Mr Speaker,

As I stand here, men, women and children are huddled in basements across Ukraine seeking protection.

Soldiers and citizens alike have taken up arms to defend their land and families.

The sorrow we feel for their suffering, and admiration for their bravery…

…is only matched by the gratitude we feel for the security in which we live.

And what underpins that security…is the strength of our economy.

It gives us the ability to fund the armed forces we need to maintain our liberty.

The resources we need to support our allies.

The power to impose sanctions which cause severe economic costs.

And the flexibility to support businesses and individuals through crises as they emerge

But Mr Speaker, we should be in no doubt, behind Putin’s invasion is a dangerous calculation:

That democracies are divided, politically weak, and economically insecure.

Incapable of making tough long-term decisions to strengthen our economies.

Mr Speaker, this calculation is mistaken.

What the authoritarian mind perceives as division – we know are the passionate disagreements at the heart of our living, breathing democracy.

What they see as chaos – we know is the freedom to be dynamic and innovative.

What they call the inherent weakness of open societies and free economies – we know is the source of our strength.

We will confront this challenge to our values not just in the arms and resources we send to Ukraine…

…but in strengthening our economy here at home.

So when I talk about security, yes – I mean responding to the war in Ukraine.

But I also mean the security of a faster growing economy.

The security of more resilient public finances.

And security for working families as we help with the cost of living.

Mr Speaker,

Today’s statement builds a stronger, more secure economy for the United Kingdom.

We have a moral responsibility to use our economic strength to support Ukraine and…

…working with international partners…

…to impose severe costs on Putin’s regime.

We are supplying military aid to help Ukraine defend its borders.

Providing around £400m in economic and humanitarian aid…

…as well as up to $0.5bn in multilateral financial guarantees.

And launching the new ‘Homes for Ukraine’ scheme…

…to make sure those forced to flee have a route to safety here in the UK.

And we are imposing sanctions of unprecedented scale and scope:

We’ve sanctioned over 1,000 individuals, entities, and subsidiaries.

Frozen the assets of major Russian banks.

Imposed punitive tariffs on key products.

Restricted Russia’s access to sterling clearing…

To insurance.

To the UK’s capital markets.

To SWIFT.

And we’ve targeted the Russian Central Bank, too.

Be in no doubt: these sanctions, coordinated with our allies, are working.

The Russian Rouble plummeted to record lows.

The Moscow stock exchange has been largely suspended for a month.

And the Central Bank of Russia has been forced to more than double interest rates to 20%.

We warned that an aggressive, unprovoked invasion would be met with severe economic costs – and it has.

I’m proud to say – as the whole House will say:

We stand with Ukraine.

But Mr Speaker,

The actions we have taken to sanction Putin’s regime are not cost free for us at home.

The invasion of Ukraine presents a risk to our recovery – as it does to countries around the world.

We came into this crisis with our economy growing faster than expected…

…with the UK having the highest growth rate in the G7 last year.

But the OBR has said specifically:

“There is unusually high uncertainty around the outlook”;

It is too early to know the full impact of the Ukraine war on the UK economy.

But their initial view, combined with high global inflation and continuing supply chain pressures, means the OBR now forecast growth this year of 3.8%.

The OBR then expect the economy to grow by 1.8% in 2023, and 2.1%, 1.8% and 1.7% in the following three years.

The House will take comfort that the lower growth outlook has not affected our strong jobs performance:

Unemployment is now forecast to be lower, in every year of the forecast.

It is already at 3.9% - back to the low levels we saw before the pandemic.

But Mr Speaker, the war’s most significant impact domestically is on the cost of living.

Covid and global factors meant goods and energy prices were already high:

Statistics published this morning show that inflation in February was 6.2%…

…lower than the US and broadly in line with the Euro area.

Disruptions to global supply chains and energy markets…

…combined with the economic response to Putin’s aggression…

…mean the OBR expect inflation to rise further, averaging 7.4% this year.

As I said last month, the government will support the British people as they deal with the rising costs of energy.

People should know that we will stand by them, as we have throughout the last two years.

That’s why we’ve announced a £9bn plan to help around 28 million households…

…pay around half of the April increase in the energy price cap.

And people should be reassured that the energy price cap will protect their energy bills, between now and the autumn.

But I want to help people now.

So I’m announcing three immediate measures.

First, I’m going to help motorists.

Today I can announce for only the second time in 20 years, fuel duty will be cut.

Not by 1, not even by 2, but by 5 pence per litre.

The biggest cut to all fuel duty rates – ever.

And while some have called for the cut to last until August, I have decided it will be in place until March next year – a full 12 months.

Together with the freeze, it’s a tax cut this year for hard-working families and businesses worth over £5 billion.

And it will take effect from 6pm tonight.

Second, as energy costs rise, we know that energy efficiency will make a big difference to bills.

But if homeowners want to install energy saving materials…

…at the moment only some items qualify for a 5% VAT relief…

…and there are complex rules about who is eligible.

The relief used to be more generous but from 2019 the European Court of Justice required us to restrict its eligibility.

But…thanks to Brexit…we’re no longer constrained by EU law.

So, I can announce for the next five years…

…homeowners having materials like solar panels, heat pumps, or insulation installed…

…will no longer pay 5% VAT– they will pay zero.

We’ll also reverse the EU’s decision to take wind and water turbines out of scope – and zero rate them as well.

And we’ll abolish all the red tape imposed on us by the EU.

A family having a solar panel installed will see tax savings worth £1,000.

And savings on their energy bill of over £300 per year.

And Mr Speaker, this policy highlights the deficiencies in the Northern Ireland Protocol…

…because we won’t immediately be able to apply it to Northern Ireland.

But we will be raising it with the Commission as a matter of urgency.

And I want to reassure Members from Northern Ireland…

…that the Executive will receive a Barnett share of the value of the relief until it can be introduced UK-wide.

And the Prime Minister will bring forward further measures to reinforce our long-term energy security, in the coming weeks.

And finally, I want to do more to help our most vulnerable households with rising costs. They need targeted support.

So I am doubling the Household Support Fund to £1bn with £500m of new funding

Local Authorities are best placed to help those in need in their local areas.

and they will receive this funding from April.

Mr Speaker,

We can only afford to provide this extra support because of our stronger economy…

…and the tough but responsible decisions we’ve taken to rebuild our fiscal resilience.

Today’s forecasts confirm even after the measures I’m announcing today, we are meeting all our fiscal rules.

Underlying debt is expected to fall steadily from 83.5% of GDP in 2022-23 to 79.8% in 2026-27.

Borrowing as a percentage of GDP is 5.4% this year, 3.9% next year, then 1.9%, 1.3%, 1.2% and 1.1% in the following years.

At a time when the OBR has said that our fiscal headroom could be …

…“wiped out by relatively small changes to the economic outlook” …

…it is right that the central fiscal judgement I am making today is to meet our fiscal rules with a margin of safety.

The OBR have not accounted for the full impacts of the war in Ukraine…

…and we should be prepared for the economy and public finances to worsen – potentially significantly.

And the cost of borrowing is continuing to rise.

In the next financial year, we’re forecast to spend £83bn on debt interest – the highest on record.

And almost four times the amount we spent last year.

That’s why, Mr Speaker, we have already taken difficult decisions with the public finances;

And that’s why we will continue to weigh carefully calls for additional public spending.

More borrowing is not cost or risk free.

I said it last autumn, and I say it again today: borrowing down; debt down

So Mr Speaker,

Our response to the immediate crisis in Ukraine has been unwavering.

But we must be equally bold in response to the deeper, and more fundamental challenge Putin poses to our values.

We must show the world that freedom and democracy remain the best route to peace, prosperity, and happiness.

We will do so by strengthening our economy here at home.

To that end, we are helping families with the cost of living;

Creating the conditions for accelerated growth and productivity;

And making sure the proceeds of growth are shared fairly.

That is not the work of any one statement.

But it does begin today – and with one of our most important levers: the tax system.

I told the House last Autumn my overarching ambition was to reduce taxes by the end of this Parliament.

And we will do so – in a way that is responsible and sustainable.

Today, I am publishing a Tax Plan.

We will take a principled approach to cutting taxes:

Maintaining space against our fiscal rules – as I have done today.

Continuing to be disciplined, with the first call on any extra resources being lower taxes, not higher spending.

And, of course, carefully considering the broader macroeconomic outlook.

With those principles in mind, our new Tax Plan will build a stronger economy by reducing and reforming taxes over this Parliament, in three ways:

First, we will help families with the cost of living.

Second, we will create the conditions for higher growth.

And third, we will share the proceeds of growth fairly. Ensuring people are left with more of their own money.

Let me take each in turn.

Mr Speaker,

There is now a dedicated funding source for the country’s top priority – the NHS and social care.

Providing funding over the long-term, as demand grows.

With every penny going straight to health and care.

If it goes…then so does the funding.

And that funding is needed now.

Especially as my RHF the Health Secretary’s plans to reform healthcare, will ensure every pound of taxpayers’ money is well spent.

When I said we were a government for public services, a government for the NHS, I didn’t just mean ‘when it was easy’… it is a total commitment.

So, it is right that the health and care levy stays.

But a long-term funding solution for the NHS and social care is not incompatible with reducing taxes on working families.

Over the last decade, it has been our mission to promote tax cuts for working people and simplify the system.

That’s why the government raised the income tax personal allowance from £6,500 in 2010 to the new level of £12,570.

But the equivalent thresholds in National Insurance – which define how much people can earn NICs-free – are still around £3,000 less.

The Prime Minister pledged in the 2019 election we would increase those thresholds.

We made a big step towards that goal in my first Budget in 2020, increasing the National Insurance threshold to £9,500.

Today, we take the next step.

Our current plan is to increase the NICs threshold this year by £300.

I’m not going to do that.

I’m going to increase it by the full £3,000.

Delivering our promise to fully equalise the NICs and income tax thresholds.

And not incrementally over many years, but in one go, this year.

From this July, people will be able to earn £12,570 a year without paying a single penny of income tax or National Insurance.

That’s a £6 billion personal tax cut for 30 million people across the United Kingdom.

A tax cut for employees worth over £330 a year.

The largest increase in a basic rate threshold – ever.

And the largest single personal tax cut in a decade.

The Institute for Fiscal Studies has called it: “the best way to help low and middle earners through the tax system”.

It creates what the Centre for Policy Studies has called a “universal working income”.

It is a tax cut that rewards work.

And, Mr Speaker, around 70% of all workers will have their taxes cut by more than the amount they’ll pay through the new Levy.

Once again showing it is this government delivering for hardworking families and helping with the cost of living.

So, Mr Speaker,

The first part of our Tax Plan for a stronger economy is to support families with the cost of living.

But as I set out in last month’s Mais lecture…

…to lift our growth and productivity we need the private sector to train more, invest more, and innovate more.

People. Capital. Ideas.

That’s how we’ll create a new culture of enterprise – the second part of our Tax Plan.

The plan sets out tax cutting options on business investment and innovation, with final decisions to be announced in the Autumn Budget.

But these are significant and complex questions, so we will work with businesses over the summer to get the answers right.

Let me explain to the House the direction of travel.

First, people.

We lag international peers in adult technical skills:

Just 18% of 25-64 year olds’ hold vocational qualifications, a third lower than the OECD average.

And UK employers spend just half the European average on training their employees.

So, we will consider whether the current tax system, including the operation of the Apprenticeship Levy…

…is doing enough to incentivise businesses to invest in the right kinds of training.

Second, ideas.

Over the last fifty years, innovation drove around half the UK’s productivity growth.

But since the financial crisis, the rate of increase has slowed more than in other countries.

And our lower rate of innovation explains almost all our productivity gap with the United States.

Right now, we know that the amount businesses spend on R&D as a percentage of GDP is less than half the OECD average.

And that is despite us spending more on tax reliefs than almost every other country.

Something is not working.

So we’ll reform R&D tax credits so that they’re effective and better value for money.

We’ll expand the generosity of the reliefs to include data, cloud computing, and pure maths.

And we’ll consider, in the autumn, whether to make the R&D expenditure credit more generous.

Third, capital.

Weak private sector investment is a longstanding cause of our productivity gap internationally:

Capital investment by UK businesses is considerably lower than the OECD average of 14%.

And it accounts for fully half our productivity gap with France and Germany.

Once the Super Deduction ends next year, our overall tax treatment for capital investment will be far less generous than other advanced economies.

We’re going to fix that.

In the Autumn Budget, we will cut the tax rates on business investment.

And I look forward to discussing the best way to do that with businesses.

People. Capital. Ideas.

Three priorities for business tax cuts this autumn.

But, Mr Speaker, I want to help smaller businesses right now.

So let me remind the House of our plan:

Our business rates discount will take effect in April for retail, hospitality, and leisure businesses.

They’ll get a 50% discount on their business rates bill, up to £110,000.

A typical pub will save £5,000.

That’s a tax cut for hundreds of thousands of small businesses worth £1.7 billion.

Taking effect in just one weeks’ time.

Our Help to Grow: Management scheme offers businesses mini-MBAs, 90% funded by government – a benefit worth several thousand pounds.

And Help to Grow: Digital gives businesses a 50% discount on buying new software worth up to £5,000.

We’ve also increased the Annual Investment Allowance to £1 million;

So that all small and medium sized businesses will feel the benefit of full expensing.

But Mr Speaker, I want to respond to the specific calls from small businesses, with one further announcement today.

The Employment Allowance cuts small businesses’ tax bills, making it cheaper to employ workers.

In my first Budget two years ago, I increased that allowance.

Today, I am going further.

From April, the Employment Allowance will increase to £5,000.

That’s a new tax cut worth up to £1,000 for half a million small businesses – starting in just two weeks’ time.

So, Mr Speaker,

Future tax cuts on business investment and innovation.

A business rates discount worth £1.7 billion.

Help to Grow schemes worth thousands of pounds per business.

An annual investment allowance worth up to £1 million.

And a new tax cut on the costs of employment worth £1,000 per company.

Once again, Mr Speaker, it is this government delivering for British business.

Mr Speaker,

The tax plan I’ve announced today will help people and businesses deal with rising costs.

Will help raise the future growth rate of this country.

But we want the proceeds of growth shared fairly – the third objective of our tax plan.

The knowledge you can keep more of what you earn is a powerful incentive for people to work hard.

It means greater economic security, and we know that individuals spend their money better than governments do.

We’ve already announced today the equalisation of personal tax thresholds, giving over 30 million workers a tax cut worth over £330.

And, over time, I want to go further.

But tax cuts must be paid for.

They must be prioritised.

And they must fit the economic circumstances of the time.

A clear goal for previous Chancellors… … has been to cut Income Tax…

The fact this has happened only twice in 20 years tells you how hard it is to do.

Covid and the war in Ukraine have only added to the difficulty of achieving this by the end of this Parliament.

I am sure all Members of the House recognise and understand those challenges.

It would clearly be irresponsible to meet this ambition this year.

And yet…I refuse to let that ambition whither and drift.

By 2024, the OBR currently expect inflation to be back under control, debt falling sustainably, and the economy growing.

Our fiscal rules are met with a clear margin of safety.

And so my final announcement today is this:

I can confirm, before the end of this Parliament, in 2024, for the first time in sixteen years…

…the basic rate of income tax will be cut from 20 to 19 pence in the pound.

A tax cut for workers, for pensioners, for savers.

A £5bn tax cut for 30 million people.

Let me be clear with the House: It is fully costed and fully paid for in the plans announced today.

Last year, I told the House I would cut taxes for hardworking families…

…but I would do so in a responsible and sustainable way…

…and today, I am delivering on that promise.

So let me say this …

Cutting taxes is not easy, it requires hard work, prioritisation…

…and the willingness to make difficult and often unpopular arguments elsewhere.

It is only because this government has been prepared to make those difficult but responsible choices to fix our public finances…

…that I can stand here and tell this House that not only are taxes being cut…

…but that debt is also falling…whilst public spending is increasing.

This doesn’t happen by accident Mr Speaker…

We can deliver for the British people today and into the future…

We have a plan.

A plan that reforms and improves public services.

A plan to grow our economy

A plan to level up across the United Kingdom.

A plan that helps families with the cost of living.

And yes, a tax plan…

…that cuts taxes on working families by over £330.

Cuts taxes on fuel by 5p per litre.

Cuts taxes on business.

And yes… for the first time in a long time…

Cuts income tax.

Mr Speaker, let me end by simply saying this:

My Tax Plan delivers the biggest net cut to personal taxes in over a quarter of a century.

And I commend it to the House.