

SMEs and the Winter Economy Plan - the UK200Group Verdict

Chancellor of the Exchequer Rishi Sunak announced his Winter Economy Plan to Parliament on Thursday 24th September; the wider implications of which are sure to impact upon SMEs across the UK. How do members of the UK200Group think those changes will affect the UK's owner-managed businesses?

UK200Group is the UK's leading professional services group of independent quality assured chartered accountancy and law firms.

The Group comprises c600 partners and represents c150,000 SMEs, owner operators and family businesses.

Andrew Jackson, Fiander Tovell and Chair of the UK200Group Tax Panel (<https://www.fiandertovell.co.uk/>) said;

"The Chancellor's announcements are very helpful. He clearly acknowledges the problems that are coming up for business, and in particular the wall of debt.

Extending SEISS and the furlough scheme are very welcome, but there is still a gaping hole in the support offered to small businesses that haven't been able to access either of those schemes. The consultation period for the new support schemes is the perfect time for the Chancellor to consider something like the Business Owners' Support Scheme, which would bridge that gap and level the playing field for all small businesses, regardless of their legal form."



Paul Brown, Partner, WR partners and member of the UK200Group Tax Panel (<https://wrpartners.co.uk/>) said;



"There are a wide range of measures announced in the statement but understandably detail is light at this stage given the pace of change. There is a clear message that those jobs which have only been retained thanks to the Furlough scheme will now be effectively cut adrift with the focus being solely on those jobs which can exist (albeit on reduced hours) without Government support. What larger companies will have to do to meet the "fall in turnover" condition is going to be very interesting – one would hope there will be some objective measures that can be used to make the calculation as straightforward as possible. The extension of the Self Employed scheme is welcome but again the detail at this stage is very limited.

There was a real concern over the impact on cash flow of repayments of the government backed loan schemes and the deferred VAT and self-assessment payments in a short space of time in early 2021, so the Chancellor has taken steps to try to ease this. These are undoubtedly positive developments, but businesses will still need to be very clear about how they manage their cashflows even taking into account these changes. What is clear is that the Government is still fully expecting these loans to be repaid, just perhaps on more flexible terms and over a longer period.

Finally, the extension of the VAT cut for hospitality and tourism businesses is again very welcome particularly through what would, for the hospitality trade at least, have been expected to be its busiest period in the lead up to Christmas.

Overall then the Chancellor has again shown he is prepared to "think outside the box" when putting new measures in place, but it is very clear that his focus is on sustaining viable jobs and businesses – a distinct shift from the "one size fits all approach" through the first phase of the pandemic. Businesses can expect a lot more detail on these measures in the coming weeks and will need to invest time in understanding the full impact on them."

David Macdonald, Managing Partner at The Martlet Partnership and member of the UK200Group Membership Services Committee (<http://www.martletpartnership.com/>) said;

"All the statements in relation to helping business with serving debt and cash-flow are to be welcomed. It will help many businesses scale the wall of debt they will be facing in the New Year. However, it looks as if many Owner-Managed Businesses have been left out of the equation once again and offered little or no hope at all."



Phil Kinzett-Evans, Tax Director at Ross Brooke and member of the UK200Group Tax Panel (<http://www.martletpartnership.com/>) said;

"Very pleased to see the Chancellor shooting at the big targets, but equally disappointed he has once again failed to attempt to take on some of the smaller ones, that have been left untouched since the start of the pandemic."

"His abandoning of quite a number of small businesses will surely have negative political impact on the Tory Party, which was once seen as the biggest proponent of enterprise."

The UK200Group aims to present a wide variety of views from its member firms, but itself remains impartial and unbiased in political matters.

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