

News story: Cash boost for families as tax cuts come into effect today

People across the UK will see a welcome boost to their finances today, thanks to further cuts to income tax.

Hundreds of thousands of graduates will also save up to £360 a year from the raising of the student loan repayment threshold which comes into effect today.

These are just two of several changes this month to help people earn more and keep more of what they earn, including increases to the National Living Wage and State Pension, and freezes to fuel and beer duties.

Chancellor of the Exchequer, Philip Hammond, said:

From today, millions of people will have more pounds in their pocket and keep more of their hard-earned wages.

By increasing the National Living Wage, cutting income tax, and freezing fuel duty for the eighth year running, we are boosting living standards for millions of people this April, giving them more choice over how to use their pay packet and building an economy that works for everyone.

Today's changes to the personal allowance will mean that basic rate taxpayers will pay £1,075 less than they did in 2010-11 from 6th April 2018.

Since 2010 the government has cut income tax for over 30 million people, prevented half a million taxpayers from being dragged into the higher rate of tax, and taken 4 million of the lowest paid out of tax altogether.

Other tax changes coming into force this month will also help families with the cost of living.

Through the National Living Wage, full-time workers will now earn £2,000 more than they did when it was introduced in 2016 – a wage boost of £600 a year.

We've also increased the threshold at which people begin to pay back their student loan to £25,000. This figure will continue to rise in line with changes to average earnings, to help those starting out in their careers.

Pensioners will earn an extra £180 through the State Pension than they did last year.

For the eighth year in a row, the average car driver will also benefit from the government's fuel duty freeze, saving £160 a year.

And a pint of beer will be 12p cheaper than it would have been – after cuts and freezes made to duty since 2013.

And it's not just families who will benefit.

Britain's pubs will get a £1,000 discount on their business rates, and the great British high street will save £2.3 billion over the next five years thanks to a switch to business rates indexation two years earlier than planned.

These positive changes are part of the government's pledge to create an economy that works for everyone.

Changes coming into force this month:

- The National Living Wage is increasing by 4.4% from £7.50 to £7.83, benefitting over 2 million workers. A full-time minimum wage worker will earn more than £2,000 since the introduction of the National Living Wage in April 2016.
- The State Pension is increasing by 3%, meaning a cash increase of £3.65 per week those in retirement. And the full new State Pension will raise by £4.80 per week.
- The tax-free personal allowance is increasing from £11,500 to £11,850. A typical basic rate taxpayer will pay £1,075 less income tax in 2018-19 than in 2010-11.
- Fuel duty will remain frozen for the eighth successive year at 57.95 pence per litre to help with motoring costs – saving households and businesses an extra £850m a year in total – or £160 for the average driver.
- Alcohol duty cuts in previous Budgets followed by a duty freeze last year means the tax on a typical pint of beer will continue to be 12p lower than it would otherwise have been since ending the beer duty escalator in 2013.
- Pubs will have a £1,000 discount on business rates if they have a rateable value of £100,000 or less, and we're supporting high-street businesses by switching business rates indexation this month, two years earlier than planned, so that businesses can save £2.3bn over the next 5 years.
- By 2020, parents and grandparents will be able to pass on assets of up to £1 million to their children and grandchildren without paying any inheritance tax.