

WHY READ THIS GUIDE?

Welcome to this year's *Tax Saving Guide*. Why bother to read it? Well, for one thing because it really can save you money, as David Thomas discovered (see right). Our guide should help you, too, to work out how much tax you owe, so you pay exactly what's due – no more, no less.

WHAT'S NEW

The world of tax is ever-changing and it can be difficult to keep up. Our guide contains information on all the changes in the last tax year – another reason to read it. Perhaps the biggest change is to the pension system – see p27 for everything you need to know. Other developments include the Civil Partnership Act, which came into force last December and means that same-sex couples are treated like married couples for tax purposes. The tax credits system has come in for a lot of criticism. Many families have been overpaid and are now finding themselves hit with demands to repay the extra. Our chapter on p41 has advice on dealing with this problem.

Here at the guide we like to keep an eye on the future, too. The Department for Constitutional Affairs has consulted on upping the intestacy limits. And the Chartered Institute of Taxation, the professional body for chartered tax advisers, is calling for the introduction of a bill of rights for taxpayers. We'll keep you posted on these developments in *Which?*.

Finally, the Inland Revenue has merged with Customs & Excise to become Her Majesty's Revenue & Customs. We thought you might find that a bit of a mouthful, so in our guide we've referred to it as Revenue & Customs or HMRC.

USING OUR GUIDE

We've introduced some new features this year – action points, tips and warnings – giving you hints on ways you can save tax and flagging up things you need to do or watch out for. We hope they make our guide even more helpful. Not only that, but this year for the first time we've also included all the changes made in the Chancellor's budget in March, so you can be sure the information is as up-to-date as possible.

We're sure you'll find our guide useful whether you work for yourself or for someone else, whether you have a young family or you're over 60. If you're new to the world of tax, our 'Tax basics' chapter (p5) provides a helpful introduction to the tax system, but each of our chapters refers you to other parts of the guide where you can get relevant information. We also include a list of booklets and helpsheets from Revenue & Customs where you can get more help.

And if you want to discuss your tax affairs, don't forget you can always go along to your local tax enquiry centre (still listed under 'Inland Revenue' in your phone book) or your tax office.

A WORD OF THANKS

Special thanks to the Chartered Institute of Taxation, whose members gave their time to check all the information in this guide.

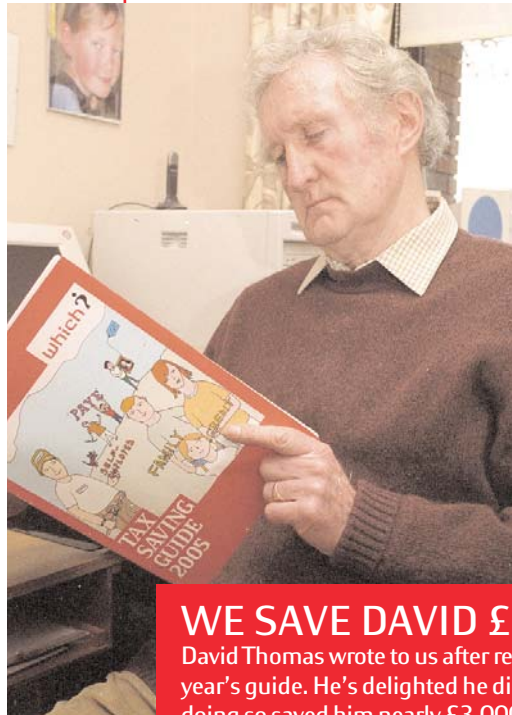
TELL US WHAT YOU THINK

We want to know what you think of our guide and the changes we've made to it, and whether you've found it useful. Contact us at the addresses below.

CONTACT US

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WE SAVE DAVID £3,000

David Thomas wrote to us after reading last year's guide. He's delighted he did read it – because doing so saved him nearly £3,000.

David hadn't realised that he could claim a higher personal allowance from the year he turned 65. His tax office told him it was his responsibility to inform his tax office when he reached 65 and 75 (as we explain on p31, the allowance increases once again for people aged 75 and over). David completed the necessary forms and, as a result, received nearly £3,000 for the allowances he'd missed. Revenue & Customs also adjusted his tax code, so he'll pay the right amount of tax this year – saving him around £500 a year as well.

David told us: 'Obviously, I'm pleased. Thank you for alerting me to this saving. I'd strongly advise others in the same age bracket as myself to look at their allowances and contact their tax office if they're not receiving their full entitlement.'

If you've saved money by reading our guide, we'd love to hear from you – see 'Contact us', left, for how to get in touch.

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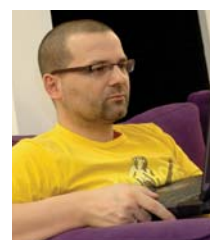
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Ross pays less tax than he would on a more polluting car. See p17



Freelance designer Rob can claim for allowable expenses. See p21



Mel and Pete's employer helps with the cost of Joe's childcare. See p39