# UK Chancellor Extends Income Tax Threshold Freeze Until 2028



### UK Chancellor Confirms Income Tax Threshold Freeze Until 2028

On May 30, 2024, UK Chancellor Jeremy Hunt announced the extension of the current income tax threshold freeze until 2028. Speaking on BBC Radio 4's Today programme, Hunt stated that this measure, introduced to offset economic shocks from the pandemic and the energy crisis, would not be extended beyond its new end date.

This decision establishes one of the most significant tax increases in Britain in the last 50 years, affecting millions of taxpayers by pushing them into higher tax brackets. The announcement coincides with political campaigns by both the Conservative and Labour parties, both of which have ruled out increases in VAT, income tax, and national insurance. Speaking to the media, Hunt emphasized the choice between the Conservative aim to reduce the tax burden and Labour's stance of maintaining existing tax levels.

Accusations regarding the impact of the previous mini-budget by ex-Prime Minister Liz Truss on increased mortgage rates were addressed by Hunt, who attributed these economic challenges to global factors such as Russia's invasion of Ukraine.

### US Economic Growth Revised Down to 1.3% for Q1 2024

The U.S. Commerce Department reported a downward revision of the nation's economic growth rate from 1.6% to 1.3% for the first quarter of 2024. This slowdown follows a robust 3.4% growth in the final quarter of 2023. The primary causes for this reduction include a rise in imports and a decrease in business inventories, which collectively subtracted from overall GDP growth.

Consumer spending, a significant driver of the economy, grew at a 2% annual rate, down from 2.5% in earlier estimates. Spending on goods, particularly appliances and furniture, saw a notable decline.

Despite these figures, economists remain confident in the economy's resilience, citing robust consumer spending supported by strong job markets. Nevertheless, inflation rates continue to exceed the Federal Reserve's 2% target, leading to ongoing high-interest rates. The Commerce Department will provide its first estimate of second-quarter economic performance in July.

### US Unemployment Claims Slightly Increase

The U.S. Labor Department reported a modest increase in unemployment claims for the week ending May 25, rising by 3,000 to a total of 219,000. Although there is a slight uptick, layoffs remain historically low.

Factors contributing to this stability include strong consumer demand and a resilient labor market, despite the Federal Reserve's series of interest rate increases aimed at controlling inflation. Recent job addition rates and the overall low unemployment rate indicate a robust economic landscape.

Massachusetts reported the highest number of initial claims at 4,657 for the week. Despite these figures, the job market continues to exhibit signs of cooling, with a decrease in job openings and an increase in the unemployment rate to 3.9%.

These developments suggest a tentative moderation in economic activity, potentially influencing future Federal Reserve rate decisions.