

Rt Hon Rishi Sunak MP
Chancellor of the Exchequer
HM Treasury
1 Horse Guards Road
London SW1A 2HQ

28 January 2022

Dear Chancellor,

Concern over the impact of incoming NICs increases

I am writing to you on behalf of our 98,000 members in the UK to highlight our current survey findings that have increased ACCA's concern over the planned health and social care levy due to take effect from 6 April 2022.

Feedback in recent months has suggested that a growing number of businesses are struggling with business continuity as many are overwhelmed by surging inflation, interest rates, delays and price rises in the supply chain. Feedback from ACCA network of accountancy practices estimates that around 1 in 4 clients are expected to run out cash in the next 12 months.

ACCA runs a monthly SME Tracker Survey which polls accountancy professionals about the financial outlook of their SME clients. Recent figures collected in our survey, received today (28 January), representing some 48,500 SME clients across the UK, found that 26% were expected to struggle to meet payroll costs from April, rising to 40% in Wales. Extrapolated across the [5.5m SME businesses](#) in the UK, this could mean around 1.4m small businesses failing to meet payroll costs in the coming months with the resulting cascade through the supply chain impacting many more.

While ACCA greatly appreciates the need to balance taxes raised against increased spending for the National Health Service, we believe there is a heightened risk that any tax rise linked to employment could cause a downward pressure on staffing and employment.

Further, such an outcome may threaten the future certainty of tax revenues, affecting the governments' ability to plan for adequate investment to meet the baseline public service levels set out in the health and social care levy policy proposal.

Therefore we would urge the government to consider delaying the introduction of this measure for 12 months, with a view to closely monitoring businesses' financial outlook going forward in order to applying the levy at a point in the future when it is less likely to have a damaging effect on business finances and behaviours.

ACCA will continue to collate feedback and data from members to track key performance indicators among the extended business base advised by our professional networks. We would be pleased to share this intelligence with you, should you find this useful going forward.

About ACCA

ACCA was established in 1904 and has 233,000 members and 536,000 future members in 178 countries. In the UK alone, we have over 90,000 members and 71,000 students working with businesses and organisations of all sizes and across all sectors. We uphold the highest professional and ethical values.

We believe that accountancy is a cornerstone profession of society and is vital helping economies, organisations and individuals to grow and prosper. It does this by creating robust trusted financial and business management, combating corruption, ensuring organisations are managed ethically, driving sustainability, and providing rewarding career opportunities.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Glenn C', with a long horizontal flourish extending to the right.

Glenn Collins

ACCA UK Head of Policy, Technical and Strategic Engagement