# Sunak Unveils 'Triple Lock Plus' for State Pension Amid Criticism, Labour's VAT Policy Faces Legal Challenge



**Sunak Unveils "Triple Lock Plus" for State Pension Amid Criticism**

Prime Minister Rishi Sunak has introduced a "triple lock plus" plan aimed at alleviating the tax burden on pensioners, in what is perceived as an effort to secure pensioner votes in the upcoming general election. The proposal would align the State Pension's income tax allowance with the pension amount, potentially lifting eight million pensioners out of the tax bracket next year. The move is expected to provide a £2.4 billion annual tax break, equivalent to a tax cut of around £100 per pensioner, increasing to £300 by the end of Parliament.

Currently, the full New State Pension stands at £221.20 per week, or around £11,502.40 annually. With anticipated increases, it is projected to rise to £12,157 next year, nearing the personal tax allowance threshold of £12,570. Those with additional private or workplace pensions already find themselves exceeding this threshold, thus facing a 20% income tax on the combined amount. The "triple lock" mechanism ensures the State Pension increases yearly by the highest of inflation, average earnings growth, or 2.5%.

Despite the reassurance from the government, critics including the Institute for Fiscal Studies (IFS) and the Resolution Foundation argue that the policy risks significant fiscal uncertainty and may primarily benefit wealthier pensioner households. The IFS highlighted potential complications if economic volatility continues, potentially exceeding the £2.4 billion annual cost.

The Labour Party has criticized the plan, with Shadow Chancellor Rachel Reeves naming it a "desperate move." Labour has committed to the triple lock but has not promised to match the "triple lock plus" policy, calling into question the funding sources for Conservative tax cuts.

**VAT on Private School Fees: Labour Faces Legal Challenge**

Labour’s proposed policy to end VAT exemptions for private schools is drawing significant opposition. Richard Tice, leader of Reform UK, plans to challenge the policy in court, deeming it discriminatory. However, tax expert Dan Neidle argues that Brexit has removed legal avenues for such a challenge based on EU law, which was previously a possible route for overturning tax legislation.

Labour's plan seeks to impose a 20% VAT on fees, intended to generate £1.5 billion annually to hire over 6,000 state school teachers. This policy could significantly raise costs for parents, with private schools fearing a decline in enrolment that could burden state schools financially. The Independent Schools Council (ISC) predicts that this might lead to a 17-25% drop in private school attendance.

The exact timeline for implementing the VAT is unclear, with Labour leader Sir Keir Starmer indicating it would commence "as soon as it can be done" if Labour wins the July general election. This lack of clarity has left private schools and parents seeking more precise information to plan accordingly.