

Speech: Our tax cuts will matter to millions: article by Jane Ellison

When I was first elected to parliament in 2010, the minimum wage was £5.80, average weekly earnings were £450, and the personal allowance – the point at which people start paying income tax – stood at just £6,475.

Today marks the beginning of the seventh new tax year since then and the national living wage now stands at £7.50, average weekly earnings have topped £500 and the personal allowance has been significantly increased. As of today, you can earn £11,500 before you start to pay income tax.

Millions of people across the country will now be better off, with a typical basic rate taxpayer saving more than £1,000 in tax compared to back then.

It also means 1.3 million people won't pay income tax at all any more – but the good news isn't confined to our lowest paid.

Alongside the increase to the personal allowance, we're also raising the threshold for those who pay the 40p income tax rate. Now, only those earning £45,000 or more will pay the higher rate, stopping more than half a million on middle incomes tipping into the top rate.

The measures may not grab headlines, but they matter. The government wants people to take home more of their hard-earned money, giving them the means to live well, realise their ambitions and look after their families.

Our plan for Britain means living within our means as a country, giving the lowest earners a pay rise through the national living wage, taking 1.3 million people out of tax altogether, helping hard-working families to keep more of what they earn by cutting taxes for 31 million people and doubling free childcare for nearly 400,000 parents.

We're following a long-term plan to get our tax system working for working people – a plan that will have spanned a whole decade.

As we've already promised, by 2020 the personal allowance will rise to £12,500 – 90 per cent higher than it was in 2010. And the higher rate threshold will stand at £50,000, protecting more and more people on middle incomes from paying the higher rate.

Today is an important milestone for the millions of people helped by these tax cuts. And with it, we are taking another step forward in our journey to becoming a country that really does work for everyone.