

Starmer Dodges Questions Over Tax Threshold Freeze as Pressure Mounts

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Sir Keir Starmer has come under renewed scrutiny after refusing to commit to lifting the freeze on tax thresholds, raising fears that millions of working Britons may continue to be dragged into higher tax brackets by stealth. Despite previous pledges to avoid direct tax hikes, the Prime Minister left the door open to continuing policies that experts warn would effectively raise the tax burden for ordinary families.

During Prime Minister's Questions, Conservative leader Kemi Badenoch challenged Sir Keir on whether his government would honour the commitment made by Chancellor Rachel Reeves to end the threshold freeze from 2028. The freeze, originally introduced under the Conservatives, has meant that National Insurance (NI) and income tax thresholds have remained static despite rising inflation, forcing more people to pay higher rates as wages increase.

Starmer, however, avoided giving a straight answer. Instead, he pointed only to Labour's manifesto pledge not to raise NI, income tax or Value Added Tax (VAT) noting that no government should "write a Budget in advance". His response fuelled speculation that the freeze could be extended beyond 2028, potentially until 2029/30, raising an estimated £7 billion per year according to Treasury forecasts.

Critics argue this policy amounts to a stealth tax on hard-working families, undermining claims that the government is on the side of ordinary people. Badenoch accused Starmer of overseeing what she called a "retirement tax", warning that millions of pensioners could be drawn into income tax for the first time. She also raised concerns that lower and middle-income earners would bear the brunt of the government's rigid adherence to its fiscal rules, which prohibit borrowing for day-to-day spending and require national debt to fall as a share of gross domestic product by 2029.

Starmer's vague response marks a stark contrast with his earlier clarity. When asked if he would honour Labour's commitment not to raise headline tax rates, he simply said "yes". But on the matter of thresholds, crucial to many households, his silence was notable.

The Prime Minister also sidestepped a growing debate around the potential introduction of a wealth tax. Some Labour MPs have called for a 2% levy on assets exceeding £10 million, claiming it could raise to £24 billion annually. While Sir Keir denied any intention to “tax our way to growth”, he refused to rule out the policy entirely. Badenoch warned such a tax would harm savers and pensioners alike, calling it “a tax on aspiration”.

The ambiguity from Number 10 has sparked concern among fiscal conservatives, who argue that the government’s lack of clarity on tax policy is undermining economic confidence and exposing working people to further financial strain. With the autumn Budget looming and recent U-turns on disability and pensioner benefits already placing stress on public finances, many now believe tax increases are no longer a matter of if, but when.