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### **Tax and the State Pension:**

In response to a recent petition on this issue, the Government has stated that it has no plans to make the State Pension tax-free.

Ministers argue that it has been a longstanding policy, under successive administrations, that benefits such as the State Pension count as income for tax purposes. I note that the tax-free Personal Allowance is currently set at £12,570. This means that pensioners whose sole income is the new State Pension or basic State Pension do not pay any Income Tax. In addition, pensioners who choose to retire do not pay National Insurance, unless they are self-employed and pay Class 4 contributions. In which case, they stop paying Class 4 contributions at the end of the tax year in which they reach State Pension age.

As constituents may know, one in five pensioners live in poverty. In my view, this shows the importance of Pension Credit, which is intended to provide support for pensioners on very modest incomes. I worry that the current Government is failing to encourage sufficient take-up of this important benefit.

The former Pensions Minister, speaking in October 2022, conceded that take up of Pension Credit has been too low. Indeed, official figures show that over a million pensioners who are entitled to it are not claiming it, with very serious consequences. This includes the non-payment of tens of millions of pounds-worth of support linked to Pension Credit such as a reduction on their heating bills through the Warm Homes Discount and a continued entitlement to a free TV licence, funded by the BBC, for those aged over 75.

I believe it is wrong that so many pensioners on lower incomes are missing out on this vital financial help. I know that Ministers cite a £1.2 million public awareness campaign but it is still failing to achieve sufficient success. I want to see the Government do much more to make people aware of Pension Credit and to encourage far greater take-up of it. A clear action plan to do this is needed as quickly as possible.

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