



HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

26 September 2022

To: All MPs

Dear Colleague,

## THE GROWTH PLAN

I am writing to set out the action the government is taking to achieve sustainable economic growth for the UK economy, following my statement to the House of Commons and the publication of the Growth Plan on Friday 23<sup>rd</sup> September.

For too long growth has not been as high as it needs to be, making it harder to pay for public services and requiring taxes to rise.

That is why we will adopt a new approach for a new era focused on economic growth. We will be bold and unashamed in this pursuit. We will expand the supply side through tax cuts and reform, tackle the immediate energy crisis, remove barriers for business, and build the infrastructure we need to grow the British economy.

### Energy

Putin's weaponisation of gas prices is the biggest drag on growth in the short-term. The government acted on 8<sup>th</sup> September to announce the Energy Price Guarantee, to ensure that a typical household in Great Britain pays an average £2,500 a year on their energy bill for the next two years, from 1 October 2022, with an equivalent scheme in Northern Ireland from November. This will save the typical family an extra £1,000 off their bills, on top of the already promised £4000 Energy Bills Support Scheme. This forms part of our comprehensive package of support to help families and businesses through this winter.

### Growing our economy

I set out that we will achieve a trend growth rate of 2.5 per cent – measuring every policy decision against this defining test. Every government department will be in a sense a growth department. Our Growth Plan will focus on: Maintaining responsible public finances, reforming the supply-side of the economy and cutting taxes to boost growth.

We will publish a Medium-Term Fiscal Plan in due course setting out our fiscal approach recognising our focus on growth. I will ask the OBR to publish a full economic and fiscal forecast before the end of the calendar year with a further one next year. We have set out

that we will use our borrowing powers responsibility to fund our energy intervention, just as we did in Covid-19. It was right then and it is right now.

### Reforms to the economy

On Friday, we set out that we are introducing Investment Zones across England which will drive growth and unlock housing lowering taxes and liberalising planning rules in specific sites to encourage rapid development and business investment. We will also work with Devolved Administrations to look to establish Investment Zones in Scotland, Wales and Northern Ireland.

We will publish a list of infrastructure projects that will be accelerated, complemented by a renewed focus to speed up projects through new legislation. This will streamline the complex patchwork of restrictions and EU-derived laws which have held Britain back over decades.

We recognise that there has never been a period of economic growth without a strong financial centre. So, we will focus on making the UK more competitive, not less, by removing the bankers' bonus cap which has seen a drain of tax revenue and talent to Paris and Frankfurt.

### Cutting tax

This Growth Plan delivers the biggest set of tax cuts in 50 years. High taxes damage Britain's competitiveness and reduce incentives to work. That is why we are bringing forward the 1 percentage point cut to the Basic Rate of Income Tax to April 2023, and abolishing the Additional Rates of Income Tax from April 2023 altogether. This takes the additional rate back to the level it was for almost 20 years – including the entire time the Official Opposition were in power, bar one month.

We are also doubling the level at which Stamp Duty is paid from £125,000 to £250,000, and expanding First Time Buyers' Relief, by increasing the level at which first-time buyers start paying Stamp Duty from £300,000 to £425,000.

I have also set out further tax announcements to boost investment, through increasing the generosity of the Seed Enterprise Investment Scheme and Company Share Ownership Plan, and confirming that the Annual Investment Allowance will be set at £1 million permanently.

For too long in this country, we have indulged in a fight over redistribution. Now we need to focus on growth, not just how we tax and spend. Our entire focus is on making Britain more globally competitive, not losing out to competitors.

We promised we would cut taxes and we have with lower rates of business and personal tax. We promised to prioritise growth and we have with new investment zones and a renewed focus on infrastructure. We promised to release the enormous potential of this country and we have done just that. Our Growth Plan has delivered on all those promises and more.

Full details of this package can be found in the [Growth Plan document](#) which was delivered to the House of Commons Library this morning.

Kind regards,

A handwritten signature in black ink, appearing to read 'Kwasi Kwarteng', written in a cursive style.

RT HON KWASI KWARTENG MP