



MILAN FASHION
Armani bucks the trend
NEWS PAGE 32



BACK TO BEIRUT
Terry Waite confronts his past
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INSIDE

Marines in Haiti

The US sent 52 Marines to Haiti to protect its embassy as rebels, who control a third of the country, vowed to target President Aristide within a week. Two police stations outside the capital were attacked and Aristide supporters burnt barricades. French soldiers were urged to leave. **NEWS page 3**

Barrier plea

The Palestinians took their case to the International Court of Justice over the legality of Israel's 430-mile barrier through the occupied territories. **NEWS page 28**

Boat Race upset

For nearly 50 years the BBC has filmed every stroke, oar and splash of the University Boat Race. But it has been ousted in the final tonight by ITV. **NEWS page 18**

In good nick

Police stations and buildings worth nearly £1 billion are being put on the market by the Metropolitan Police in one of the biggest property sales in London. **NEWS page 9**

Bomb kills nine

A suicide bomber killed at least nine people at a police station in a suburb of Beirut, Iraq, striking just before preventive searches were believed. **NEWS page 20**

City at risk

The City of London is at risk because of the European Commission's determination to impose strict accounting standards on all listed firms. **BUSINESS page 42**



Is this the greatest... sporting picture? Sony Lutton is sent sprawling to the camera by Muhammad Ali in 1965. **SPORT page 66**

Millions to be hit by new tax on pay packet

By Helen Nugent
Personal Finance
Correspondent

THE Inland Revenue has given itself new powers to charge an effective 50 per cent rate of tax for those with extra income from tax-free, rather than taxable, work. The Times has learnt. More than three million people could see their pay packet hit.

Those who have become used to enjoying tax-free earnings tax-free for up to 16 months before paying a tax bill are to be targeted in the attack. From April, they can be charged monthly on their entire earnings through pay to you cards (PAYE). Those on modest salaries could see their take double overnight.

The change is to be brought in by the Revenue in April after tax regulations were amended to speed up tax collection and catch those who do not pay on time.

But the move has drawn criticism from people who fear the new regime will be likely to complain that taking the tax upfront in this way will appear as a 50 per cent rate on their pay cheques and play havoc with their ability to manage their finances.

The Times asked the more radical 'wealth tax'. The Government was accused of not properly informing people about the change and pursuing biased legislation. Oliver Letwin, the Shadow Chancellor, said: "The Chancellor and his colleagues have been exercising their imaginations about how to raise taxes without appearing to do so and their imaginations continue to be fertile."

"I don't have been using under Labour and will rise again if Labour continues with its present path of public spending."

At the moment, few forms of

extra income are taxed through the payroll. Most is paid later through the self-assessment regime.

From April, the Revenue has the power to require employees to declare all sorts of extra income and pay tax on it through PAYE. Although taxpayers can object, the Revenue is entitled to demand the money.

The change rest on the Revenue's ability to take up to 50 per cent of an individual's salary in income tax. Once the tax owing on an employee's salary has been taken into account, only a small amount of property savings or dividend income is needed to push the liability up to 50 per cent.

Although taxpayers who move on to the new regime would not pay more in tax in the long run, accountants say that many would find it difficult to pay 50 per cent in income tax each month.

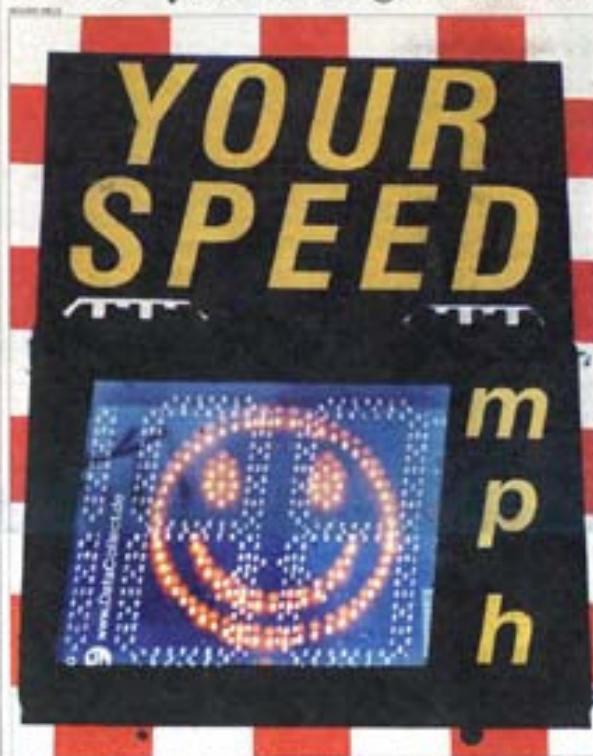
Michael Fitzpatrick, taxation director of Numerick, an accountancy firm, said: "This 50 per cent is the total amount that can be deducted for income tax as a proportion of gross pay. What this change effectively means is a 50 per cent rate of tax, because the Revenue can now calculate tax on income other than that from your employer's tax calculations."

The new rules could have a devastating effect on employees, even those with modest incomes. For example, someone earning £40,000 a year with annual rental income of £50,000 would easily exceed the 50 per cent threshold. They would then have to pay the balance through their self-assessment return each year.

Markus Dross, personal tax partner at Dick Bebbington, a Cashpoint on page 1, said:

Leading article, page 16

Smile – you won't get a ticket



Four 4: positive feedback for law-abiding drivers. The devices will replace many speed cameras



Two last: bad news, cheer

By Ben Webster
Transport Correspondent

DOZENS of speed cameras are to be replaced with electronic signs that display a flashing face when a driver is speeding but do not result in fines or penalty points.

The devices are to be placed where police can no longer justify having a speed camera because there is no recent history of crashes.

Fines have been ordered to ensure that they comply with national guidelines which stipulate that cameras should be used only on stretches of road where there have been at least four deaths or serious injuries in the previous three years.

Police hope that the speed

indicator devices (SIDs) will deter some of the anger generated by the huge increase in camera fines. Last year an estimated two million drivers caught on camera were fined \$90 and given three penalty points.

The new devices are made to detect the speed of an oncoming vehicle, and flash it up on a screen. If the driver is within the limit, the screen changes to a smiling face.

At just 100m over the limit, the face will frown. Above an upper limit, the device will not operate. This is to deter drivers from trying to set speed records.

Several firms, including the Metropolitan Police and Sonnet (Continued on page 8, red 1)