

The goal of welfare reform should be to reward hard work and protect the vulnerable

no Income Tax at all and taking hardworking people out of a 40p higher rate tax band originally meant to capture only the wealthy. And we will see through our welfare reforms, lowering the benefit cap and rolling out Universal Credit, to make the system fairer and reward hard work.

Our plan of action:

We will reward work

A Conservative Government will not increase the rates of VAT, Income Tax or National Insurance in the next Parliament. Instead, we will ease the burden of taxation by raising the tax-free Personal Allowance – the amount you can earn before you start paying tax – to £12,500. This will cut Income Tax for 30 million people and take everyone who earns less than £12,500 out of Income Tax altogether. That means by the end of the decade, one million more people on the lowest wages will be lifted out of Income Tax, and people who work for 30 hours a week on the increased National Minimum Wage will no longer pay any Income Tax at all. We will pass a new law so that the Personal Allowance automatically rises in line with the National Minimum Wage. The new Tax Free Minimum Wage law will be applied from the first Budget after the General Election. The change will update the 1977 'Rooker-Wise' amendment which forced governments to uprate tax thresholds in line with inflation, meaning the Personal Allowance will now increase more quickly.

We will cut Income Tax for 30 million people – so that hard work is always rewarded

We will back your ambition

The 40p tax rate was only supposed to be paid by the best-off people in our country. But in the past couple of decades, far too many have been dragged into it. We have already announced an above-inflation increase in the threshold next year. Now we will raise the 40p tax threshold much further, so that no one earning less than £50,000 pays the higher rate of Income Tax. The 800,000 people earning between £42,385 and £50,000 will no longer pay the 40p rate of tax.

We will support you as you raise your family

We will support you, whether you choose to go out to work or stay at home to raise your children. We will back the institution of marriage in our society, enabling married couples to transfer £1,060 of their tax-free income to their husband or wife, where the highest earner is a basic rate taxpayer. This applies to civil partnerships too, and the transferable amount will always rise at least in line with the Personal Allowance. And we will help families stay together and handle the stresses of modern life by continuing to invest at least £7.5 million a year in relationship support.

We will bring in tax-free childcare to help parents return to work, and give working parents of three and four year-olds 30 hours of free childcare a week

We have already legislated to introduce tax-free childcare in the next Parliament – worth up to £2,000 per child per year – to help parents who want to work. We introduced 15 hours a week of free childcare for all three and four-year olds and the most deprived two-year-olds. And because working families with children under school age face particularly high childcare costs, in the next Parliament we will give families where all parents are working an entitlement to 30 hours of free childcare for their three and four year-olds.

We will cap the UK's overall welfare spending, to save you money

We will keep a check on the growth of welfare spending, enabling us to provide a system that is fair to those who need it, and fair to those who pay for it too. Our overall welfare cap will limit the amount that government