

# Red tape cut for thousands of growing businesses

- More businesses to be categorised as small businesses, meaning less red tape
- Move will potentially exempt tens of thousands of the UK's growing businesses from relevant future regulations, saving them thousands of pounds
- Start of a sweeping package of reforms to cut red tape for business and stimulate growth

Thousands of the UK's fastest-growing businesses will be released from reporting requirements and other regulations in the future, as part of plans aimed at boosting productivity and supercharging growth, Prime Minister Liz Truss announced earlier today.

Currently, small businesses are presumed to be exempt from certain regulations. However, many medium sized businesses – those with between 50 and 249 employees – still report that they are spending over 22 staff days per month on average dealing with regulation, and over half of all businesses consider regulation to be a burden to their operation [[source](#)].

The Prime Minister has announced plans to widen these exemptions to businesses with fewer than 500 employees for future and reviewed regulations, meaning an additional 40,000 businesses will be freed from future bureaucracy and the accompanying paperwork that is expensive and burdensome for all but the largest firms.

The exemption will be applied in a proportionate way to ensure workers' rights and other standards will be protected, while at the same time reducing the burden for growing businesses.

Regulatory exemptions are often granted for SMEs, which the EU defines at below 250 employees. However, we are free to take our own approach and exempt more businesses to those with under 500 employees. We will also be able to apply this to retained EU law currently under review, which we would not have been able to do without our exit from the EU.

The changed threshold will apply from tomorrow (Monday 3 October) to all new regulations under development as well as those under current and future review, including retained EU laws. The Government will also look at plans to consult in the future on potentially extending the threshold to businesses with 1000 employees, once the impact on the current extension is known.

This is the first step in a package of reforms to ensure UK business regulation works for the UK economy. The reforms will harness the freedoms the UK has since leaving the EU to remove bureaucratic and burdensome regulations on businesses, while streamlining and making it easier for them to comply with existing rules, ultimately saving them valuable time and

money.

## **Notes to editors**

- Currently, government's starting assumption when developing policy is that businesses with less than 50 employees should be exempt from certain regulations. We are now amending this assumption to businesses with less than 500 employees.
- These are not blanket exemptions, and they can be overridden in appropriate cases as a result of the policy development process including any consultations that may be undertaken if there is a justifiable reason for doing so.
- The changed threshold will apply from Monday 3 October.
- 'Staff days' refers to the total number of days worked by individual members of staff during one month.