHI SUNAK announced recently that the Autumn Budget will be delivered on October 27. Many fear what the Chancellor may introduce with this Budget as the Government has already made sweeping changes to tax and pension rules. Taxpayers are being asked to contribute more to cover coronavirus related costs and further demands could be made in the months ahead.

By [Connor Coombe-Whitlock](#) 08:28, Thu, Sep 16, 2021 | UPDATED: 12:43, Thu, Sep 16, 2021

Rishi Sunak says the Universal Credit uplift was 'temporary'





<https://www.express.co.uk/finance/personalfinance/149200>

[Boris Johnson](#) launched major tax reform in early September, as taxpayers were forced to pay more towards a Health and Social Care Levy. This levy is designed to cover rising [NHS](#) and social care costs and while the Government assured it was spreading "the pain" evenly, some Britons may

end up paying more than others. Despite the broad range of changes introduced, many fear the amounts raised will not come close to covering the costs of [coronavirus](#) and as such, [Rishi Sunak](#) will be forced to take more from taxpayers.

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Maike Currie, an investment director at Fidelity International, examined the changes when they were announced and warned more may be on the horizon.

"The one-off suspension to the triple lock for the state pension has been offered as a way to reset the balance

[Sunak to extend payment uplift](#)

between generations while addressing the data anomaly of an 8.8 percent increase in average earnings," she said.

"By only suspending the triple lock for one year, the Government has avoided scrapping the manifesto promise completely, instead relying on a double lock of inflation or 2.5 percent - whichever is higher. The breaking of the triple lock was almost inevitable, once it was made clear that National Insurance contributions are to increase by 1.25 percent for both employees and employers. By also applying the levy to working adults above state pension age, the Government argues it is spreading the pain of paying for the pandemic between individuals and businesses, as well as across generations.

"The announcement of a 1.25 percent increase in taxation of dividends is clearly aimed at allaying criticism that the new policy unfairly puts pressure on the working population to provide support for those already in retirement, with no impact on the very wealthy.

"The Government also stated that most everyday investors will be unaffected. Shares held in ISAs are not subject to dividend tax and, due to the £2,000 tax-free dividend allowance and the personal allowance, around 60 percent of individuals with dividend income outside of ISAs are not expected to pay any dividend tax or be affected by this change in 2022-23.

"This is just the start of the UK Government tightening its belt as it gears up to pay for the cost of the COVID-19 pandemic, and nothing - not even manifesto promises - are off limits."

READ MORE: [Rishi Sunak's tax changes to force 'shorter timeframes' for taxpayers](#)



Rishi Sunak may target retirees further in the next Budget (Image: GETTY/PA IMAGES)

Fidelity International also surveyed a nationally representative sample of 2,000 UK adults, with the results showing 57 percent of people do not support the state removing the triple lock, rising to 76 percent for those aged 55 or over.

Unfortunately, taxpayers may need to get ready for further costly changes in the weeks ahead as Rishi Sunak evaluates his options.

Ms Currie continued: "The breadth of the announcement made by the Government this week shows that nothing is off the table when it comes to paying for the pandemic. We now know that the Treasury has also launched a spending review which will conclude alongside the Budget announcement in just over a month's time.

"Levelling Up, Global Britain, climate change, domestic infrastructure, and innovation are spending priorities according to the Government, and we can expect to hear more about them in October. However, there are also rumours

other forms of taxation could also be reviewed, such as capital gains tax, inheritance tax or the pensions lifetime allowance.

"It is difficult to predict what will happen when it comes to politics, but given the response to changes made to national insurance contributions, dividends tax and the triple lock this week, further tax reforms on wealth could still be announced to appease critics."

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Caroline Walker, a Tax partner at North East accountants/business advisers, noted pension rules and certain reliefs specifically could be targeted.

"You can never say never but the view is that there are unlikely to be headline tax rises as whilst CGT and pensions tax reliefs are under scrutiny, they've just introduced a new 'tax' from April 2022 - whilst this supposedly pays for social care etc it still leaves the funding of the black hole to be resolved," she said.

"However, introducing further tax rate changes could really annoy the voter. Perhaps they may introduce other tax rises indirectly / stealthily by tweaking certain rules."

Specifically, Ms Walker detailed this could include:

- **Abolishing indexation allowance claimed by companies on the sale of assets.**
- **Increasing the qualifying period of ownership for BAD relief (ex entrepreneurs relief).**
- **Reducing the threshold for the reduction of the personal allowance from £100,000 to say £80,000.**
- **Reducing the maximum pensions savings allowance from £40,000.**

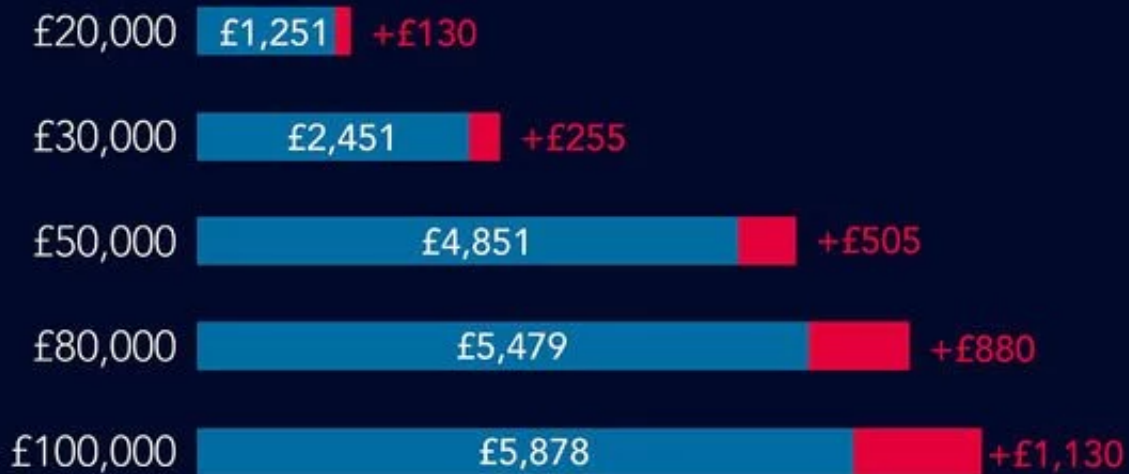
NATIONAL INSURANCE INCREASE

How much more will employees pay per year with the additional 1.25 percent 'health and social care levy'?

Current yearly payment

Additional yearly payment

Annual salary



Source: Gov.uk, BBC

EXPRESS

Tax changes were announced to fund social care (Image: EXPRESS)

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As HM Treasury confirmed these plans, Mr Sunak commented: "Since the start of the pandemic, we've delivered on an unprecedented scale to protect people's jobs and livelihoods.

"Despite the worst economic recession in 300 years, we have not only got people back into work through the Plan for Jobs but continued to deliver on the priorities of the British people.

"At the Spending Review later this year, I will set out how we will continue to invest in public services and drive growth while keeping the public finances on a sustainable path."

Full details on HM Treasury's Autumn Budget plans can be found on the Government's website. Additionally, impartial guidance on the state's current coronavirus support measures, such as the furlough and SEISS scheme, can be sought from the likes of Citizens Advice and Money Helper.