

The mini Budget: Businesses tell us what they want to happen on rates, VAT and NI

A cut to Business Rates and VAT tops the wish list from businesses ahead of the mini Budget on Friday.

Many have welcomed the pledge to cut energy bills up to a half laid out by the six-month Energy Bill Relief Scheme, but firms want longer term and wider support to survive rising inflation, staffing and running costs.

The Chancellor [Kwasi Kwarteng](#) is due to unveil his mini Budget at 9.30am.

Just Eat, Marriott International, Mitchells & Butlers, Pizza Hut UK, Caffè Nero and Merlin Entertainments are among the signatories, of a letter sent by UKHospitality to Chancellor, Kwasi Kwarteng that [proposes a five-point plan of action](#) through to April 2023, with a review in early 2023, which includes a 10% headline VAT rate for hospitality and a business rates holiday for all hospitality premises, with no caps applied.

There is currently [50 per cent business rate relief in place](#) for retail, hospitality and leisure businesses but firms want support to go further.

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Paul Askew, Chef Patron of The Art School, Liverpool is calling for a 'huge response' from the Chancellor.

He said: "Kwasi Kwarteng must deliver support which includes a permanent VAT reduction to 15% and a reduction in business rates to zero and to help us be able to recruit international

staff.

“The issues created by Brexit with the damage to the supply chain and spiralling costs have not gone away, with vast swathes of skilled employees leaving the UK still a huge issue no one really is addressing in government.”

Tarun Gidoomal, UK General Manager at retailer Ankorstore is also calling for a reduction in business rates.

He said: “Whilst the [Energy Bill Relief Scheme](#) is most definitely a step in the right direction, it’s not enough to provide a six-month solution to one part of a multi-faceted situation caused by chronic underinvestment, rampant inflation, the cost of living crisis and Covid, to name a few – we need longer-term investment in order for small businesses to survive, and business owners to sustain their livelihoods.”

Michelle Ovens CBE, founder Small Business Britain said help has to target ‘stalwarts of the economy’ – small businesses represent 99 per cent of UK businesses.

“A cut to VAT would be a particularly welcome solution – not only would it ease some pressure on customers and stimulate demand for businesses, but it can also be deployed at speed creating an instant impact. Cutting business rates would also have an instant, positive impact and we’d encourage the Government to look at that too.

“We need to see government taking holistic action and pulling all the available levers to help support these stalwarts of the economy.”

Manufacturers are also calling for support – including an energy furlough scheme – after slashing growth forecasts for next year amid “gathering storm clouds” for industry.

Make UK, which represents manufacturing companies, said a survey of firms suggested growth in the sector of just 0.6% in

2023, down from 1.7% as recently as June. The manufacturers' organisation has cut its forecast for economic growth from 3.6% this year to 0.3% in 2023.

The organisation called on the Government to [bring forward a "shock and awe" package](#) of policy measures in its mini-Budget on Friday in line with those seen during the worst points of the pandemic.

And if companies are asked to stop production or reduce work times to help with the energy crisis, the Government should also introduce an 'energy furlough scheme' similar to that introduced during the pandemic.

Matthew Sewell, Head of Manufacturing at BDO in the South West, said: "We hope it will understand the vulnerable position the manufacturing sector finds itself in with the soaring energy costs and implement short- and long-term support as soon as possible. A focus on tax incentives to encourage investment in energy-saving plant and machinery would also be helpful in the current circumstances."

The measures being proposed by Make UK include reversal of the decision to increase National Insurance Contributions that came into force in April 2022, extension of the business rates relief to include manufacturing and extend to the end of 2023 and reform of Business Rates.

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