

Cutting your taxes and building a fairer welfare system

Our commitment to you:

Our goal is a country that not only rewards those who work hard and do the right thing, but gives everyone – no matter their background – the chance to fulfil their potential. Achieving this means seeing through our major reforms of tax and welfare. We will:

- **cut income tax for 30 million people**, taking everyone who earns less than £12,500 out of Income Tax altogether
- **pass a new law so that nobody working 30 hours on the Minimum Wage pays Income Tax on what they earn**
- **back aspiration by raising the 40p tax threshold** – so that no one earning less than £50,000 pays it
- **cap overall welfare spending**, lower the amount of benefits that any household can receive to £23,000 and continue to roll out Universal Credit, to make work pay
- **bring in tax-free childcare to support parents back into work**, and give working parents of 3 and 4-year-olds 30 hours of free childcare a week.

Under Labour, those who worked hard found more and more of their earnings taken away in tax to support a welfare system that allowed, and even encouraged, people to choose benefits when they could be earning a living. This sent out terrible signals: if you did the right thing, you were penalised – and if you did the wrong thing, you were rewarded, with the unfairness of it all infuriating hardworking people.

We have cut Income Tax for over 26 million people – and taken over 3 million people out of Income Tax altogether

Over the last five years, we have cut people's taxes wherever possible. We have raised the tax-free Personal Allowance to £10,600 from £6,475: over 26 million people are now keeping more of their hard-earned money and 3 million of the lowest paid are paying no

Income Tax at all. We believe that cutting people's taxes is the right thing to do – not only because it is your money, but also because cutting the taxes of the lowest paid and helping them stand on their own two feet is the most effective poverty-tackling measure there is.

Real fairness means that where people really cannot work, they must be supported – but where they are able to work, they should. We have made long overdue changes to our welfare system. We have capped benefits so no household can take more in out-of-work benefits than the average household earns by going out to work. We have begun to introduce Universal Credit – a way to simplify benefits into a new single payment – so that work always pays. We are reassessing those on incapacity benefits so that help goes to those who really need it. The days of something for nothing are over – and all this has helped to reduce by 900,000 the number of people living in workless households.

In the next Parliament, we will continue to reward hard work: raising the tax-free Personal Allowance so that those working 30 hours on the Minimum Wage pay