

# The Institute for Fiscal Studies

## PRESS RELEASE

### Conservative Manifesto Plans

The IFS today published an analysis of the Conservative party manifesto, IFS election briefing note 7 available free from the IFS website [www.ifs.org.uk/election/ebn7.pdf](http://www.ifs.org.uk/election/ebn7.pdf)

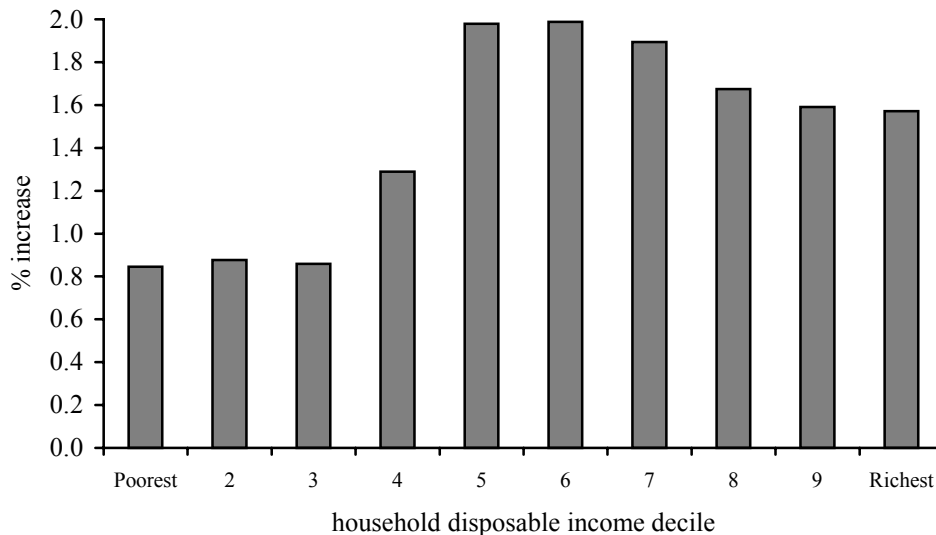
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The Conservatives propose a range of tax reforms – a transferable tax allowance, cuts in savings taxation, and cuts in fuel duty, alongside changes to benefits for pensioners and families with children. The overall impact of the changes is shown in the Figure.

**The effect of the Conservative package by income decile, percentage terms**



The largest proportional gains go to the fifth and sixth decile of the income distribution, with gains tailing away on either side. The gains are lower for those on higher incomes because they gain proportionately less from the reforms to family taxation and petrol tax than those in the middle. The lower income groups gain less because most are not income taxpayers, and so do not benefit from the income tax cuts.

We also assess the £8bn of spending reduction, noting that while a part of the savings would flow from explicit reduction in state services, much would flow from cuts in spending which are not supposed to reduce service output, such as reducing fraud or administrative spending. If savings could be made here, it seems reasonable to expect that other parties could also achieve them. In the long run, a desire to reduce taxes must, if it is to be achieved, be matched by a willingness to identify reductions in the scale of public services.

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