

MC2020/11915



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

Damian Collins MP
House of Commons
London
SW1A 0AA

14 August 2020
Your ref: DC12402

Dear Damian,

Thank you for your email of 15 April to HMRC enclosing correspondence from your constituent, Chrissie Cooper about and Income Tax and National Insurance contributions (NICs) holiday for key workers. Your letter has been passed to the Treasury and I am replying as Minister with strategic oversight of the UK tax system. I apologise for the delay in replying.

The Coronavirus is the biggest threat the UK has faced in decades. Key workers have already demonstrated remarkable commitment to keeping the public safe in the continuing fight against the virus. The Government hugely values and appreciates these vital contributions to the COVID-19 response, both in the private and public sector.

Key workers deserve to be properly rewarded for the work they do. The Government has agreed specific pay and pension packages for a number of public sector workforces, including in the NHS, both to increase system capacity and recognise their work. More than one million NHS workers continue to benefit from the three-year Agenda for Change pay deal. The reforms will see the starting salary for a newly qualified nurse rise to £24,907 in 2020/21, 12.6 per cent higher than 2017/18.

The Government is targeting support where it is most needed. A blanket tax or NICs holiday would be untargeted. Those paying higher rates of tax would

receive the greatest benefit, while low-earning individuals with income below the personal allowance or the NICs primary threshold would not benefit. Furthermore, HMRC's systems have not been designed to distinguish between key workers and non-key workers, and so the extension of this tax treatment to key workers would be vulnerable to exploitation and fraud by people who were not key workers and so not entitled to it.

The UK's economic response to COVID-19 is one of the most generous and comprehensive in the world, and the Government is now working urgently to deliver these schemes as quickly as possible.

The Government is also closely monitoring the impact of measures, having regard to the need to support public services, businesses, and individuals, and will continue to keep all policies under review.

I hope this is helpful. If you have any questions about this reply, please email public.enquiries@hmtreasury.gov.uk quoting reference MC2020/11915.

Yours ever,

A handwritten signature in black ink, appearing to read 'Jesse'.

RT HON JESSE NORMAN MP