



**HOUSE OF COMMONS**

LONDON SW1A 0AA

22<sup>nd</sup> March 2024

*Dear Constituent,*

**RE: PERSONAL ALLOWANCE FREEZE**

Thank you for your recent correspondence in respect of your concerns about the Income Tax Personal Allowance. I have read your comments with interest.

The Income Tax Personal Allowance rose with Consumer Price Index inflation as planned to £12,570 in April 2021. The Income Tax Higher Rate Threshold also rose as planned to £50,270 in April 2021. As announced by the Chancellor, the personal tax thresholds will be frozen until April 2028 to ensure sound money in the face of global headwinds. Even after this freeze, we still have the most generous set of tax-free allowances of any G7 country.

I welcome the Chancellor's 2023 Autumn Statement, which included the biggest package of tax cuts to be implemented at a fiscal event since the 1980s, including cuts to National Insurance Contributions (NICs) for 29 million people. The Government is building on this by making a further cut worth over £10 billion a year for workers across the UK, as announced at the 2024 Spring Budget. The main rate of employee NICs will be cut by 2p from 10 percent to 8 percent from the 6th April 2024. Combined with the 2p cut announced at the 2023 Autumn Statement, this will save the average worker on £35,400 over £900 a year.

The Government is also cutting a further 2p from the main rate of self-employed NICs on top of the 1p cut announced in the autumn. This means that from the 6th April 2024, the main rate of Class 4 NICs for the self-employed will be reduced from 9 percent to 6 percent. Combined with the abolition of the requirement to pay Class 2, this will save an average self-employed person on £28,000 around £650 a year. The combined effects of these reductions to NICs also mean that a person on the average wage now has the lowest effective personal tax rate since 1975.

I also note your concerns regarding the frozen tax thresholds. The Government made the difficult but necessary decision to maintain Income Tax thresholds, including the Personal Allowance, until April 2028, to ensure the tax system supports strong public finances. The Government has increased the Personal Allowance by over 40 percent in real terms since 2010, ensuring some of the lowest earners do not pay any Income Tax at all. Moreover, if the Personal Allowance had been uprated by inflation every year since 2010-11, it would have only been around £9,650 in 2023-24, lower than its current level of £12,570.

Any decision to modify our tax regime is a matter for the Treasury and careful consideration will be given to any proposed amendments to current thresholds.



Once again, thank you for having taken the time to contact me and if I can ever be of any further assistance to you then please do not hesitate to contact me again.

*With best wishes,*

A handwritten signature in blue ink, appearing to be 'Tom Pursglove', with a horizontal line underneath.

**TOM PURSGLOVE MP  
MEMBER OF PARLIAMENT  
CORBY & EAST NORTHAMPTONSHIRE**