SPRING STATEMENT 2022: OUR NEW TAX PLAN

- **The situation in Ukraine reminds us that the United Kingdom's security and ability to be a force for good in the world is in large part based on the strength of our economy. Thanks to our actions, the economy is recovering well, with record job vacancies and unemployment back at pre-crisis levels.**

- **The steps we are taking to sanction Russia are not cost free for us at home: the biggest impact will be on the cost of living for working families.**

- **That is why we are today publishing a new TAX PLAN to reduce and reform taxes over the Parliament: helping families with the cost of living, creating the conditions for private sector-led growth, and sharing the proceeds of growth fairly:**
  - **Cutting fuel duty by 5p for 12 months – a £5 billion TAX CUT and largest fuel duty cut ever**
  - **Cutting National Insurance now – a £6 billion TAX CUT for 30 million working people across the UK from July, worth over £330 a year – 70 per cent of people will pay less tax even after the levy**
  - **Cutting the basic rate of Income Tax to 19p from 2024 – the first income TAX CUT for 16 years, a £5 billion tax cut for over 30 million workers, savers and pensioners**
  - **Cutting business employment taxes now by raising the Employment Allowance to £5,000 – a TAX CUT for half a million small businesses worth up to £1,000 per business**
  - **Cutting VAT on energy saving materials like solar – a TAX CUT only possible because of Brexit**
  - **Doubling the Household Support Fund to £1 billion for councils to support the most vulnerable**
  - **Creating the conditions for private sector-led growth – through Autumn Budget TAX CUTS on business capital investment and R&D**

- **This Tax Plan delivers the biggest net cut to personal taxes in over a quarter of a century.**

- **It is only because a Conservative government is capable of the tough but responsible decisions to fix our public finances that we can announce today that taxes are being cut, debt is falling, and public spending is increasing. Delivering this Tax Plan requires continued discipline on public spending that only a Conservative government can provide.**

We are only able to provide today's support because of the tough but responsible decisions we have taken to repair the public finances and ensure our economy recovers strongly

- The IMF said the **UK was the fastest growing economy in the G7 last year,** although growth will be lower this year due to Ukraine and the OBR have said there is '*unusually high uncertainty*' about the outlook.
- The **OBR have revised down their forecast for unemployment to 4 per cent,** which is now back at pre-crisis levels (lower than Canada, France, Italy, Spain and Australia) with record numbers of job vacancies. According to the OBR, the furlough scheme '*looks to have exceeded all predictions regarding its likely success in avoiding the persistent high unemployment that has followed other recessions*'.
- We're meeting our fiscal rules: **debt and borrowing expected to continue falling over the Parliament.**
- However, given '*unusually high uncertainty*', rising interest rates and inflation forecast to peak at 8.7 per cent, **we must continue to remain responsible on public spending and the public finances.**
- Next year, we will spend £80 billion just paying interest on our debt, **almost four times what we spent last year.** The OBR have made clear that today's fiscal headroom '*could be wiped out by relatively small changes to the economic outlook*'. This is particularly noteworthy given the high economic uncertainty.

We are today publishing a new TAX PLAN that will reduce and reform taxes over the Parliament in three ways set out below. We will take a principled approach to cutting taxes: maintaining space against our fiscal rules and continuing to be disciplined – with the first call being lower taxes, not higher spending. This Tax Plan delivers the BIGGEST CUT to PERSONAL TAXES in over a quarter of a century.

(1) HELPING FAMILIES WITH THE COST OF LIVING WITH £22 BILLION NEXT YEAR

- **Slashing fuel duty by 5p for twelve months – a £5 billion tax cut for drivers together with the freeze.** Conservative governments have frozen fuel duty for twelve consecutive years. But in recognition of the unprecedented circumstances pushing up fuel prices, we are today cutting fuel duty by 5 pence for a full year – only **the second cut in twenty years, the LARGEST EVER cut across all fuel duty rates,** and a

new tax cut itself worth £2.5 billion**,** adding up to **over £5 billion together with the cost of the freeze.** Together with our freeze, **this will save car drivers £100, van drivers £200, and HGV drivers £1,500 this year.** Furthermore, 40 per cent of the cut will benefit businesses. And this will come into effect immediately from 6pm this evening, across the United Kingdom.

- **The National Insurance personal threshold will rise from £9,500 to £12,570 from July.** At Budget 2020, we increased the amount people can earn before paying National Insurance to £9,500. *Today*, we are going further by **raising this threshold to £12,570 from July** – the **largest increase in a starting personal tax threshold in British history,** equivalent to a **£6 billion tax cut for nearly 30 million workers** and **worth over £330 a year starting in July**, across the entire United Kingdom. **This is the largest single personal tax cut in a decade.**

- **Most people will be better off even after paying the new Health and Social Care Levy.** Around **70 per cent of all workers** will have their taxes cut by more than what they will pay through the levy to sustainably fund the NHS and social care.

- **This change will deliver a manifesto commitment to cut tax on workers and simplify the tax system.** By raising the National Insurance personal threshold to £12,570, we are bringing it **in line with the equivalent Income Tax personal allowance**. This simplification means that from July, people will be able to earn £12,570 a year without paying a single penny of income tax or national insurance**.** The independent Institute for Fiscal Studies said this is '*the best way to help low and middle earners through the tax system*'.

- **Scrapping VAT on energy saving materials – a £250 million tax cut for homeowners.** Our current VAT relief for families installing energy saving materials like solar panels, heat pumps or insulation used to be more generous. But the European Court of Justice in 2019 forced us to add complex red tape which limited eligibility, removed certain items from qualifying, and restricts VAT relief to 5 per cent. Now we have left the EU, we are using our Brexit freedoms to **remove this 5 per cent VAT charge** over the next five years**,** reverse the EU's decision to take wind and water turbines out of scope, and remove all the complex EU-imposed red tape. This adds up to a **£250 million tax cut for energy efficiency.** A typical family installing roof top solar panels **will save £1,000 on installation,** and then **£300 annually on their energy bills.**

- **Doubling the existing Household Support Fund to £1 billion.** We are adding an additional £500 million to the **Household Support Fund**, which helps our most vulnerable families with the cost of living. The fund is distributed through local authorities in England, who have discretion over exactly how the funding is used. We expect it will benefit 3 to 4 million vulnerable households.

(2) CREATING THE CONDITIONS FOR PRIVATE SECTOR-LED GROWTH

- **As the Chancellor set out in the Mais Lecture, the government intends to cut and reform business taxes in order to create a new culture of enterprise that will drive up our growth and productivity.** We will create the conditions for the private sector to invest more, train more and innovate more: **Capital, People, Ideas.** Today's **Tax Plan** sets out the options we will work on with businesses over the summer, with final announcements made at the Autumn Budget.

- **CAPITAL.** Capital investment by UK businesses is considerably lower than the OECD average of 14 per cent – and accounts for half our productivity gap with France and Germany. Once the super-deduction ends next year, our overall tax treatment for capital investment will be far less generous than the OECD average. That is why we will **cut the tax rates on business investment in the Autumn Budget.**

- **PEOPLE.** The UK lags international peers in adult technical skills – just 18 per cent of 25-64-year-olds hold vocational qualifications, a third lower than the OECD average. And UK employers spend just half the European average on training their employees. So we will **examine whether the current tax system (including the operation of the Apprenticeship Levy) is doing enough to incentivise employers to invest in the right kinds of training.**

- **IDEAS.** Over the last fifty years, innovation drove around half the UK's productivity growth. But since the financial crisis, the rate of increase has slowed more than other countries – and our lower rate of innovation explains almost all our productivity gaps with the US. That is why we will **reform R&D tax credits so they are more effective and better value for money,** we will **expand the scope of the reliefs,** and we will **consider whether to make R&D expenditure credit more generous.**

- **But we know small businesses need our help now, so today we are raising the employment allowance to £5,000 – a £1,000 TAX CUT FOR SMALL BUSINESSES.** The Employment Allowance cuts

employers' national insurance tax bills. At Budget 2020, we made it more generous. *Today*, as recommended by the Federation of Small Businesses, **we are increasing the employment allowance even further to £5,000 from April –** that's a new **£1,000 tax cut** for half a million small businesses.

- **This builds on other measures we are taking to help small and medium-sized businesses.** Our 50 per cent **business rates discount** for retail, hospitality and leisure businesses worth up to £110,000 will take effect in April – a tax cut for hundreds of thousands of small businesses worth £1.7 billion (£5,000 tax cut for a typical pub) and the largest single-year business rates tax cut for 30 years outside of the pandemic. We have also increased the **Annual Investment Allowance** to £1 million, providing full expensing for all SMEs. Our **Help to Grow: Management** scheme offers businesses generous government-subsidised mini-MBAs worth up to £8,000, and **Help to Grow: Digital** offers businesses 50 per cent discounts on purchasing new software worth up to £5,000. **Taken together, this is significant cash support for SMEs.**

(3) SHARING THE PROCEEDS OF GROWTH FAIRLY

- The knowledge that you can keep more of what you earn is a powerful incentive for people to work hard. And economic security for your family means keeping more of what you earn. That is why **we will cut the basic rate of income tax to 19 pence in 2024.** It would be irresponsible to do this today, but by 2024, inflation is forecast to be back under control, debt will be falling sustainably and the economy growing. We will therefore cut the basic rate of income tax by 1p, a **tax cut worth £5 billion for over 30 million workers, pensioners and savers** – only the second income tax cut in two decades and **the first income tax cut for 16 years.** This will be worth around £175 for a typical taxpayer.

Only the Conservatives can be trusted with taxpayers' money and to deliver significant tax cuts

- **This government is delivering on its promise to cut taxes, but doing so in a responsible and sustainable way.** Cutting taxes is not easy – it requires hard work, prioritisation and the willingness to make difficult and often unpopular arguments elsewhere. We need to maintain discipline on future public spending in order to deliver this Tax Plan. **Our priority now must be more tax cuts – not a bigger state and more spending.**

- **We are launching a new Cabinet Committee on Efficiency and Value for Money.** Every pound of taxpayers' money should be well-spent, which is why we are today launching a new Chancellor-chaired Cabinet Committee on Efficiency and Value for Money, which will aim to prevent £5.5 billion of waste – including by doubling the NHS efficiency target and finding savings across quangos.

- **Unlike the Labour Party**, it is only because this Conservative government has been prepared to make those difficult but necessary choices to fix our public finances that today we can say: taxes are being cut, debt is falling and investment in public services is growing. None of this happens by accident: we can only deliver for the British people because, unlike the Labour Party who simply want to borrow and spend ever more, we have a clear plan.

The policies announced today boost the whole United Kingdom

- **Most of today's changes are UK-wide:** increasing the **National Insurance personal threshold** to £12,570, **cutting fuel duty** by a record 5p, **scrapping VAT on energy saving materials**, and raising the **Employment Allowance** to £5,000 for small businesses. The £500 million extra funding for the **Household Support Fund** is UK-wide, with Scotland receiving £41 million, Wales £25 million and Northern Ireland £14 million in Barnett consequentials.

- **The Scottish Government will be given funding to deliver its own income tax cut.** Cutting the basic rate of Income Tax by 1p in 2024 will apply in England, Wales and Northern Ireland. It is a devolved responsibility in Scotland so the Scottish Government will receive additional funding each year (approximately £350 million in 2024-25) through the agreed income tax Block Grant Adjustment, which they can use to deliver their own Income Tax cut.

This builds on our existing package of support to help with the cost of living

- **£9 billion package of support to help households with £350 to address rising energy costs.** We are providing a non-repayable **£150 cash rebate for homes in Council Tax bands A-D**, equivalent to 80 per cent of all households, helping both lower and middle-income families. We are also making available a **£200 'smoothing' rebate on energy bills for all households**, spreading the immediate impact of rising bills over the next five years rather than families having to adjust all in one go. And we are providing £144 million of discretionary funding for local authorities to support households.

- **Additional support to help household energy bills.** The **Energy Price Cap** protects around 15 million households on default tariffs, saving them up to £100. **Winter fuel payments** provides £300 for 8 million pensioners, worth £2 billion. **Cold weather payments** also provide £25 per week in cold weather, supporting 4 million vulnerable households. The **Warm Homes Discount** provides a £150 rebate on energy bills each for 3 million low-income households. And our **Energy Company Obligation** saves £300 on bills for 300,000 people in fuel poverty, worth £1 billion.

- **Measures to boost home insulation.** Over this Parliament, we are **investing over £3 billion** to help improve energy efficiency in almost **500,000 low-income, fuel poor households**, delivering average **bill savings of nearly £300 every year** with grants of up to £25,000.

- **Significantly increasing the National Living Wage.** The National Living Wage will increase on 1 April 2022 by 6.6 per cent to £9.50 per hour for those over the age of 23 – an **increase worth over £1,000 to over 2 million full-time workers this year**; over £5,000 for a full-time worker since the introduction of the National Living Wage by a Conservative government in 2016; and over £6,000 since 2010. We are committed to going further, so that the **National Living Wage reaches two-thirds of median earnings for those 21 and over by 2024.**

- **Cutting tax for low-income families by reducing the Universal Credit taper rate.** To make sure work pays, and to help the lowest-income families in the country, we cut the taper rate by 8 pence, taking it down from the current 63p to 55p. **This is a tax cut for 2 million low-income families worth £2.2 billion this year, or an extra £1,000 in their pocket.** Together with other tax changes, as well as the National Living Wage increase in April, a single mother of two working full-time will be better off **by around £1,600 a year** – while a working couple with two children, one working full-time and one part-time, will be better off **by £3,000 a year.**

- **Cutting and freezing alcohol duties.** We're introducing a new Draught Relief which will apply a new, lower rate of duty on draught beer and cider – **cutting duty by 5 per cent, the biggest cut to cider duty since 1923 and the biggest cut to beer duty for 50 years.** This will boost British pubs by nearly £100 million a year – and means a **permanent cut in the cost of a pint by 3 pence.** And until our new alcohol duties system is in place, we are freezing all alcohol duties for the third year in a row, including for whisky – **a tax cut for families worth £500 million every year.**

- **Permanently increasing the generosity of the Local Housing Allowance for housing benefit.** We *permanently* upped the LHA to the 30th percentile of market rates last year and kept cash levels at these higher rates going forward. This costs nearly **£1 billion a year** and has meant over **1.5 million households are benefitting from an additional £600 per year compared to before the pandemic.**

- **We are investing over £200 million a year to continue the Holiday Activities and Food Programme** to provide enriching activities and a healthy meal for disadvantaged children in the holidays.

- **The best way to help with the cost of living is to help people into good jobs.** Somebody moving from welfare to full-time work on the National Living Wage is **over £6,000 better off**. Our **Kickstart** scheme fully funded over 152,000 jobs for young people at risk of long-term unemployment. **Restart** will help 1.4 million long-term unemployed people. We have **doubled the number of work coaches** to 27,000, providing personalised, intensive support for jobseekers. And we're increasing skills spending by £3.8 billion over this Parliament (26 per cent in real terms) to help people get the jobs they want – **Skills bootcamps, Traineeships, Sector Based Work Academies, Apprenticeships, new Institutes of Technology, more post-16 Further Education funding and the PM's Lifetime Skills Guarantee all support people**. The IMF have described our schemes as 'well-targeted'.

Q&A

Why don't you just cancel the NICS levy?

- The new Levy now serves as a dedicated funding source for the country's top priority – the NHS and social care. In the short-term, it will tackle the unprecedented backlog the NHS is facing, and in the long term will provide sustainable funding over the long-term as demand grows. Unlike other taxes, every penny legally will go direct to health and social care. And through our plans to reform healthcare, we will help ensure every pound of taxpayers' money is well spent.

- This is a progressive way to raise money. Additional rate taxpayers make up just 2 per cent of individuals affected, but will contribute nearly 20 per cent of the revenue raised from people. **The highest earning 14 per cent will pay around half the revenues.**
- But a long-term funding solution for the NHS and social care is not incompatible with reducing taxes on working families.
- Over the last decade it has been a Conservative mission to promote progressive tax cuts and simplify the system, which is why we are today raising the National Insurance personal threshold to £12,570 from July (the largest single personal tax cut in over a decade), and cutting the basic rate of Income Tax to 19p in 2024 (the first income tax cut in 16 years).
- Because of today's increase to the National Insurance personal tax threshold, **around 70 per cent of all workers will have their taxes cut by more than what they will pay through the levy.**

Why don't you impose a windfall tax on the oil and gas sector with record profits?

- This would discourage investment in a key UK industry. The UK's oil and gas sector is world-leading, and in particular benefits the union, with key sites in Aberdeen and Teesside. Sudden rate changes discourage investment and job creation, depress production and make us more reliant on imported gas.
- The oil and gas industry and its supply chain support almost 200,000 jobs, but investment in 2020-21 was at an all-time low of £3.5 billion. There is £11 billion of opportunities awaiting investment: a windfall tax would threaten the investment we need to support jobs and increase the economic recovery of our gas resources.
- Tax rates are already high for this sector**.** The current tax rate charged on oil and gas profits (40 per cent) is already **more than double** the rate charged on profits in most other sectors of the economy (19 per cent) – and has been in place since 2016. It was not reduced when the oil price fell to below $20.
- Expected revenue from a tax increase could actually be reduced. On a simple analysis of oil and gas tax revenues, a 10 per cent windfall tax as Labour propose would likely raise much less than they claim, and depending on companies' behavioural response, may actually reduce tax revenues.
- Both Labour and the SNP's call for a windfall tax on the oil and gas sector only serves to prove their hostility to a key industry in the UK.

Why don't you use the windfall on VAT receipts from higher fuel prices?

- There has been no VAT 'windfall' this year. Every extra pound spent on energy, at 5 per cent VAT, is a pound not spent on other things – most of which involve VAT at 20 per cent.
- In fact, the OBR now forecasts <u>lower</u> VAT receipts for this year (2022-23) that they did in the Autumn.

Why don't you do more to help those on welfare?

- We are today providing an **additional £500 million for the Household Support Fund,** taking the total to £1 billion. The fund is aimed at vulnerable families to help them with the cost of living. We expect it will benefit 3 to 4 million vulnerable households.
- We have also *permanently* increased the generosity of the Local Housing Allowance for housing benefit to the 30th percentile of market rates last year and kept cash levels at these higher rates going forward. This costs nearly £1 billion a year and has meant **over 1.5 million households are benefitting from an additional £600 per year compared to pre-crisis.**
- But the best way to help people on welfare is getting them into work, which is why **we cut the Universal Credit taper rate by 8 pence,** taking it down from the current 63p to 55p. This is a tax cut for 2 million low-income families worth £2.2 billion this year, or an extra £1,000 in their pocket. We are also **increasing skills spending** by £3.8 billion over this Parliament (a 26 per cent increase in real terms) to help people get the jobs they want, through schemes such as Kickstart, Restart and the PM's Lifetime Skills Guarantee.
- We are also investing over £200 million a year to continue the **Holiday Activities and Food Programme** to provide enriching activities and a healthy meal for disadvantaged children in the holidays.
- Income inequality in 2020 was lower than what it was in 2009. Also, there were 1.3 million fewer people in absolute poverty after housing costs in 2020, compared to 2009.

What support are you providing for pensioners?

- Pensioners over the state pension age already do not pay National Insurance, while those over the state pension age who will pay the levy will also benefit from today's increase in the National Insurance personal threshold. They will also benefit from the decision to cut the income tax basic rate by 1p in 2024.
- Conservative governments have consistently protected pensioners. We put in place the triple lock guarantee in 2011, which has led to the state pension increasing by 35 per cent, or £2,050, since 2011. The **state pension is now at the highest level, relative to earnings, in 34 years.**

- Pensioner poverty has fallen under this government. There are 200,000 fewer pensioners in absolute poverty, compared to 2010 – both before and after housing costs. And since 2010, material deprivation for pensioners has fallen from 10 per cent to 6 per cent in 2020.
- Conservative governments support pensioners in many other ways – through free TV licences, free bus passes, winter fuel payments, and tax-free pension contributions.

What support are you providing for energy intensive industries?

- The global price increase has meant that worldwide industries have been impacted – not just the UK. But we have supported energy-intensive industries since 2013 with a variety of measures worth £2 billion, including over £600 million for steel:
    - **Free allowances,** with installations vulnerable to carbon leakage receiving up to 100 per cent of their emissions allowances for free, based on sector benchmarks.
    - **Financial support,** through compensation for up to 75 per cent of the indirect costs of both the UK Emissions Trading Scheme (ETS) and the Carbon Price Support (CPS).
    - **Funding pots to support high-energy businesses cut their bills**, such as the £315 million **Industrial Energy Transformation Fund** which provides grant funding to help energy-intensive industries cut their carbon emissions and the cost of their energy bills, the £1 billion **Carbon Capture and Storage Infrastructure Fund**, and the £55 million **Industrial Fuel Switching** competition which supports industry to switch from high to lower carbon fuels.

Won't landlords benefit from the Income Tax cut?

- The government has taken steps over several years to ensure that landlords pay a fair tax contribution.
- In April 2016, we introduced a higher rate of Stamp Duty Land Tax for those purchasing additional properties, recognising that while the private rented sector plays an important role in our housing market and people should be free to invest in a buy-to-let property, this can affect other people's ability to get onto the property ladder.
- The government has also restricted finance cost relief so that landlords no longer get relief at their marginal rate, if they are a higher or additional rate taxpayer.
- Finally, we have maintained the 8 per cent higher rates of Capital Gains Tax for landlords, compared to other capital gains.

Why don't you increase mileage rates which haven't been increased for years?

- These rates are only **advisory**. Employers do not have to use these rates and can instead agree to reimburse the actual cost incurred. Individuals will not be liable to pay tax on the difference as long as they can provide evidence of the expenditure.
- Approved Mileage Allowance Payments are intended to create administrative simplicity and certainty by using an average rate. This rate will be more appropriate for some drivers than for others.
- These payments aim to reflect ALL the running costs of a vehicle – fuel is only a third of the costs included in the rate. Depreciation is a far bigger component of the rate and has actually decreased recently due to significantly higher used car values.

The UK spends significant amounts on defence.

- Last year's Integrated Review specifically accounted for the risk that Russia is likely to pose to the UK's national security – and was consequently accompanied by the **largest cash increase to the defence budget (£24 billion)** since the Cold War.
- Defence spending is **increasing by 1.75 per cent in real terms annually over the settlement period.**
- The Ministry of Defence was the only department to receive a multi-year settlement at the 2020 Spending Review, with the settlement frontloaded so more cash was made available for defence, and sooner.
- The UK has met and exceeded the Nato target of 2 per cent of GDP spent on defence for 16 years, with average spend of 2.27 per cent since Nato's 2 per cent spending guidelines were introduced in 2006. We are currently the second largest defence spender in Nato, and the fifth largest in the world.

Why aren't you uplifting departmental budgets to account for higher inflation?

- It is not typical that Whitehall is compensated for increased inflation, nor that money would come back when inflation is lower. Departments should have contingencies to manage for inflation risk and it is right that the public sector finds efficiencies to deliver value for the taxpayer.
- Even with new inflation numbers, public spending is still increasing at very high levels over this Parliament. £150 billion more in cash terms and growing at 3.7 per cent in real terms, after inflation. Total government spending as a proportion of GDP is still growing from 39 per cent to 41 per cent over this Parliament. That is why our priority has to be lower taxes, not more spending.

WHY LABOUR HAS NO PLAN

- **Rachel Reeves promised that all Labour's policies would be 'fully costed and paid for'.** When she was appointed Shadow Chancellor, Rachel Reeves said that 'any policies that I set out and that Labour set out will be fully costed and we explain how they will be paid for' (*The Andrew Marr Show*, 4 July 2021).

- **Yet Labour have put forward a series of uncosted spending promises and have refused to rule out raising income tax.** Rachel Reeves has put forward a total of £170 billion of uncosted spending proposals, with just £5 billion of proposed revenue raisers – *and* she refused to rule out hiking up income taxes on British people (*Times*, 27 September 2021, link; *Guido Fawkes*, 27 September 2021, link).

- **Further analysis shows that Labour's spending plans would inflict huge tax hikes on the British people.** Spending pledges made by Keir Starmer and Rachel Reeves could amount to an extra £2,138 per household if all of them were paid for through general taxation (*Telegraph*, 23 January 2022, link).

- **Former Shadow Chancellor Anneliese Dodds said it would be 'pretty silly' for Labour to be setting out their spending plans.** 'It would be irresponsible and you know, pretty silly for an opposition spokesperson to set out precise plans four years away from a general election?' (*5Live*, 9 July 2020).

- **Keir Starmer has refused to categorically rule out income tax rises.** *MARR*: 'You've said this morning, your Shadow Chancellor has said this morning, that Labour will not be increasing income tax period. Is that right?' *STARMER*: 'She said we're not considering increasing income tax or she's not at the moment …We are looking at tax, nothing is off the table. But Andrew, we don't know what the state of the national finances will be as we go into the election. And nor does anyone' (BBC One, *The Andrew Marr Show*, 26 September 2021).

- **The plans in Labour's previous manifesto would have cost £1.2 trillion, meaning a tax rise of £2,400 for every taxpayer in the country.** Labour's full policy programme was costed at £1.2 trillion over five years, based on policies put forward in official statements from Shadow Ministers, conference motions and official policy documents. The black hole in their day-to-day spending plans means a tax increase of £2,400 per taxpayer (Conservative Party, *The real cost of a Labour government*, 10 November 2019, link; Conservative Party, *Corbyn's tax plan for you and your family*, 12 November 2019, link).

- **Every Labour government has left unemployment higher than when they started.** Just like last time, Labour's approach would hit businesses with higher taxes making it harder for them to create jobs, whilst their rejection of a welfare system that truly rewards work would mean less people moving into work (ONS, *Labour Market Overview*, 18 February 2020, link).

- **Keir Starmer and the Labour Party wanted to keep the country in lockdown over the summer, and take us back into lockdown this winter – holding back our economy.** When we reopened the country on 19 July 2021, Keir Starmer said easing restrictions was 'reckless' in his attempts to keep the country locked down. Then, in the run up to Christmas, Starmer's frontbenchers consistently called for 'additional measures' and an 'increase in restrictions' (Keir Starmer, *Speech*, 19 July 2021; *BBC Radio 4*, 20 December 2021; *BBC News*, 20 December 2021).

- **Rachel Reeves said the UK's homegrown energy supply in the North Sea was 'not a priority' for a Labour government.** *STUDIO*: 'So, there would be no new licences for drilling in the North Sea under Labour?' *REEVES*: 'That would not be my priority. My priority would be investing in the new nuclear and renewables that would mean that we could be secure in our energy supplies, keep prices low, create those good jobs here, and also play our part in getting to net zero' (*BBC News*, 20 March 2022).

- **Despite criticising the government energy plans, Rachel Reeves said 'of course' Labour would buy oil from Saudi Arabia.** *STUDIO*: 'Because last year, we bought £862 million worth of crude oil from Saudi Arabia so if you were in power, you wouldn't be doing that either?' *REEVES*: 'Well, of course, we would be buying oil from Saudi Arabia' (*BBC News*, 20 March 2022).

- **Labour have made clear they will support our cut to fuel duty – but claimed it will only save £2.** 'We would definitely support the government if that is what they choose to do this week, but even 5p off fuel duty is only going to be £2 off filling your car up with petrol' (*Sunday Morning*, 20 March 2022).

SUGGESTED INTERVENTIONS

Cost of Living

- Does my RHF agree that the best way to help address the cost of living is through progressive tax cuts – which is why I welcome today's announcement to cut fuel duty, cut national insurance contributions now, and cut the basic rate of income tax from 2024?

- I welcome my RHF's decision to cut fuel duty by a record 5p, on top of the 12 years of freezes Conservative governments have put in place. Will he reassure the House that retailers will be urged to pass on the cut to motorists as soon as possible?

- Would my RHF agree with me that correct decisions by successive Conservative governments to freeze fuel duty for the past 12 years AS WELL AS today's record 5p cut will equates to a £100 saving for the average car driver across the United Kingdom, worth over £5 billion – the largest single fuel duty cut ever?

- The government has led the way on tackling rising household energy bills through a £9 billion package worth £350 for each household. Would he agree with me that, given the next price cap review from Ofgem isn't due until October, and with wholesale oil and gas prices globally volatile, it is best to wait until nearer Autumn before considering any further support?

- Does my RHF agree that Labour's plan to remove VAT on household energy bills would only benefit households by approximately £89 a year, or £7.40 per month. By contrast, the government's £150 council tax rebate will reach households immediately this April?

- Despite what the party opposite claim, does my RHF agree that there is no such thing as 'VAT windfall' this year, and in fact the OBR now forecasts lower VAT receipts this year than they did in the Autumn?

- Does my RHF agree with me that this government's interventions have helped the poorest households the most, through measures such as cutting the UC taper rate last year, permanently increasing the generosity of the Local Housing Allowance for housing benefit, and increasing the National Living Wage further in April?

- Does my RHF agree that today's decision to scrap VAT on energy saving materials – and save money for consumers wishing to instal solar panels and heat pumps – is only possible because of our decision to leave the European Union?

Tax Plan

- Conservatives are not Conservative if they don't believe in cutting taxes. Does my RHF therefore agree with me cutting National Insurance represents the largest single personal tax cut in over a decade, cutting Income Tax represents the first income tax cut in 16 years, and the RHF's Tax Plan is the biggest cut to personal taxes in over a quarter of a century?

- I thank my RHF for today's statement. Would he agree with me that the Tax Plan he has outlined today will rightly benefit low and middle-income earners, many of which can be found in my constituency?

- This government has consistently put in place support for people and businesses throughout the pandemic. Does he agree with me, and the independent IFS, that increasing national insurance personal thresholds – as he has done today – is the best way to help over 30 million low and middle earners by over £300 every year?

- Does my RHF agree that an average worker in the UK will benefit by over £330 every year from today's decision to increase the national insurance personal threshold – and that 70 per cent of all workers will still be net beneficiaries even after the Health and Social Care levy?

- Does my RHF agree that cutting the basic rate of income tax by 1p from 2024 will be worth an £5 billion for over 30 million workers, pensioners and savers – and is only the second income tax cut in two decades and the first income tax cut for 16 years?

- Does my RHF agree that calls to cancel the Health and Social Care Levy would mean that the NHS backlog and social care would be unfunded, and can he join me in challenging the party opposite to make clear where they would find £12 billion from – presumably from borrowing?

- Does my RHF agree with a recent report by the Resolution Foundation, which makes clear that cancelling the Health and Social Care Levy would not only deprive the NHS and social care of £12 billion annual funding, but would also see half the gains of that cancellation go to the richest fifth of households?

Businesses

- Unlike the party opposite, the Conservative Party has always been the party of small business. Does my RHF agree that today's decision to raise the employment allowance to £5,000 represents a £1,000 tax cut for small businesses wishing to hire new employees, and shows which side we are on?

- On top of today's welcome announcement to increase the Employment Allowance by a further £1,000, will my RHF welcome the 50 per cent business rates discount which comes into effect next month, and means an effective £5,000 tax cut for a pub in my constituency?

- This government put in place considerable support during the pandemic to support jobs and businesses – including the 50 per cent business rates discount – the largest in 30 years – which is due to come into effect next month. Will he join me in welcoming the positive impact this will have on the high street like X in my constituency?

- The pandemic led to many businesses – such as X in my constituency – to start doing more business online. Will my RHF therefore join me in welcoming the Help to Grow Digital scheme, which offers businesses 50 per cent discounts on purchasing new software worth up to £5,000?

Political

- The OBR have made clear today that next year we will spend a record £80 billion just paying interest on our debt – that's almost four times what we spent last year. Given the uncertain outlook for the economy due to the situation in Ukraine, does my RHF agree that we need to maintain discipline on public spending going forward?

- Can I welcome many of the ideas to boost growth and productivity set out in the Chancellor's Mais lecture last month, and I'm glad to see them mentioned again today in the government's new Tax Plan. Can he set out for the House how he plans to use the tax system to incentivise this growth throughout the Parliament?

- Does my RHF agree that it is thanks to the tough but responsible decisions this government has taken to repair the public finances that we can today announce we are cutting taxes, as well as overseeing debt falling and spending increasing?

- Does my RHF agree that it is only the Conservative Party who can be trusted with the public finances and to resist reckless calls for more spending – often from the party opposite – and can therefore cut taxes both now and in the future as set out in today's Tax Plan?

- Can my RHF assure me that his focus will continue to be on cutting taxes, rather than a bigger state and more spending?

- Does my RHF agree that if we listened to the party opposite, we would be facing unfunded spending commitments of some £170 billion, and does it not show that this is the same old Labour and reckless unfunded spending pledges?

Union

- Does my RHF agree that today's measures are UK-wide and therefore boost the Union – increasing the employment allowance, cutting fuel duty, raising the National Insurance personal threshold, and scrapping VAT on energy saving materials?

- Would my RHF join me in calling on the Scottish Government to also cut income tax in 2024, given that the UK government has devolved income tax to Holyrood?

- A windfall tax on the oil and gas sector would discourage investment in a key UK sector for which taxes already significantly high. Would my RHF join me in calling on both parties opposite to oppose such a tax and recognise the damage it would do to this key sector?