



He's calling again

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Sunak's tax raid on pensioners

● Budget will freeze lifetime allowance ● Tories face losing whip if they rebel ● Cameron warns of 'wartime situation'

Steven Swinford Political Editor

Rishi Sunak is drawing up plans for a new "stealth tax" on wealthy pensioners as he seeks to repair Britain's finances after the pandemic, *The Times* has learnt.

The chancellor is expected to announce in his budget next week that the lifetime allowance, the amount people can build up in their pension pot before incurring punitive tax charges, will be frozen for the rest of this parliament at just over £1 million.

The freeze means more people risk being dragged over the threshold and could face a 25 per cent levy on any additional income from their pension pot. The charge rises to 55 per cent if they choose to draw down a lump sum.

The additional charge would mean about 10,000 people with larger

pensions would pay more than £22,000 extra in tax by 2024. Analysts believe the measure could be worth £250 million a year to the Treasury.

The move will also affect the 1.2 million people who are projected to exceed the threshold by the time they start drawing down income.

If the lifetime allowance rose in line with inflation it would increase by £88,900 by the end of this parliament. However, freezing the allowance means the additional pension savings will face the 25 per cent levy — equivalent to £22,225.

The chancellor is also expected to freeze the £50,000 threshold for the higher rate of income tax in England in a move that will raise £1 billion. The Resolution Foundation said the move would create 800,000 more higher-rate taxpayers. The Treasury had

considered freezing the £12,500 threshold for the basic rate of income tax but has backed away amid concerns it will hit low earners.

Scotland's higher 41 per cent rate is to be £43,662 from April with the basic rate of 19 per cent starting at £12,570.

The chancellor is facing a mounting backlash over his plans to raise taxes as he seeks to stabilise the public finances. *The Times* disclosed last week that Sunak will use his budget to announce plans to increase corporation tax from 19 per cent to 25 per cent over the course of this parliament.

The move, which will raise £3 billion for every 1 per cent rise, has prompted an outcry from Tory backbenchers. Downing Street has made clear that any MPs who vote down the budget will be stripped of the whip.

David Cameron, the former

Conservative prime minister, warned Sunak that tax rises "wouldn't make any sense at all" as he compared the coronavirus crisis to wartime. He said that "piling [on] tax increases" before the economy had fully reopened would be the wrong approach.

However, Lord Hammond of Runnymede, the former chancellor, called on the government to abandon "extravagant" promises from its 2019 election manifesto in order to rebalance the nation's finances. He urged Sunak and Boris Johnson, the prime minister, to tell "some difficult home truths".

The chancellor will say next week that "we have to be honest about the decisions we face as a country", and that those decisions must be "underpinned by fairness". He will suggest that higher earners, rather than the lower paid, should help to bear the cost of rebalan-

cing the books. The lifetime allowance on pensions, which was introduced in 2006, was repeatedly cut by George Osborne when he was chancellor. In 2011 he reduced it from £1.8 million to £1.5 million, before cutting it £1.25 million in 2014 and £1 million the following year.

It was subsequently frozen before being indexed to inflation and over the course of this parliament it was due to rise to £1.17 million.

Sir Steven Webb, a former Liberal Democrat minister and partner at consultants LCP, said: "At present, only a small number of people pay a tax charge when they exceed the lifetime allowance. But a long-term policy of freezing the limit could have implications for well over a million workers saving for their retirement. It's a stealth

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Vaccination passports 'will be here by summer'

Jack Parrock Brussels

EU leaders agreed last night to introduce vaccine passports by the summer. "Everyone agreed that we need a digital vaccination certificate," Angela Merkel, the German chancellor, said after an EU virtual summit.

"This will make travelling within the EU possible and could pave the way for further travel from third countries into the EU."

It could take three months to create the technology for the documents, meaning the scheme may not be ready by the time the British government expects overseas travel for non-essential purposes to begin on May 17.

Greece wants a scheme to allow people who have received both doses of a Covid vaccine to travel freely. Athens plans to open from the start of May. Kyriakos Mitsotakis, the Greek prime minister, warned other EU leaders that if they did not move to find an agreement on vaccine certificates "the private sector will do it for us". He believes airlines and train companies will impose similar measures on travellers. Greece is already providing its citizens with a certificate after vaccination.

Spain has also been pushing for an EU-wide passport policy as the country is desperate to kickstart tourism. Its foreign secretary proposed that "vaccine certificate holders could be exempt from taking a test".

Merkel refuses AstraZeneca jab, page 10



Queen urges jab take-up

In a video call with health leaders the Queen, 94, urged people to be selfless and have a coronavirus vaccination, as she did in January. She recalled that it "didn't hurt at all" and said the public "ought to think about other people rather than themselves"

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Pope may visit Scotland for climate event

Kaya Burgess
Religious Affairs Correspondent

The Pope is considering visiting Glasgow in person for the COP26 climate change conference in November, with discussions going on "at the highest level", *The Times* understands.

Catholic bishops in Scotland have been told to prepare for the possibility that Francis will attend as the Vatican's representative for the COP26 environmental summit to be held in Glasgow in November, this newspaper has learnt.

It is understood that conversations are being held in the upper echelons of the Church about a visit to Scotland now that the Pope is set to resume travel. The Vatican confirmed this month that his trip to Iraq from March 5 to 8 will go ahead.

The Pope met Sally Axworthy, the UK's ambassador to the Holy See, in a private audience last month, but neither party has shared the content of their discussions.

The last papal visit to Scotland came in 2010, when Benedict XVI began his UK visit in Edinburgh. A parade was attended by 125,000 before he moved on to Glasgow, where 65,000 turned up to a mass service at Bellahouston Park. Bishops prepare for papal visit, page 3

