

8th December 2015

Dear Constituents,

Thank you for contacting me about tax credits.

The Chancellor listened to concerns about the changes to tax credits announced in the Summer Budget. Some argued that the changes should be phased in and the Chancellor heard and understood these concerns. I am pleased that rather than phase them in, he is able to avoid the changes altogether. This has been possible because the forecasts for the public finances have improved substantially since the Summer Budget, because our strong economy means tax receipts are higher than expected and we are able to pay lower interest on our debts.

The Government was elected to fix the public finances, with a clear mandate to deliver £12 billion in welfare savings. The Government will still achieve these savings, but I am pleased the Chancellor has listened to concerns about changes to tax credits and has chosen to avoid them. The welfare savings the Government committed to at the election will still be delivered in full, but in a way that gives families longer to adjust to the transition to a lower welfare, lower tax and higher wage society. Tax credits are being phased out anyway as the Universal Credit system is introduced, but transitional protections are in place so that those transferred to this new system will not see their payments fall in cash terms.

These positive changes are only possible because of the difficult decisions the Government has taken. The Government's welfare reforms will mean that the welfare system is there for people who need it. A system where work pays and one that the country can afford. This means people are able to keep more of what they earn, while dealing with the deficit, so future generations are not burdened with more debt than they could ever hope to pay.

Thank you again for taking the time to contact me.

Yours sincerely,



Alok Sharma MP