

Backlash from Sunak camp over reports Truss is considering 5% VAT cut

Rishi Sunak's team has warned that cutting [VAT](#) by 5% across the board would be "regressive" and cost tens of billions of pounds amid reports that [Liz Truss](#) is considering the move as a "nuclear" option.

It is one of a series of possible strategies to ease the cost-of-living crisis being drawn up by the [Treasury](#) for the new prime minister to look at when they take office, according to The Sunday Telegraph.

The newspaper said the 20% headline rate of VAT could be cut by up to 5%, saving the average household more than £1,300 per year.

But a source from Mr Sunak's campaign said this would be "incredibly regressive" and cost north of £30 billion.

Tory leadership contenders Rishi Sunak and Liz Truss (Danny Lawson/James Manning/PA)

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The Sunday Times also reported that Ms Truss is considering slashing VAT as part of an emergency package to help households cope with rising prices.

Another option being weighed up by the Foreign Secretary is a cut to income tax, the paper said, with proposals from allies including increasing the level above which people start paying the levy.

Others in the Truss camp have suggested raising the tipping point for the higher rate of 40% and cutting the basic rate below 20%, it added.

A Treasury spokesman said the department is making the “necessary preparations” to ensure the next government has options to deliver extra help “as quickly as possible”.

It comes after [Boris Johnson](#) said that whoever succeeds him in No 10 would announce “another huge package of financial support” as [Britain](#) faces sky-high costs this winter.

The outgoing PM hinted at the scale of the options to ease the burden being teed up for either Ms Truss or Mr Sunak to consider, as he insisted “we must and we will help people through the crisis”.

The Sunday Telegraph cited a source close to the discussions about the next steps as saying cutting VAT is “the nuclear option”.

In an article for Mail+, Mr Johnson acknowledged that the next few months will be difficult – “perhaps very tough” – as “eye-watering” energy bills take their toll, but he forecast the UK will emerge “stronger and more prosperous (on) the other side”.

He said “colossal sums of taxpayers’ money” have already been committed to assisting people with their bills.

But he added: "Next month – whoever takes over from me – the Government will announce another huge package of financial support."

Chancellor Nadhim Zahawi has suggested people earning around £45,000 per year could be among those struggling to cope with soaring living costs as the energy price cap is increased again.

Regulator Ofgem warned the Government on Friday that it must act urgently to "match the scale of the crisis we have before us" as Britain faced the news that the average household's yearly bill will rise from £1,971 to £3,549.

Mr Sunak has already said he will provide additional support targeted at the most vulnerable.

(PA Graphics) / PA Graphics

On Sunday, Sunak supporter and former Cabinet minister Simon Hart acknowledged the current situation is "frustrating" for people.

Asked exactly what Mr Sunak is planning to do about the problem, he told Sky News: "It's incredibly frustrating because I think everybody wants to be able to say 'This is precisely what's going to be announced should our particular candidate win'.

"To be able to do that now, to speculate now about what the extent of the challenge would be and then come up with a solution is, I think, slightly unreasonable.

"Is there going to be a specific number? Are we going to say 'We are going to give you this amount of money on September 7'? No, I think that would be irresponsible to do that.

"What we can say is – like the Prime Minister has – there is a package on its way."

Energy price cap: default tariff / PA Graphics

Ms Truss has promised “decisive action” to deliver “immediate support” if she wins the contest.

But she has so far been vague about what form this assistance might take apart from slashing green levies on energy bills and reversing the controversial National Insurance hike.

She has argued it is not “right” to announce her full plan before the contest is over or she has seen all the analysis being prepared in Whitehall.