

PM signals no tax cuts in Budget amid focus on 'critical' plan to cut inflation

Rishi Sunak has signalled that tax cuts will not be announced in the [Budget](#) as his administration focuses on cutting the “regressive tax” of inflation.

The Prime Minister said the Government’s priority was reducing the rate of inflation and easing the cost-of-living crisis gripping Britain.

Senior [Conservatives](#) have been pushing Chancellor [Jeremy Hunt](#) to use his Budget next week to announce tax cuts in a bid to ignite the UK’s stalling economy.

Mr Hunt has been encouraged by MPs, including former prime minister Boris Johnson, to pause the planned rise in corporation tax, which is due to increase from 19% to 25% in April.

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But, in one of the clearest signals to date that the Budget will steer clear of tax breaks, Mr Sunak stressed that the “number one economic priority” was slashing inflation.

At the start of the year, the Prime Minister made the target of halving inflation, which stands at 10% according to some metrics, as one of his top five priorities ahead of the next general election.

Speaking to reporters on the Eurostar to Paris for the UK-France summit on Friday, Mr Sunak said he agreed with former Tory prime minister [Margaret Thatcher](#) that inflation was the “worst tax of all”.

When asked whether he was in favour of tax cuts in the Budget if the economic picture improves, the former chancellor said he had been “very clear that my ambition is to cut people’s taxes”.

But he added: “I think people recognise that Covid and now a war in Ukraine, and the impact that has had, has had a major damaging impact not just on the economy but on our public finances. I think everyone understands that.”

Describing the UK Government’s economic priorities as halving inflation, reducing debt and growing the economy, Mr Sunak said he was confident the Chancellor would “deliver on all of those” on Wednesday.

The Prime Minister continued: “The number one economic priority I know that the country has is reducing the burden on the cost of living.

“That means halving inflation is critical because I want it to stop being the case that people are opening up their bills every week, every month and see them going up at such a rate.

“That is why our plan to reduce inflation is so critical. [Inflation](#), as Margaret Thatcher described it, is the worst tax of all.

“Inflation is a regressive tax and at the moment that is what is causing everyone the problem, so actually it is right we focus on reducing inflation.

“Our plans are working and it is important we stick to them.”

The Office for National Statistics (ONS) announced on Friday that the economy grew by 0.3% in January, easing fears of a potential recession.

Mr Sunak said the development showed the “underlying fundamentals of the economy are strong”.

Separately, the Prime Minister said he would “fairly shortly” make his tax return public but would not confirm whether it would be before Budget day.

“We will do them shortly,” he said.

“As you know the tax year ended on January 31. I’ve been a bit busy over the last few weeks so that’s the only reason why. But they will be published fairly shortly.”