

The emergency Budget announcements Kwasi Kwarteng is expected to make

The expected 'emergency budget' is set to take place before the end of the month and businesses are eagerly waiting to hear further details of the support they will receive.

Chancellor Kwasi Kwarteng's 'fiscal event' is expected to take place before Friday, September 23 though further details on which day have yet to be announced.

However, Number 10 has [confirmed that businesses will hear more on the support scheme that week](#) which will help with October energy bills and will be backdated if necessary. Ministers may have to consider legislation in order to roll out financial help.

There have also been some suggestions that no package will be forthcoming until November, the [BBC reports](#).

[READ MORE: "Sparse on detail": Business gives energy price plan reaction](#)

Here are some key points expected in the 'mini' budget:

Energy bills:

The [government's 'energy price guarantee'](#) will fix energy prices for households at their current level for two years but the same guarantee for business, charities and public sector organisations will only last 6 months.

There will be a review in January of the most vulnerable businesses who will receive ongoing support.

Businesses will be looking to the budget for more clarification on how the scheme will work in practical terms, who will be classed as 'vulnerable' and what happens to those businesses facing 'cliff-edge' after six months.

FSB national chairman Martin McTague said: "This must not result in a cliff-edge after six months, with the withdrawal of support to all but 'vulnerable' targeted industries, sectors or types of business. The definition of who falls in and out of that support will need to be looked at carefully at the three-month review.

"Our work on vulnerability of small businesses to energy costs has revealed huge bills causing damage in virtually any sector that uses energy in any meaningful way, just like most households. Any future definition of 'vulnerable industries' will need to be broad, realistic and fair."

Claire Ralph, Policy Manager at Business West, said that businesses will not be able to plan for the winter months unless the details come soon.

She said: "We are still waiting to see the detail of how this will function for businesses in our region who are facing unprecedented costs of doing business.

Business West remains concerned that the guarantee for businesses is only in place for 6 month which is far too short a time period unless the energy market returns to normal conditions by the spring. Otherwise, viable businesses will be in serious jeopardy if there is a cliff edge to the support."

Business rates and VAT:

Business groups have been lobbying for help beyond energy bills and have been talking with Government about changes to business rates and cuts to VAT to help them survive in the aftermath of the pandemic and the current cost-of-living crisis.

Just Eat, Marriott International, Mitchells & Butlers, Pizza Hut UK, Caffè Nero and Merlin Entertainments are among the signatories, of a letter sent by Hospitality UK to Chancellor, Kwasi Kwarteng that [proposes a five-point plan of action](#) through to April 2023, with a review in early 2023:

- A 10% headline VAT rate for hospitality
- A business rates holiday for all hospitality premises, with no caps applied
- Deferral of all environmental levies
- Reinstatement of a generous HMRC Time to Pay scheme
- Reintroduction of a trade credit insurance scheme for energy

Jon Hickman – Corporate Tax Partner at BDO said that Truss may be considering a reduction in business rates for small businesses and a possible extension of the existing 50 per cent relief for retail, hospitality and leisure businesses.

A temporary reduction in the rate of VAT applied to hospitality and leisure sales may be announced.

And there is speculation that the main VAT rate could fall to 15 per cent from the current 20 per cent, he said.

It is possible that VAT will also be cut from energy bills.

Rajeev Shaunak, partner at accountancy firm MHA, said [one of the top priorities](#) should be to cut VAT on energy bills for small and medium businesses from 20 per cent to 5 per cent, bringing it in line with the consumers.

He added: “Businesses would also welcome a [freeze or overhaul of business rates](#) to help them better manage their medium-term costs and gain access to crucial government-backed credit, particularly as interest rates for mainstream capital remain at high levels and many businesses in the hospitality sector are sorely underfunded.

National Insurance

While still a leadership candidate, Liz Truss pledged to reverse a National Insurance rise that came into force in April to help fund NHS and social care.

More details are expected to be announced in the mini Budget.

Under former Chancellor Rishi Sunak, [NI contributions rose by 1.25% in April](#) and from next year, the extra tax will be rebranded as the Health and Social Care Levy.

Instead of paying National Insurance contributions of 12% on earnings up to £50,270 and 2% on anything above that level, it has increased to 13.25% and 3.25% respectively.

In July, the government raised the threshold on payments meaning employees can now earn £12,570 a year before paying National Insurance, up from £9,880 a year previously.

However, Truss has pledged to reverse the increase despite findings by The Institute for Fiscal Studies (IFS) that the [move would benefit wealthier households more](#).

Corporation tax:

Truss' pledge that the corporation tax rate will not rise to 25% in April 2023 – remaining at 19% – may also be confirmed.

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