TREASURY

The Hon. Member for Ramsey, Mr Hooper, to ask The Minister for the Treasury:

What the annual cost would be of increases to the personal allowance from £250 to £10,000 in £250 increments; and for each increment how much income tax would be saved by a single worker earning £25,000 and entitled solely to the single person's allowance.

Question W-202601-2039 published on 27/01/2026; Answer published on 09/02/2026.

The Minister for the Treasury (Mr Thomas):

The Assessor of Income Tax models such changes in personal allowances and thresholds against individual income tax records using a specific tool in the income tax system which recalculates all income tax assessments for the last complete tax year, in this case 2023/24, against current rates and thresholds. This provides re-based figures to work from. All income tax assessments are then recalculated using the re-based figures and the proposed change, in this case increments of £250 in the personal allowance.

Personal Allowance	**Decrease in revenue**	**Income tax saving for single person earning £25,000 per annum**
£15,000	-£2,574,886.74	£52.50
£15,250	-£5,101,920.29	£105.00
£15.500	-£7,603,833.63	£157.50
£15,750	-£10,083,997.96	£210.00
£16,000	-£12,548,476.85	£262.50
£16,250	-£14,982,546.70	£315.00
£16,500	-£17,393,664.53	£367.50
£16,750	-£19,791,498.71	£420.00
£17,000	-£22,166,686.76	£472.50
£17,250	-£24,494,982.07	£525.00
£17,500	-£26,827,749.99	£577.50
£17,750	-£29,140,511.72	£630.00
£18,000	-£31,427,630.35	£682.50
£18,250	-£33,700,694.17	£735.00
£18,500	-£35,950,454.01	£787.50
£18,750	-£38,177,264.45	£812.50
£19,000	-£40,384,638.73	£837.50
£19,250	-£42,562,416.19	£862.50
£19,500	-£44,724,615.54	£887.50
£19,750	-£46,862,350.39	£912.50
£20,000	-£48,953,653.26	£937.50

It should be noted that the revenue figures will change depending on when the calculations are carried out as further assessments may be completed and others reviewed and revised.

Furthermore, the figures in the table above do not recognise increases in income which have inevitably grown since the 2023/24 income tax year. To acknowledge income growth, the then Treasury Minister, Dr Alex Allinson, advised the House of Keys on 4 November 2025 that "*the impact on Income Tax revenue is estimated to be in the region of £2.5 million to £3 million for every £250 the personal allowance is increased by*", further extrapolating that *"increasing the personal allowance from the current £14,750 to £20,000 would result in a corresponding decrease of revenue of between £52.5 million and £63 million per year."*