

## **Press Release**

September 20 2011

### **Surprise tax bills could cause debt problems for pensioners**

Pensioners who claimed their state pension for the first time during 2010/11 could find themselves unexpectedly falling into debt following demands for payment of underpaid tax, according to leading debt charity Consumer Credit Counselling Service (CCCS). Notices are currently being sent out by HMRC to an estimated 1.2 million people who paid too little tax last year, due to errors in the Pay-As-You-Earn (PAYE) system. Experts predict that this figure includes up to 160,000 pensioners who could face repayments of up to more than £1,000 each.

CCCS is concerned about the impact of these repayments on pensioners who are already struggling financially. Older people contacting the charity who reached the state pension retirement age during 2010 owed an average of £21,370 in unsecured debt, and had an average of just £85 left over after meeting basic living expenses each month.

The charity's director of external affairs Delroy Corinaldi says:

“With so little available at the end of each month as it is, these unexpected tax bills could have a serious impact on the ability of some pensioners to repay their debts.

“Pensioners who receive a repayment notice should not panic, however, as help is on hand. Anyone who is concerned over the impact that repayments will have on their finances can contact HMRC to discuss their situation – and anyone struggling to cope with their debts can always contact a debt charity such as CCCS for free and impartial advice and support.”

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**Notes to editors:**

1. According to figures from Mike Warburton of accountants Grant Thornton, up to 160,000 pensioners who claimed the state pension for the first time in 2010/11 could face repayments of up to in excess of £1,000.
2. When taxpayers start to draw the basic state pension, their personal allowances can sometimes be applied twice because of the change to the source of their income during the tax year. This results in underpayments that are only uncovered by HMRC during its annual end-of-year reconciliation process. P800 notices for the 2010/11, informing affected taxpayers of an underpayment, are due to start being sent out from September, with underpayments set to be repaid in monthly instalments from April 2012.
3. Anyone who is concerned about the impact that repayments will have on their finances should contact HMRC immediately to discuss their situation
4. CCCS's ethos is to help the "can't pays", not the "won't pays", and does not condone debt avoidance. CCCS always aims to help its clients pay back what they owe, in a realistic timescale and manner that is suited to each individual's situation.
5. CCCS is self-funding. Lenders share with the charity the benefit they receive from its operation, making a donation from the money repaid to them. This allows CCCS to retain its independence and ensure that its advice is always in the best interest of the client.
6. The CCCS free phone helpline 0800 138 1111 is open 8am to 8pm, Monday to Friday.
7. CCCS *Debt Remedy* is available at [www.cccs.co.uk](http://www.cccs.co.uk)
8. Follow us on Twitter: @CCCSPressOffice

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