Our businesses are at the heart of the UK’s high streets up and down the country offering personal wellbeing at a time when we need it the most. In a ‘nation of shopkeepers’ we are undoubtedly the beating heart of the UK high street; our presence is felt in every village, town or city throughout the country.

We feel that hairdressing, barbering and beauty services will play a vital role in helping to rebuild and reshape the high street landscape of the future. Fortuitously for us, we are a service- based business that can’t be digitised or taken online and therefore we feel we play a key anchor role in helping to draw people into town centres, which can only benefit the other traders around us by creating much-needed footfall.

If we took an average of each operator in our sectors bringing just 5 customers in per day the 337,687 individuals over 49,371 businesses, then our industry generates over 1.5 million visits to high streets every day (Source: from The Hair & Barber Council).

These businesses are invariably great employers as well as huge tax revenue generators for HMRC as we add all our value through labour. With VAT being an input/output tax, it is simply not logical that we continue to pay VAT at 20%, when we can recoup little on our predominant output, services. As a result, we pay much more tax as a percentage of income than almost any other business model, so there is plenty of room to help us and still be making net tax gains. For instance, The Republic of Ireland enjoys differing rates of VAT for services (9%) and retail sales (23%).

If we take the following example, it demonstrates the tangible economic need to pay a lesser VAT rate on the service element of our business, and not the same rate as other conventional retailers who can recoup their output tax against their input tax:

* £1,200 gross revenue results in a £200 VAT liability.
* with an average salary percentage tracking 60% of net revenue (£600), the resulting gain to HMRC is £122 in Tax and Employee NI plus a further £60 in Employers NI
* In total, we collect and pay tax of approximately £382 on every £1,200 generated or 32% of all our income, and this is before any business rates or corporation tax is taken into account.

At these levels of taxation, the business model post-Covid becomes unsustainable.

Most salon owners in our industry are SME’s (Small, to Medium sized enterprises) running their own, local businesses and employing young people. We are one of the largest employers of Apprentices across any sector, and as Apprenticeships are the most common route of entry into the profession, we are vital hubs for further education. As such, our sector needs critical support in playing such a key role in the training and education of young people in the future.

There has already been a sharp increase in permanent closures of hair and beauty businesses in the UK, around 20% to date. Many salon owners surveyed (62% of 5000 people surveyed) are not confident they will remain solvent by the end of 2021, and predicted redundancies upwards of 15% are projected.

Our sector has largely been overlooked as the viable economic player that it is. Other industries such as hospitability and the arts have seen extensive support packages tailored to their needs. Whilst we appreciate the offer of government backed loans, this has the potential to further drive independent salon owners into debt following months of mandatory closure.

If urgent action is not taken many businesses across the country, including my own and many others in your constituency, we will be forced to close too, and many more people will face unemployment. For me personally this has meant a reduction of X% I employ X number.