

Autumn Budget includes some 'harsh hits' to business owners

2 years ago



Following the government's budget, David Llewellyn, chief executive of The Vending & Automated Retail Association (AVA), shares his thoughts on the announcements and how they will impact SMEs and the wider vending industry.

Capital Gains Tax and Business Asset Disposal Relief

We are saddened to see that Capital Gains Tax (CGT) is being increased by the government, as well as the increase in Business Asset Disposal Relief (BADR) rates, as this will significantly impact business owners and investor decision making, potentially stunting growth and investment in business.

With the government calling for the 'end of short term-ism', we need decisions that are going to continue to fuel positive economic growth in the UK, and these changes will significantly hamper these potential outcomes.

Wage changes

All AVA members are united in the goal of ensuring people have access to well-paid, fulfilling work. Achieving this sustainably—across all income levels, including minimum wage earners—depends on driving higher growth and productivity. The National Living Wage has been a valuable tool in protecting the incomes of society's lowest earners. However, without an increase productivity, businesses now face the challenge of absorbing these increases amid a difficult economic environment and rising pressures on profit margins. This could place an additional strain on our business and make it increasingly challenging for companies to invest in the technology and innovation required to boost productivity and support sustainable wage growth.

Tax changes for businesses

The government has now confirmed its intentions to raise national insurance for employers to 15% and are lowering the threshold significantly. However, the allowances for SME's are a great sign of the government protecting the most vulnerable in the business space, allowing for continued growth for SMEs. The frozen rate will mean that over a million SMEs will see no increase in the tax they currently pay, and over 800,000 people will continue to pay no tax for the next year.

This support is integral for some of the SME's we support at the AVA and will allow businesses to continue on their current pathways without fear of huge price increases across the next year.

We are pleased to say that fuel duty is also remaining frozen for the next year, after it was due to expire in April 2025. This 7 pence increase would have been a huge hit to businesses across the UK. With the freeze remaining in place, many can continue to confidently continue business routines without a new hike of prices at the fuel pump.

Overall, the governments budget includes some harsh hits to business owners as well as some sure-fire investment in the future of the British economy and helping British businesses prosper, not fail. The government must reassure businesses that these increases in employer national insurance and wages will deliver the required economic boost, or many will continue in what has been a struggling economic landscape.