

Why cut National Insurance again?

I do not recall MPs and constituents calling for a further reduction in National Insurance. Readers of this site will remember the list of targeted tax cuts I requested, led by IR 35, VAT Threshold, and energy taxes. Others urged Income tax thresholds, Stamp duty and the tourist tax.

I have been willing to back a further NI cut as it is on offer. It does relieve some pressures on working individuals and families and provides a modest offset to the Bank of England recession inducing money policy. It does make it worthwhile working which is a good thing.

It does not poll very well and has not led to a big Conservative poll bounce. Many disenchanted Conservative voters are over the age to pay NI but subject to more Income tax if they wander over the tax threshold. There is some bemusement over the longer term aim of abolishing NI, which came out of nowhere. It is clearly not affordable on current policies.

Maybe they mean to abolish just employee NI, leaving in place employer NI which would remain as a tax on jobs. That makes it more affordable. I will look in more detail at the wider impacts were they in due course to abolish employee (and self employed) NI.