**Chancellor announces tax cuts to ease cost of living pressures in Wales**

The Chancellor delivered a Spring Statement today (23 March) that puts billions of pounds back into the pockets of hard-working people in Wales – unveiling a series of tax cuts to ease the cost of living.

Chancellor announces Spring Statement tax cut for 1.2 million Welsh workers through rise in National Insurance thresholds – saving the typical employee over £330 a year

Unveiling plans to give families further help with the cost of living, Rishi Sunak also slashes fuel duty on petrol and diesel by 5p per litre for the next 12 months and announces a £5 billion income tax cut from 2024 benefitting 1.5 million taxpayers in Wales

Spring Statement also sets out measures to help businesses boost investment, innovation, and growth – including a £1,000 increase to the Employment Allowance to benefit around half a million businesses across the UK

The UK Government is providing an additional £27 million through the Barnett formula next year, as a result of measures announced by the Chancellor today

Rishi Sunak announced that National Insurance starting thresholds will rise to £12,570 from July, meaning hard-working people across the UK will keep more of what they earn before they start paying personal taxes.

The cut, worth over £6 billion, will benefit 1.2 million working people in Wales with a typical employee saving over £330 a year, whilst the typical self-employed person will save over £250. This means the UK now has some of the most generous tax thresholds in the world.

Mr Sunak also announced that fuel duty for petrol and diesel will be cut by 5p per litre from 6pm tonight (23 March) to help drivers across the UK with rising costs. Worth £2.4 billion, this is the biggest cut ever on all fuel duty rates and means a one-car family will now save on average £100.

To let people keep more of what they earn, the basic rate of income tax will also be cut by 1p in the pound in 2024 when, as the OBR currently predict, inflation and debt will be lower. The cut is worth £5 billion for workers, savers and pensioners and will be the first cut to the basic rate in 16 years.

The Chancellor also set out a series of measures to help businesses boost investment, innovation, and growth – including a £1,000 increase to Employment Allowance to benefit around half a million businesses.

The UK Government is also providing the Welsh Government with an additional £27 million on top of their block grant through the Barnett formula as a result of measures in the Spring Statement.

**Chancellor Rishi Sunak said:**

Today we’ve announced that we’re putting hundreds of pounds a year more in the pockets of more than 1.2 million people in Wales by raising the National Insurance thresholds and from next year we’re cutting income tax so people can keep more of their money.

Our reduction to fuel duty will save money for people across Wales every time they fill up, which together with the freeze means people save £100 per car on average a year.

Thousands of businesses across the UK will benefit from the increase to the Employment Allowance, a tax cut worth up to £1,000 a year, boosting innovation and growth.

**Secretary of State for Wales Simon Hart said:**

The Chancellor’s Spring Statement tackles the huge challenges facing Wales and the rest of the UK, with a package of support to ease the pressures everyone is experiencing around the rising cost of living.

The reduction in fuel duty, help for working families, and the tax cuts for low and middle earners will help thousands of people across Wales, while the Welsh Government will receive £27m more funding to support vulnerable families over the coming months.

During the past two years of the pandemic, the UK Government has supported people’s jobs and incomes across Wales. The war in Ukraine has now brought new challenges, but today’s measures show that we are continuing to build a stronger and more secure economy for the whole of the United Kingdom.

Delivering the statement, the Chancellor made clear that our sanctions against Russia will not be cost-free for people at home, and that Putin’s invasion presents a risk to our economic recovery – as it does to countries all around the world.

However, announcing the further measures to help people deal with rising costs, he said the extra support could only be provided because of the UK’s strong economy and the tough but responsible decisions taken to rebuild our fiscal resilience.

The immediate financial support for people and businesses comes as part of a wider tax plan announced by the Chancellor that will create better conditions for growth and will share proceeds from growth more fairly – ensuring people can keep more of what they earn.

Mr Sunak also announced that the Welsh Government will receive £25 million more funding as there will be an extra £500 million for the Household Support Fund, which doubles it’s total amount to £1 billion to support the most vulnerable families with their essentials over the coming months. The Chancellor also reduced the VAT on energy saving materials such as solar panels, heating pumps and roof insulation from 5% to zero, helping families become more energy-efficient.

This cost of living support comes on top of the measures that Chancellor has already announced over the recent months to support families. This includes a more than £9 billion energy bill rebate package, worth up to £350 each for around 28 million households, an increase to the National Living Wage, worth £1,000 for full time workers, and a cut to the Universal Credit taper, worth £1,000 for 2 million families.

To grow the world’s very best talent in AI, the Government will partner with industry and academia to create 1,000 new AI PhDs. The Government will invest £117m to create PHDs across the UK at Centres for Doctoral Training, building on the existing site in Swansea. This will train a new generation of AI researchers who will develop and use AI in areas such as healthcare, climate change and creating new commercial opportunities.

**Further announcements**

The Spring Statement also confirms that:

* A new Efficiency and Value for Money Committee will be set up to cut £5.5 billion worth of cross-Whitehall waste – with savings to be used to fund public services
* £50 million new funding to create a Public Sector Fraud Authority to hold departments account for their counter-fraud performance and to help them identify, seize and recover fraudsters money
* Local residents across the UK will benefit from a fresh set of infrastructure projects as we open the second round of the £4.8 billion Levelling Up Fund. It will continue to focus on regeneration, transport and cultural investments