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30th May 2010

About this Tax Statement

This is your annual Tax Statement. It explains how much you paid in direct taxes in the last tax year (6th April 2009 – 5th April 2010) and how those taxes were spent. The Tax Statement also shows how much you will pay in tax and how your taxes will be spent in the next tax year (6th April 2010 – 5th April 2011), assuming your income increases in line with the national average.

Direct taxes are the taxes you pay directly out of your wage or salary: Income Tax (including Pay As You Earn – PAYE) and National Insurance.

You also pay indirect taxes, such as Value Added Tax (VAT) and Excise Duty, which depend on how you spend your money. Indirect taxes are not included in this Tax Statement. If you pay Council Tax you will receive a separate statement from your local council explaining how much you have paid and how the money has been spent. Some services, like fire and police, are paid for both by your direct taxes and by your Council Tax.

You can find out more about how your taxes are spent and how much you will pay if your income or circumstances change by going to www.mytaxstatement.gov.uk. The website will also provide an estimate of how much you pay in indirect taxes.

What you pay the government in direct taxes

In the tax year 2009-10 you earned £25,500 in income and paid £5,979 in direct taxes: £3,805 in Income Tax and £2,174 in National Insurance.

Assuming your income increases in line with the national average, in the tax year 2010-11 you will pay £6,090 in direct taxes: £3,876 in Income Tax and £2,213 in National Insurance.

Your contribution to government services

Your Tax Statement explains how your taxes were spent last year and how they will be spent in the year ahead. Changes in the amount the government borrows and the amount you earn mean that increases and decreases in your personal contribution to particular items of government spending will not precisely reflect increases and decreases in total government spending on particular services.

How this Tax Statement is calculated

Your statement has been calculated using information provided by you and / or your employer about the Income Tax and National Insurance you have paid. Figures for government spending have been provided and independently assessed by the Office for National Statistics and the Office for Budget Responsibility.

Your interest payments on the National Debt

Last year (2009-10) the government spent £145.4 billion more than it received in taxes. This means that the National Debt increased to £760.3 billion. These loans are owed to people, institutions, businesses and governments around the world. We must pay interest on this debt. Last year's interest on the National Debt was £31.3 billion. Your share of that interest bill was £291.

Next year (2010-11) the government plans to spend £139.4 billion more than it raises in taxes. This means the National Debt is expected to increase to £905.3 billion. The interest bill on the National Debt is expected to be £44.1 billion. Your share of that interest bill will be £404, assuming your income increases in line with the national average.

The government has other future liabilities that will have to be met but these are not included in this calculation. For further information on the government's debts and your share of them please visit www.mytaxstatement.gov.uk.

How the government spends your money

	2009-10	2010-11
Benefits & Pensions	£2,080	£2,120
Housing Benefit	£212	£224
pensions (incl. public sector pensions)	£775	£797
personal support services (social services)	£283	£282
Income Support, Tax Credits & Child Allowance	£408	£409
Job Seekers Allowance	£51	£48
incapacity & disability benefits	£296	£307
other	£54	£51
National Health Service	£1,094	£1,101
Education	£824	£829
early years	£45	£45
schools	£573	£594
further & higher education	£125	£125
other	£81	£65
Public Protection	£658	£641
defence	£339	£333
police & civil defence	£160	£158
fire	£29	£29
immigration & border control	£20	£17
courts, Legal Aid & probation	£62	£60
prisons	£44	£43
other	£3	£3
Government	£251	£224
executive, parliaments, council administration	£250	£196
European Union (net contribution)	£1	£28
Transport	£211	£209
roads	£92	£85
railways	£71	£69
local public transport & other	£48	£55
Industry & Economy	£140	£144
food, farming & fisheries, incl. subsidies	£51	£48
research & development	£59	£71
other	£30	£25
Housing	£150	£125
social housing	£100	£79
planning and regeneration	£35	£32
other	£16	£14
Recreation, Sport & Culture	£128	£126
sport, parks & beaches	£50	£50
culture	£41	£41
broadcasting & publishing	£35	£34
other	£2	£2
Waste & Environment	£98	£106
waste disposal	£62	£66
environmental protection	£36	£40
Overseas Aid	£53	£59
Debt Interest	£291	£404
Total	£5,979	£6,090
Your share of government borrowing this year	£2,335	£2,221

Summary

Your income in 2009-10 was:

£25,500

Your total direct taxes in 2009-10 were:

£5,979

and assuming your income increases in line with the national average

Your total direct taxes in 2010-11 will be:

£6,090

As well as the taxes listed in this statement, you also pay indirect taxes. On average, every person over 18 years old paid £2,737 in indirect taxes during last year (2009-10). How much indirect taxation you pay depends on how you spend your money. Indirect taxes not included in this Tax Statement:

- Air Passenger Duty
- Beer & Cider Duties
- Betting, Gaming & Lottery Duties
- Capital Gains Tax
- Climate Change Levy
- Council Tax
- Hydrocarbon Oils Duties
- Insurance Premium Tax
- Made Wine Duties
- Spirits Duties
- Stamp Duty
- Tobacco Duties (Cigarettes)
- Tobacco Duties (Cigars)
- Tobacco Duties (Rolling Tobacco)
- Value Added Tax – VAT
- Vehicle Excise Duty
- Wine & Fresh Grapes Duties

To receive an estimate of how much you pay in indirect taxes visit:

www.mytaxstatement.gov.uk

This Tax Statement does not include Employers' National Insurance Contributions.

Taxes that may not be included in this Tax Statement:

- Income Tax on savings
- Income Tax on dividends
- Income Tax and National Insurance payable upon your 2009-10 Tax Return

To receive an estimate of your total tax payment visit:

www.mytaxstatement.gov.uk