# India-UK £5 billion trade deal sparks controversy over tax exemptions for Indian migrants



A significant new trade deal between India and the United Kingdom, valued at £5 billion, has sparked considerable debate as it introduces what critics are describing as a "two-tier" tax system. The agreement, which marks the largest trade arrangement since Brexit, was characterised by Kemi Badenoch, the opposition leader, who stated that she had previously declined to endorse the deal when she was serving as business secretary. Speaking to the BBC, Badenoch asserted, "When Labour negotiates, Britain loses," reflecting a sentiment shared by several political figures in the Conservative Party.

The agreement is poised to provide a substantial economic boost, with government estimates suggesting a £4.8 billion uplift for British businesses through reduced tariffs on exports such as whisky and cars. Under this deal, Indian migrants will be exempt from National Insurance contributions, which critics, including representatives from the Conservative Party and the Reform Party, allege will lead to unfair competition for British workers. They claim the exemption constitutes an undercutting of domestic labour, particularly as it purportedly makes it easier and more affordable to employ Indian nationals.

The response has been widespread, with various publications echoing the sentiments of frustration regarding the potential implications of the tax exemptions. The Times reported that the trade agreement would facilitate a dramatic 90% reduction in taxes on a range of UK exports. However, despite these criticisms, the government maintains that the deal aligns with previous agreements established with both the United States and the European Union, and has insisted there will not be any major alterations to the existing immigration framework as a consequence of the agreement.

In a separate political development, Labour leader Keir Starmer has faced internal dissent following his refusal to reverse cuts to winter fuel payments for older adults. The backlash comes after Health Secretary Wes Streeting acknowledged that this issue could impact the party's standing in upcoming local elections. Some Labour MPs voiced concerns, suggesting Starmer's stance could be interpreted as catering to the Reform Party's narrative, with one critic stating it was akin to "rolling out the red carpet" for a competing political force.

As the UK navigates these trade and social policy challenges, other international matters continue to unfold. Notably, a report from the Financial Times highlighted discussions between the US and UK aimed at reducing tariffs on UK exports of steel and cars, although disagreements persist regarding the pharmaceutical sector. Concurrently, fears surrounding military action in the Middle East have been highlighted following strong rhetoric from Israeli officials.

Overall, the evolving political landscape, characterised by both trade agreements and domestic policy disputes, reflects the complexities the UK faces as it seeks to redefine its international relationships post-Brexit while managing internal party dynamics.

Source: [Noah Wire Services](https://www.noahwire.com)

## References

* <https://www.ft.com/content/8ffeea3a-cb69-4290-8910-cbb0bba7e907> - This article details the UK-India trade agreement, highlighting tariff reductions on UK exports like whisky and cars, and the exemption of Indian employers from National Insurance contributions for staff relocated to Britain for up to three years.
* <https://www.ft.com/content/8a045ba5-a3fd-42d5-80d7-d2f57347a86d> - This piece discusses the internal dissent within the Labour Party, with MPs urging Keir Starmer to reverse cuts to winter fuel payments for older adults, following poor local election results.
* <https://www.ft.com/content/b518a33e-97e1-4bf6-844e-69acf2f5f2b7> - This article reports on Downing Street's confirmation that the government will not reverse the decision to cut winter fuel allowances for approximately 10 million pensioners, despite backlash from within the party after poor local election results.
* <https://www.reuters.com/world/uk/whats-uk-india-trade-deal-2025-05-06/> - This report outlines the UK-India trade deal, including tariff reductions on British goods like whisky, medical devices, and automobiles, and the exemption of temporary Indian workers from dual contributions for three years.
* <https://www.reuters.com/en/uk-wont-reverse-winter-fuel-payment-cuts-after-poor-election-results-pms-2025-05-06/> - This article confirms that the UK government, under Prime Minister Keir Starmer, will not reverse recent cuts to winter fuel and welfare payments, despite suffering losses in local elections.
* <https://www.standard.co.uk/news/politics/keir-starmer-government-labour-rachel-reeves-mps-b1181074.html> - This piece discusses Prime Minister Keir Starmer's firm stance on winter fuel payment cuts amid potential Commons revolt, recognizing the decision as a 'really tough' one but emphasizing the need to secure the foundations of the economy.
* <https://www.bbc.com/news/articles/cpdzde38671o> - Please view link - unable to able to access data