# This was by no means a mini budget, but is it enough for businesses?

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Today, Chancellor Kwarteng presented the fiscal statement to the House of Commons. What many news outlets have referred to as a mini-budget, and yet it was anything but. Numerous policies were expected to be on the agenda, including a host of tax cuts.

The tax cuts outlined this morning in the House of Commons was, as Paul Johnson of the Institute for Fiscal Studies said, the biggest amount of tax cuts since 1972. In total, a staggering £45 billion worth of tax cuts. Though consensus on the sustainability of the tax cuts announced has been, at best, rather cold if not lukewarm. Essentially, experts are crossing their fingers and hoping that this budget is not a repeat of Barber's 'dash for growth' economic budget.

Perhaps predictably for members of the Conservative party, a main focus of their tax-cutting policies focused on economic growth – in most cases, cutting taxes for businesses. Business owners and leaders have seen an unprecedented rise in their outgoing costs. Since the pandemic, many businesses have seen rises of over 350% in their energy bills. While the government had already announced a price cap on energy bills, more help is always needed.

Help for infrastructures, such as energy and transport, were not a shock to anyone watching. What was light on the ground, however, was just how these would be established. Kwarteng's initial statements certainly had a mollifying effect: assistance was coming to certain sectors, but on second glance, there was no explanation as to how this help would actually support businesses.

"[...] fiscal responsibility remains essential [...]" was one of

Chancellor Kwarteng's most poignant lines in the first few minutes of the fiscal statement. For business owners and leaders, it is perhaps vital now more than ever. Some things were expected in the fiscal statement, such as the decision to cancel the planned Corporation tax increase; instead, staying steady at 19% from April 2023.

What was surprising however was the announcement of the government's planned low-tax investment areas. Covering almost forty areas across the UK, the Chancellor proclaimed that in these areas, specified taxes would be cut for up to ten years. Qualifying investments in these areas could get 100% tax relief in plants and machinery, as well as purchases of land and buildings that are for commercial use or designated to be new residential developments.

In these tax sites, Kwarteng claims that business will not pay any stamp duty on newly occupied buildings, or any temporary cessation of business rates.

As a tax on commercial properties, business rates can often be in the top five largest costs for a business. With spiralling inflation, costs across the board have increased, and business rates is just one more tax that was expected to rise. The Valuation Office Agency is due to announce in the expected business rates hike in the coming weeks, a hike that the business rates reduction specialist RVA Surveyors, believes could be as much as 12%.

"This budget was surprising in many ways," Anthony Hughes, Managing Director of RVA Surveyors commented, "While those in receipt of temporary reliefs may see businesses survive to the next year, all businesses need to see what support is to come given the imminent end of certain reliefs. The Valuation Office Agency are about to announce the increase for the next revaluation, and we have heard nothing from the government on how this will be managed. It is going to be the small and medium-sized businesses, the ones that hire locally and pump money back into their communities, that need these answers now."

The shadow Chancellor Rachel Reeves was not impressed.

Reeves was quick on the draw, proclaiming that the business rates tax system needed to be replaced with a "[...] tax system fit for the twenty-first century [...]". An opinion shared by many business owners and leaders.

That these tax cuts will come from borrowing has bee a major sticking point since Truss's campaign to be Prime Minister. The government's decision to double-down on this policy, instead of the more popular increased windfall tax, will not have gained them any favours. A fact Reeves was quick to point out, as well as the negligible difference that removing or cutting the stamp duty would make.

"While useful for those buying commercial property, stamp duty is not a priority for most business owners and leaders," Anthony Hughes added. "In the grand scheme of things, it will not make a huge difference to the day-to-day running of a business."

According to a report produced in 2017 by the Property Industry Alliance, approximately 55% of the UK's commercial properties were rented, rather than owned.

Despite some gaps in how these changes will be delivered, organisations such as the Institute of Directors have welcomed the news:

'This is a good news day for British business. In a time of low confidence and economic uncertainty, the new chancellor's emphasis on going for growth will be very welcome to firms of all sizes across the UK. [...] The introduction of investment zones, with a lower tax regime including for capital investment is also a welcome innovation, particularly if it channels funding into locations most in need of regeneration [...]'

Clearly some things need to be worked out still, but many business owners and leaders will be sighing with relief at the promise of change.

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