

# BUSINESSES TAKE STOCK OF INCREASED COSTS THE CURRENT CHALLENGES



April's National Insurance Contributions (NICs) and minimum wage increases are having a major impact on businesses, with around half freezing pay. Many owners are even also considering moving their business abroad to avoid the UK's high tax environment.

## STAFFING

Businesses have faced various risks in recent years, including high utility bills and increased costs. However, the changes that came in from April are causing particular concern, with higher employer NIC costs combined with above inflation rises to the minimum wage:

- Many business owners have had no choice but to cut staffing levels and put future recruitment on hold.
- Staff hours have also been reduced as owners try to rein in costs.
- Where possible, businesses are starting to use AI tools and automation to replace jobs.

Along with keeping staffing costs in check, most business owners are also planning to increase prices to stay afloat.

The increase to the capital gains tax rate paid by entrepreneurs when disposing of their business has also harmed business sentiment. From April 2026, the rate will be 18%, having gone up from just 10%.

## MOVING ABROAD

In a recently published a survey of 500 business owners, some 40% have indicated that they are prepared to move businesses abroad to escape the UK's increasingly challenging business environment. Combined with lower taxes, many countries have lower living costs, especially if private school fees are a factor.

A number of countries offer long-stay digital nomad visas, and for more permanent relocation some countries have golden visas. Such visas were previously considered to be the preserve of high-net-worth individuals, but are being increasingly used by the middle class. The golden visa schemes offered by Greece and Portugal are currently popular. With VAT now being charged on private school fees in the UK, the United Arab Emirates is becoming another popular option for families.

The full details of the 'Business Owners Sentiment Survey' can be found [here](#).

## WE CAN HELP

If you need any further information, contact us on **01753 888 211** or email [info@nhllp.com](mailto:info@nhllp.com). We are here to help.