

Average tax bill set to increase in 2022/23, up by 5% since pandemic

3 years ago



Research from [RIFT Tax Refunds](#) reveals that, as it stands, UK taxpayers are estimated to see a 5% tax increase compared to pre-pandemic levels, climbing 3% on an annual basis, with our total deductions hitting a five year high.

RIFT Tax Refunds analysed the average gross income earned across the UK and the total deductions due both for income tax and National Insurance and how these deductions have changed in recent years.

The research shows that last year, in the tax year 2021/22, the average gross salary hit £31,447, up from £30,673 in 2019/20 despite the impact of the pandemic. As a result, the average person paid £3,774 per year in tax and a further £2,625 in National Insurance – amounting to £6,399 in total deductions.

This average gross income is expected to increase again in 2022/23 as a result of an average annual pay increase of 3%, meaning the average person would take home £32,390 before tax.

Of course, more money means a higher rate of tax paid and this is estimated to hit £3,962 – a 5% increase on last year.

The good news is that National Insurance is due to remain static at £2,625 per year, having also dropped by -1% versus the pre-pandemic tax year of 2019/20.

As a result, total deductions paid in tax will hit £6,588 for the current tax year (2022/23). This marks a 3% annual increase in tax paid by the average person, up 5% versus pre-pandemic levels and 10% higher than just five years ago.

CEO of RIFT Tax Refunds, Bradley Post, commented: “While wage growth has been fairly insufficient when it comes to keeping pace with the wider cost of living in recent years, the good news is that we are expected to see continued growth when it comes to the money we take home.

Of course, the compromise of a larger pay cheque is a higher rate of tax paid and this is also set to increase over the new tax year.

However, there are a raft of changes being implemented by the government in order to help households tackle the cost of living crisis, some of which are focussed around tax relief in one form or another.

It remains to be seen just who this will benefit and by how much, but it’s fair to say that for many, any help whatsoever will be warmly welcomed.”