

Trade body responds to Prime Minister's tax hikes

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In response to the announcement from the Prime Minister of National Insurance and dividend tax increases to cover NHS and social care reforms, the Association of Professional Staffing Companies (APSCo) has warned of the impact on contractor, umbrella and PAYE agency costs.

Responding to the news, Tania Bowers, Legal Counsel and Head of Public Policy at APSCo said:

“While we recognise the need for social care and NHS integration and reform, this manifesto breach is a concern in more ways than one. With 1.25% payable by both worker and employer – 2.5% in total – this will only serve to drive umbrella and PAYE agency worker costs up, which will exacerbate the on-going shortage of workers that UK employers are currently struggling through.

“The increase in dividend tax will only add more pressure to already stretched businesses. While the worst of the pandemic may appear to be over, many organisations are still trying to find their way out of a deep financial hole that they've been stuck in for the last 18 months. And with skills shortages impacting the bounce back for firms, adding an extra financial burden too soon could have a detrimental impact on the recovery of a significant proportion of UK businesses. While we do accept that the financial aid supplied during the pandemic will need to be recovered at some point, the timing of this is arguably too soon and we question the permanent introduction of a new tax.”

Ends

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