



The business people – an extension to your team

Tax and Budget Panel Report

March 2014

Introduction

The Forum of Private Business is a proactive, not-for-profit organisation providing comprehensive support, protection and reassurance to small businesses. We add value to businesses through the collective voice for members in local, central and European government, and the provision of tailored solutions that promote business success.

Our Tax and Budget Panel comprises members who have volunteered to provide feedback to us on taxation matters. Traditionally, we have contacted panel members on an *ad hoc* basis to gather feedback on specific issues, however, we now engage more regularly with the business owners on our member panels to better understand and collect evidence of their real life experiences, to more effectively reinforce our policy and campaigns activities.

Note: as figures refer to fewer than 70 businesses, they should be treated as indicative rather than as representative of all small and medium-sized businesses.

Summary

Tax avoidance

Over three quarters of panel members felt that there was a danger that HMRC could focus on small businesses to meet their targets and overall 43% of members felt that they should focus their efforts on larger organisations. There were worries that HMRC was not currently well equipped to deal with tax avoidance by large multinational companies.

Business rates

The doubling of Small Business Rate Relief was the most positive of the measures to improve business rates for smaller firms. Simplifying the procedure and allowing smaller businesses to define storage space within their premises would also be helpful. Abolition of business rates with commercial tax rises elsewhere was supported by 43% of panel members, albeit cautiously, while 19% disagreed.

Other measures from the Autumn Statement

A review of UK competitiveness should look at the total tax rate paid by businesses and in particular small firms which was seen as a priority by 28% of members. 23% also wanted time to comply with tax legislation as this meant that they could not develop their business and payment time particularly as various payments tended to come at the same time. Problems are still be created by the high level of VAT (20%).

Tax incentivisation

22% felt that the government had significantly encouraged businesses to employ people, although Employers' National Insurance was seen as an area for improvement. 13% felt that the tax system has helped create a good climate for businesses to flourish and a similar number felt that it had encouraged businesses to grow.

Deficit reduction

59% felt that the deficit reduction plan was about right, higher than in 2012 (54%) and 2013 (48%). 16% felt that deficit reduction was too stringent, down from 29% in 2013 and 15% saw deficit reduction as too lax (no real change).

The Forum's response to the findings of this research

Major re-evaluation of business rates brought forward to before 2017

Members of the Forum of Private Business would like to see a number of changes to the business rates system. Some would like to see rates discounted if businesses move into larger premises as a measure to support growth. Others would like to see clearer explanation of the benefits in a particular location for the rates paid. Overall, businesses would like to see a major re-evaluation of commercial property taxation, looking at how other countries tax commercial property, encouraging the high street and local pride.

A phasing out of the fuel duty element from VAT charges on fuel.

Fuel duty is added to the price of petrol before it is sold. VAT is thereafter charged at the standard rate. So as the price of fuel rises, the amount of VAT charged also rises. Although the freeze in fuel duty has lessened the impact of VAT charged, the situation remains fundamentally unfair. Fuel duty currently stands at 57.95p per litre. This means the VAT is 11.5p per litre. Removing just the VAT charged on the fuel duty element of the pump price would therefore have a significant downward impact on the price of fuel at the pumps. This would make a significant impact on Treasury income, so we suggest a commitment to phasing out of the VAT charge on fuel duty over the next parliament.

Clarification around the role of business groups within the EU Late Payment Directive

Article 7 of the 2011 EU Late Payment Directive places an obligation on member states to provide a mechanism through which business intermediaries can represent members anonymously in order to challenge grossly unfair practices. The Forum of Private Business would like certainty from government around what adequate and effective means may exist to support this process in the UK.

The introduction of an Exporters' Relief

Based upon the principles of Research and Development Relief, an Export Activity Relief would reduce an eligible company's tax bill by offsetting either sales or allowable costs against Corporation Tax. In order to compliment rather than replace existing support from UKTI and UKEF, this tax relief would apply to either:

- clear allowable expenditure, such as new subsidiary sales/distribution offices, travel related to export activity, rents and building costs associated with set up and maintenance of offices, or;
- the value of sales made to overseas markets.

Such aid would be limited to certain sectors and needs to pass state aid tests, but would be a huge incentive for companies to invest more in export, which is needed by the UK to meet the £1trillion target for exports by 2020.

The Autumn Statement

“The government is doing a good job but I have low expectations that they can do things better.” Panel member comment

Businesses were broadly supportive of measures in the Chancellor’s Autumn Statement.

The single most positive aspect was the temporary doubling of Small Business Rate Relief, although there is still a feeling that smaller businesses are bearing an excessive tax burden.

Elements of the Autumn Statement also indicate that the government is looking at culture change in HMRC by making them target businesses that avoid paying any taxes rather than chasing those that do pay. Members have long been concerned that the tax burden is currently disproportionately in favour of larger businesses.

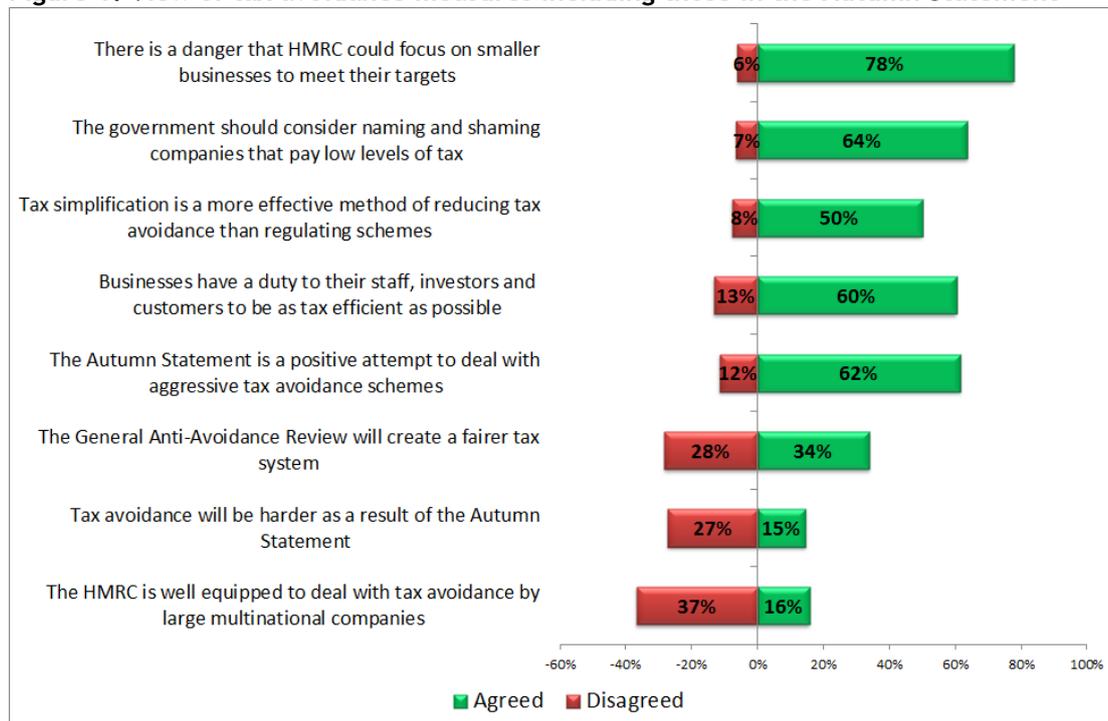
It is unsurprising that the focus of any review of UK tax competitiveness should look at the behaviour of HMRC as well as the time/cost of tax compliance and the tax take from micro and small employers.

Tax avoidance

“Employ some top lawyers who can match those employed by some international corporations. Unfortunately it seems that small businesses are targeted because they are easy pickings.” Panel member comment

The largest package of measures outlined in the Autumn Statement was that to clamp down on tax avoidance. Overall it is predicted to raise £9bn over the next five years, although Forum panel members are sceptical about achieving such a high amount.

Figure 1: View of tax avoidance measures including those in the Autumn Statement



The balance between tax efficiency and tax avoidance is a grey one but while 60% of panel members agree (of which 11% strongly agree) that businesses have a duty to their staff, customers and investors to be as tax efficient as possible, there is a feeling that a disproportionate amount of tax is falling on micro, small and medium-sized employers.

There was a feeling that the government should consider naming and shaming companies that pay low levels of tax after consumer action encouraged Starbucks to reassess its UK tax policy, although some business owners felt that this would only have an impact on some businesses and high net worth individuals.

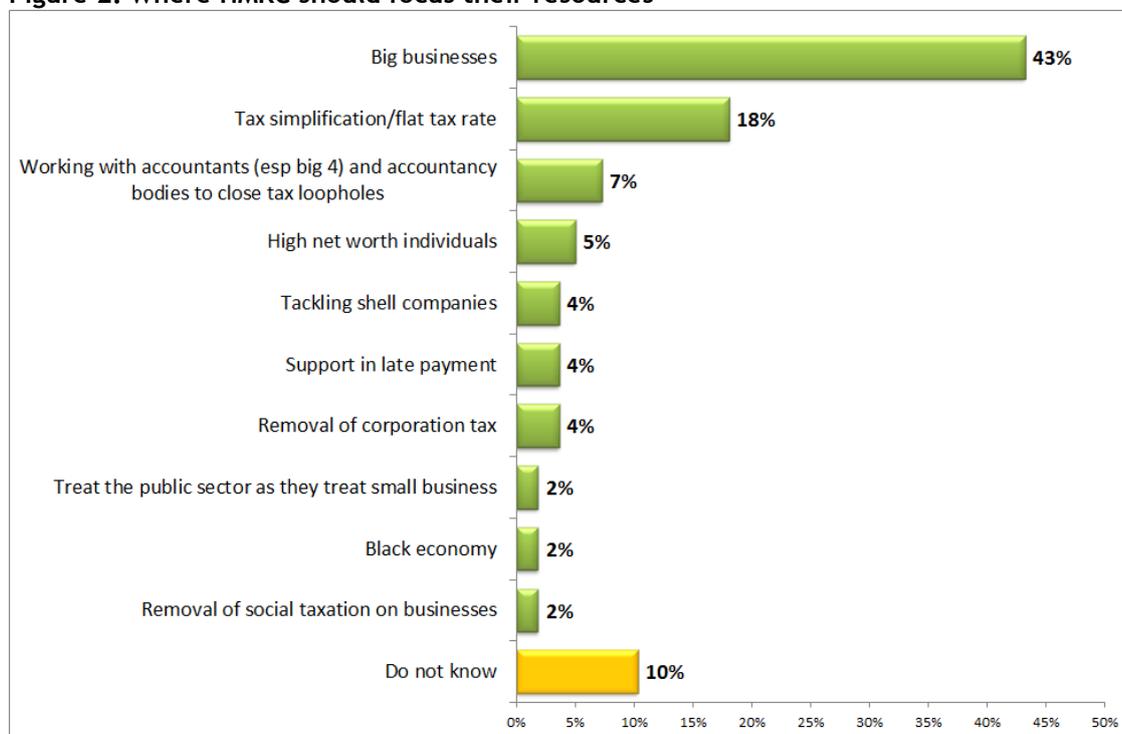
1 in 4 businesses strongly felt that tax simplification is a more effective method of regulating tax than increased regulation, with some businesses pointing out that complex tax rules take the decisions away from the owner who becomes reliant on advice.

“If you really want to avoid paying tax and have the resources to, then you will always be able to.” Panel member comment

Overall there was a feeling that the Autumn Statement was a positive attempt to deal with tax avoidance schemes even though the question over whether the General Anti-Avoidance Review (GAAR) will have any impact or whether tax avoidance will be made harder by any of the measures introduced in the Autumn Statement.

“Difficult, if businesses do not want to pay they will not. There is only so much the Revenue [HMRC] can do.” Panel member comment

Figure 2: Where HMRC should focus their resources



“An easy, fair, lower flat rate that is difficult to avoid would reduce the burden on SMEs and make avoidance less likely. Tackling shell companies should be a priority, but they won’t do it really.” Panel member comment

A flat rate for total business taxation was felt to be needed so that avoidance is more difficult. Large multinationals were seen as the main offenders; due to recent media coverage others felt that tying in accountants, especially the big four and their trade associations to help remove tax loopholes, would be more effective than current schemes.

Other suggestions was more support in dealing with late payment or removal of taxes such as corporation tax or some of the social taxes (maternity pay) that are seen as open to abuse. Another form of abuse that was mentioned was the treatment of key public sector institutions; one suggestion was to treat MPs like individual small businesses so that they would understand the pressures they were under.

Business rates

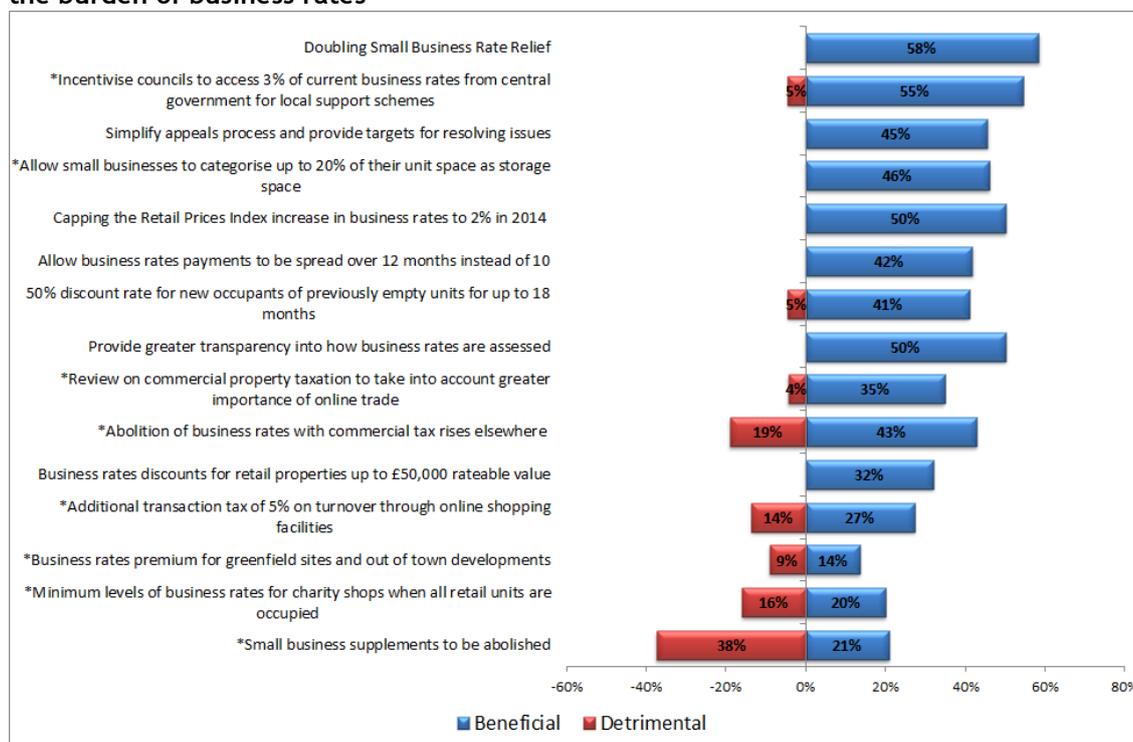
“For many small businesses this is one of their largest overheads. Compared with a domestic dwelling of a similar size [which uses more local services] the business rate is something 6 to 7 times greater.” **Panel member comment**

Forum members have felt that reforming business rates is the most frequently cited external issue that needs to be resolved to help them in business development. Currently 44% feel that this is an issue for their business (down from 52%) in 2012.

There are a number of problems with the tax from an economic point (it is an input to the productive process of a company) as well as various concerns over fairness (the historic nature of the rateable values, smaller firms have to use expensive space for low value activity such as storage etc.) and in some cases has socially undesirable consequences (encouraging congestion as lorries stock up central stores and consumers travelling to out of town parks, reducing the viability of shops on the high street and the image of an area).

Panel members were asked to rate a number of possible changes to the system to see which would be the most effective suggestions. These included measures that the government plans to introduce such as capping the Retail Price Index, increasing business rates in 2014 or discounts to retail properties with a rateable value of £50,000, as well as options highlighted by Forum members in previous reports.

Figure 3: Rating of schemes suggested by the Forum, the government and other entities to improve the burden of business rates



Doubling Small Business Rate Relief is a temporary measure introduced in the Autumn Statement until March 2015 for businesses with a rateable value of less than £6,000, with relief then diminishing on a sliding scale until the rateable value reaches £12,000. Overall it was the most popular measure. Businesses indicated that they would like to see this permanent and the rateable boundaries increased.

A couple of members were in Business Improvement Districts and felt that overall the services provided in these areas were beneficial in terms of support (such as dedicated police or initiatives to increase footfall) but felt that this would not be anything that businesses should not reasonably expect from councils as standard, given the health of an area was dependent on local businesses flourishing. Allowing councils to keep 3% of business rates to spend on local business improvement was a popular measure, supported by over half the businesses who responded. A couple of businesses would prefer to keep the money themselves as they did not believe that their council would spend the money wisely.

Being able to classify up to 20% of their unit as storage space would be beneficial to a number of panel members. They felt that they were put at a disadvantage when competing with businesses that were able to restock daily. Simplifying the appeals process was also a popular move. If firms were able to understand the process clearly they would be able to work out whether it was worth the time and effort to appeal the rateable value.

A slight majority also felt that capping business rates would be helpful but fewer owners felt that it would make a significant impact compared to reclassification of space or simplification of the appeals process.

“Currently they are based on notional property values and disproportionately penalise companies in London and South East as a result. A 2% cap is far too little to have any effect huge rates bills.” Panel member comment

As can be seen from Figure 3, abolishing small business supplements would be the most controversial and detrimental measure. 43% feel that this should be considered as it was an unfair method of taxing and gave nothing back. 19% also felt that rates were preferable than a replacement with other tax increases. There was a general feeling that lowering business rates and reforming how it worked would be preferable.

Business rates for charities was also a contentious issue as in many high streets they reduce the number of buildings that are boarded up and are therefore helpful in attracting footfall.

If just one measure was to be considered:

- 30% would favour permanently doubling Small Business Rate Relief - it was felt to be one of the few perks that small businesses have.
- 20% suggested no change. Some of these companies were already exempt for a variety of reasons and for others utilities and business rates were paid by their landlords and owners doubted that they would see any benefit.
- More localised spending was seen as the most effective way to improve business rate taxation - as the tax is administered locally there was an assumption that the money disappeared on councillors' expenses rather than going to the Treasury. This has been exacerbated by councils reducing services to businesses despite the fact that domestic rates are far lower.
- Abolition was favoured by around 1 in 10 businesses as the most effective way of dealing with the tax. Business rates are seen as unfair when companies operating online are not paying any tax. Taxes based on turnover or profit (if everyone paid it) would be preferable - there was no mention of a land value tax that the Mirrlees review suggested as this would lead to some of the same distortions of the system.

Review of UK competitiveness

“The government needs to look at the lifetime value of a business rather like we look at the lifetime value of the customer.” Panel member comment

Over 50% of panel members wanted a review of UK competitiveness to look at the total tax rate and the time in which businesses have to comply. In some cases the two were interconnected as 20% VAT rates were found to be difficult to pay alongside other cost pressures, such as wages. Overall businesses feel squeezed but there is a feeling that the current tax rate cannot be reduced unless other reforms are introduced, such as having larger businesses shoulder a heavier percentage of taxation.

“Time taken in administering taxes is lost earning money - simplification could have a significant effect on the UK economy, reducing business and government costs.” Panel member comment

Time taken to comply falls heaviest on micro and small businesses as the key individuals tasked with the development and growth of the business are also required to ensure financial compliance. According to Forum research the opportunity costs of tax compliance are £6.7 billion although the actual business costs are £6 billion, including £4 billion on external specialists. Businesses feel that with RTI and pension auto-enrolment the time spent on tax compliance - including checking for mistakes - is likely to worsen over the next few years.

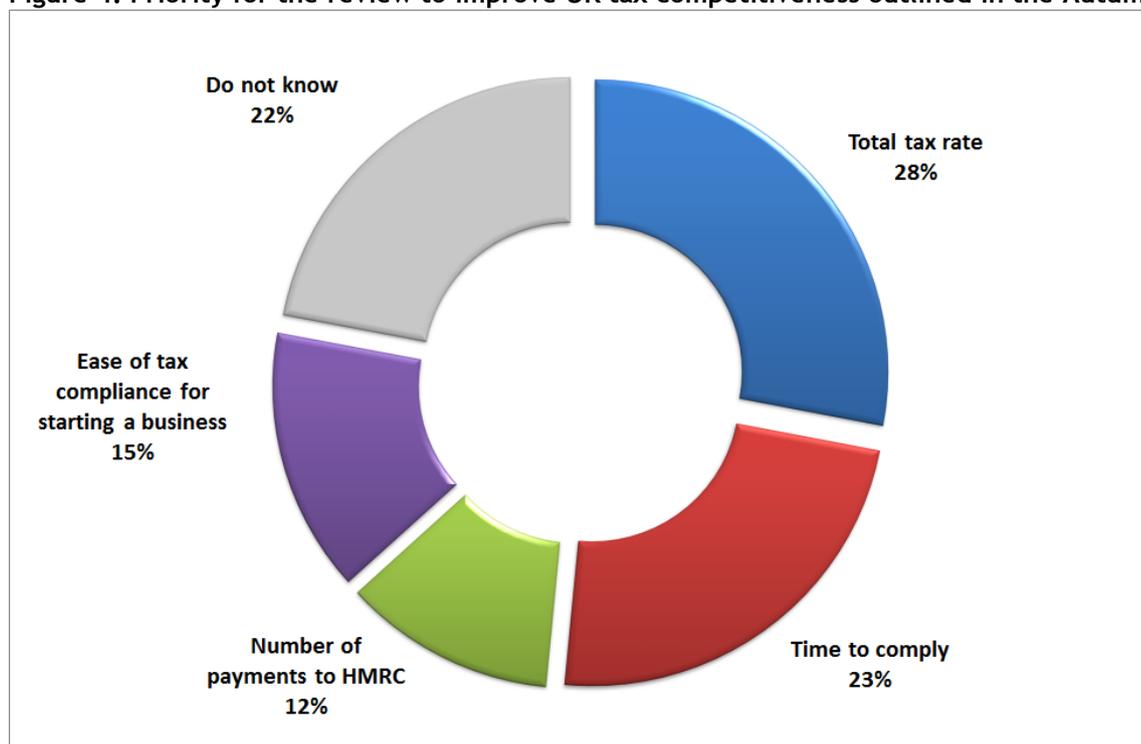
“Businesses are struggling to pay and the banks are not helping. We need more time to comply with VAT demands.” Panel member comment

Businesses felt that bank behaviour needed to be considered in any review - as lack of overdrafts made it difficult for some businesses to pay on time and the lack of growth finance made it difficult for business development when the overall tax rate was not easily afforded.

“SME’s have less cash flow and periods of activity and also quiet periods - not necessarily geared to [HMRC’s] payment schedules.” Panel member comment

The number of payments was less important than the timescales in which they had to be made and there was a feeling that good tax-paying businesses should be able to work with HMRC to create convenient tax payment plans.

Figure 4: Priority for the review to improve UK tax competitiveness outlined in the Autumn Statement



15% wanted the government to look at easing tax compliance for starting a business. This was mainly on the basis that it would lead to an easing of tax compliance on all businesses, as well as greater focus on the lifetime value of a small business.

“Many new companies are being started but there is no specific need or legislation to contact HMRC until they have traded and have made huge profits which they have been able to salt away.” Panel member comment

A couple of business owners felt that the review of tax compliance should make it easier for companies to communicate with HMRC before they have started trading, i.e. they should look at restricting the ease for starting a business.

12% wanted fewer payments - this was popular with those who wanted merging of payroll taxes or felt that they were spending too much time collecting taxes for HMRC. However others felt that this would lead to more cash flow issues as large (sometimes unexpectedly large) payments could be a problem without more time to pay.

22% were uncertain as the UK tax system was too complicated and they would leave this sort of thing to the accountant, while others were uncertain about what a review would conclude. A number felt that there were other elements that should be considered such as what the money is spent on and on how the system could be policed more effectively. There was also an underlying belief that this would lead to tinkering rather than effective reform.

Key requirements from a review:

- A flat rate of tax/real tax simplification
- Simplification of payroll taxes
- Better treatment of SMEs
- Better policing of the tax system (harsher punishments for businesses in the informal economy and getting larger businesses to pay their way)
- Wider variety of payment systems and schemes for businesses.

Main measures wanted from any review were:

- Inclusion of the total tax take from businesses (corporation tax, business rates, national insurance, capital gains tax etc.)
- Wide coverage and improvements to a wide range of taxes
- Better communication with HMRC/improvements to the helpline
- Incentivise good behaviour
- More active support for businesses with exporting in particular export control
- A greater reluctance to close down businesses for a temporary inability to pay tax

For some businesses there was a feeling that there was a limited amount that could be done to improve the tax system without wholesale reform and the majority of panel members are understandably cautious about this.

Other measures

Figure 5: Impact of some of the measures outlined in the Autumn Statement

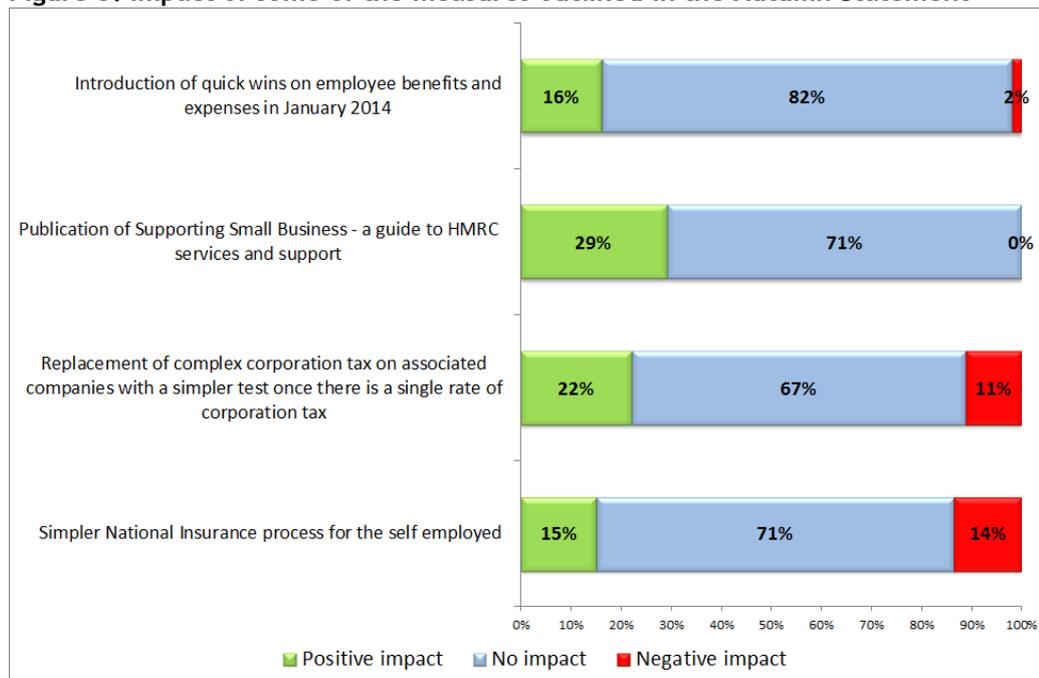


Figure 5 deals with a number of initiatives in the Autumn Statement that were designed to make things easier for businesses. The list of quick wins on employee benefits is more a case of clarification and guidance of what can be done rather than anything new. For example they include:

- better guidance on what qualifies for subsistence and allowable expenses
- Clarification that overseas employees can be included in a PAYE settlement agreement etc.

16% felt that this was positive and 82% felt that it had no impact; in most cases businesses felt that this was something that their accountant and/or finance department were on top of anyhow, but it would clarify the issue and hopefully improve communication with HMRC on what is covered by a scheme.

The most positive of the measures outlined in Figure 5 was the publication of “Supporting Small Business”, outlining how HMRC was there to help businesses and the relevant services that could help business owners. A number of panel members felt that this was more important for HMRC than for them. In some

cases there was still a feeling that culture change was due in HMRC before business owners could have a proper conversation with HMRC.

The replacement of complex corporation tax rules on associated companies were welcomed by businesses who felt that any tax simplification is useful and by those who felt in general corporation tax was too complex. Just over 1 in 10 companies were concerned more generally that tax simplification seems to mean that smaller firms lose taxation benefits that help them to compete with larger companies - the single rate of corporation tax is a good example.

Simpler National Insurance for the self-employed also met mixed results as some panel members already feel at a competitive disadvantage compared to non-employers. Businesses set up as sole traders were generally supportive but many felt that it could be more beneficial if the entire National Insurance scheme was looked at again, preferably with the abolition of Employers' National Insurance.

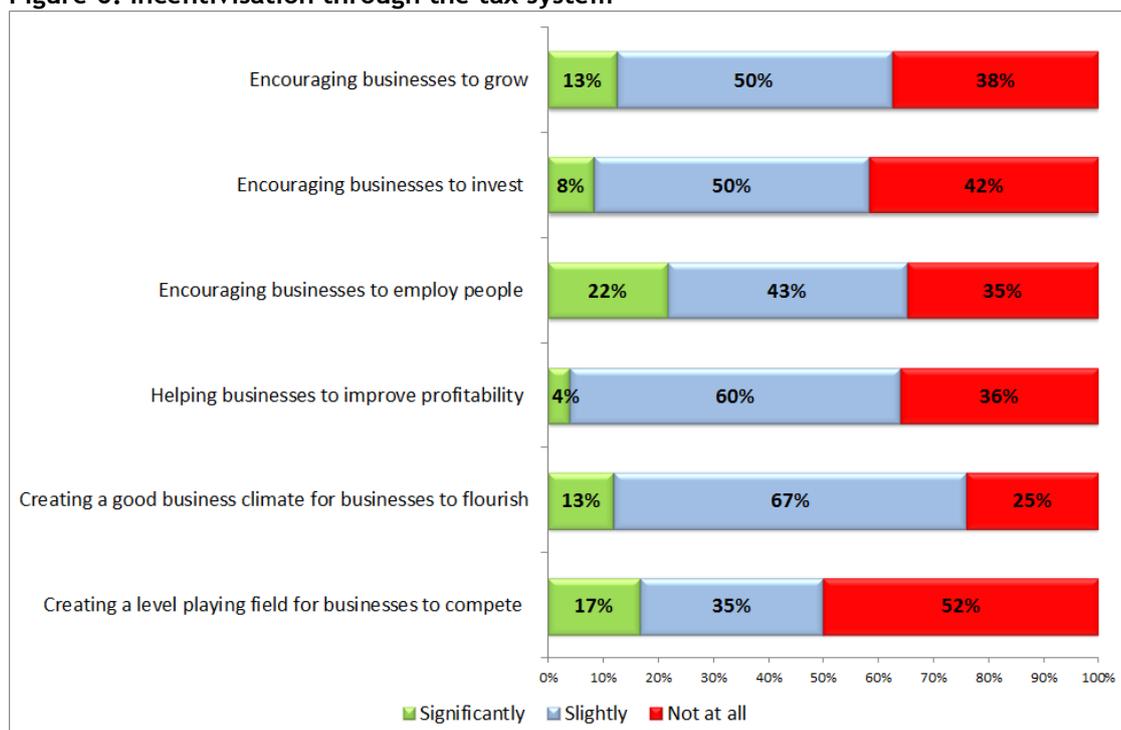
Incentivisation through the tax system

The current coalition is at the forefront of testing behavioural economics in public policy. As a result one of the key focuses is to use the tax system to 'nudge' businesses into socially or economically desirable activities such as employment or investment.

We asked to what extent businesses felt that they were incentivised to do the following activities due to recent policy changes (the changes were included alongside the question):

- **Encouraging businesses to grow** (providing business rates discounts and relief to businesses moving to bigger premises, late stage venture capital funds)
- **Encouraging businesses to invest** (keeping the Annual Investment Allowance at £250,000 as announced in the 2012 Autumn Statement, improving the bank appeals process)
- **Encouraging businesses to employ people** (abolishing National Insurance Contributions for under 21s, improving support for young and unemployed people)
- **Helping businesses to improve profitability** (cap on regulated rail fares, cap on business rates, small business rate relief extensions and business rate discounts, Finance for Lending Scheme)
- **Creating a good business climate for businesses to flourish** (reducing red tape, updating the national infrastructure plan, reforms to improve science and technology, increase uptake of R&D)
- **Creating a level playing field for businesses to compete** (tax avoidance, merge corporation taxes)

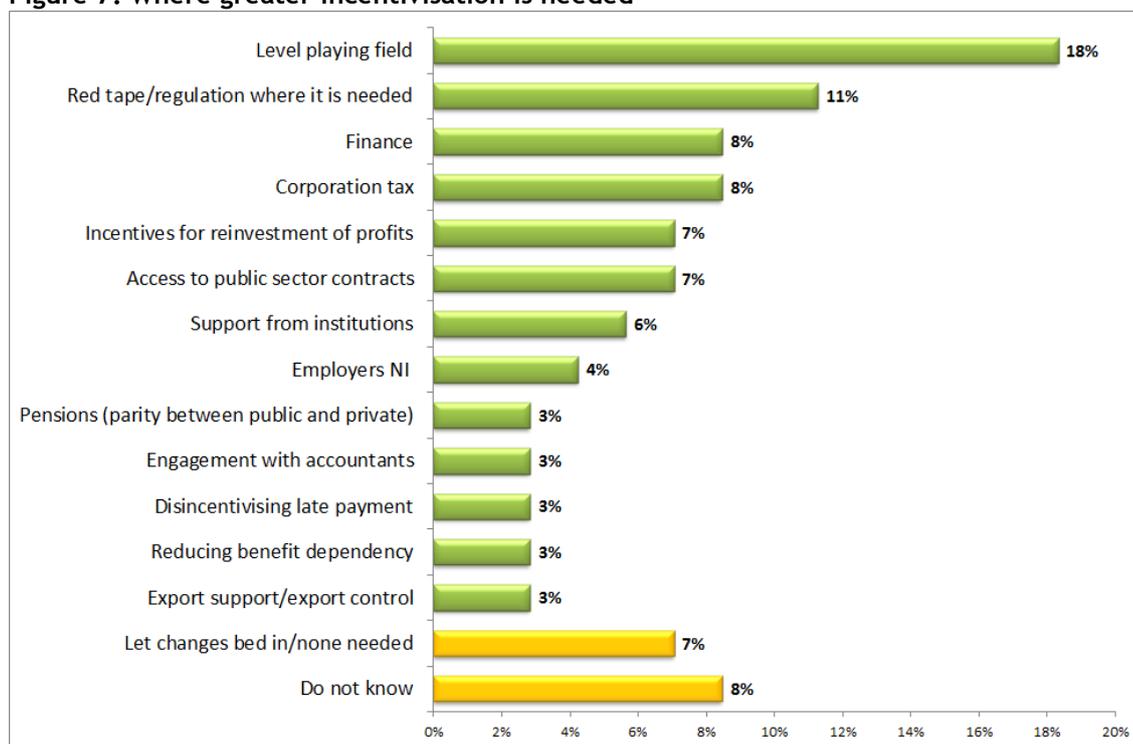
Figure 6: Incentivisation through the tax system



A number of businesses had difficulty with this question as they would decide on an action and then take advice on how to do it rather than see a policy and change their behaviour accordingly. For this reason around 20% of businesses did not see any incentivisation through the tax system as they were looking for none. Few businesses that saw that there had been a significant change to a particular business activity such as investment felt that this bought forward any decisions, although in some cases it may have helped in the decision-making.

Businesses feel that tax incentivisation is failing in terms of creating a level playing field, with a number of businesses feeling unfairness had been increased by coalition changes and business growth/investment due to an ability to control costs or ensure consistent access to affordable finance.

Figure 7: Where greater incentivisation is needed



The clear focus was for a level playing field and those that mentioned corporation tax also felt that larger firms were unfairly incentivised to avoid paying tax. Businesses were also concerned that the red tape required by their businesses is onerous and increasing yet regulation of key elements of business infrastructure (utilities etc.) seemed to be treated with an excessively light touch, despite the opportunity for abuse.

Banks were another area where businesses wanted there to be more incentives to lending to them rather than in fact disincentivising lending to SMEs and the rationing of credit as a result of Basel III.

Businesses want greater incentives for investment of profits and greater incentivisation for businesses in competing for public sector contract, to balance the unintentional bias towards larger firms and the time spent on completing procurement documents.

Another interesting idea was to actively engage accountants to get them to disincentivise their clients from pursuing aggressive tax avoidance schemes.

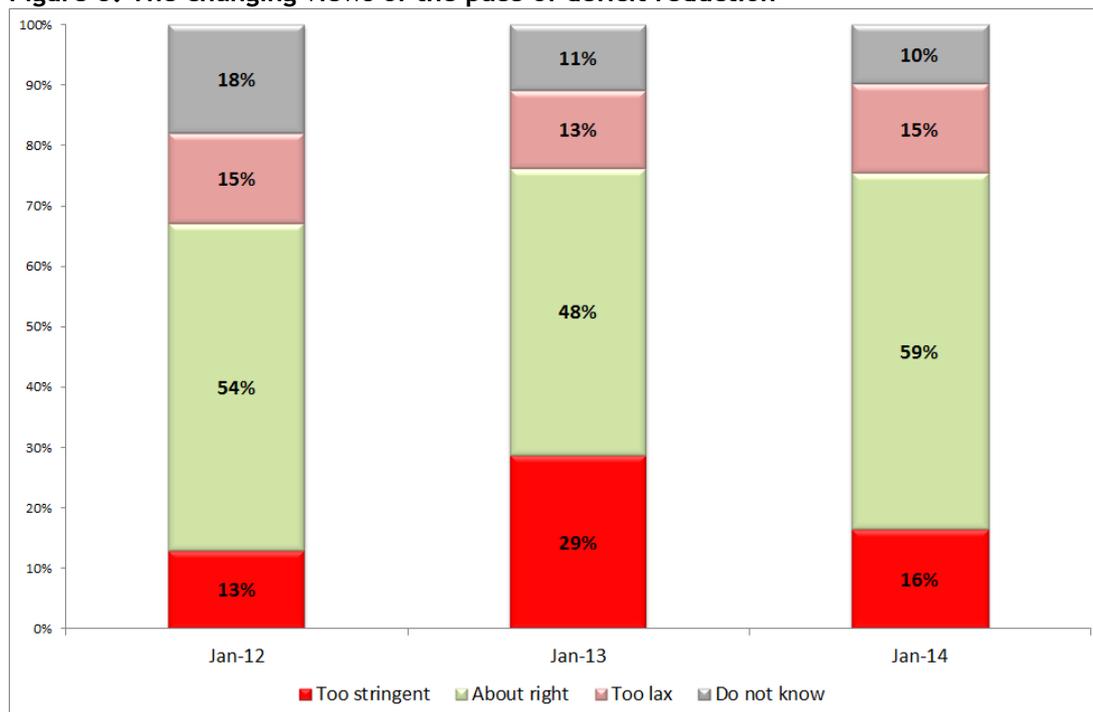
Deficit reduction

“It has stifled growth especially in the north. Too many people have lost their jobs so the taxation paid is now less and benefits up.” Panel member comment

59% see deficit reduction as about right, 16% as too stringent and a similar number too lax. The proportion seeing it as too stringent has dropped as the impact of government cuts has not been as bad as had been predicted by commentators. Those that still see the cuts as too stringent feel that the deficit reduction plan is stopping businesses being able to grow and in particular access the support they want for export

growth. The growth policy was also felt to be too heavily focused on large employers and job cuts in locations that were reliant on the public sector exacerbating regional and local difficulties.

Figure 8: The changing views of the pace of deficit reduction



“There are so many massive problems which never seem to be getting addressed.” Panel member comment

Businesses feeling it is too lax point to the fact that government spending has not decreased significantly over the last few years and it is still felt to be more advantageous to claim benefits than work. One business wanted government spending to be limited to 32% of GDP while others felt that there were still discrepancies in the system. Some concerns were mentioned over the long-term spending commitments, in particular the pensions paid in the public sector and wage inflation for some public sector workers.

“If deficit reduction is too stringent there will be no encouragement to invest.” Panel member comment

A number of businesses based their answers on local economic data arguing that the recovery will stall if the deficit reduction is too stringent but there needs to be a plan to pay back the money borrowed or the state will be left with an unsustainable debt. Increased activity has made taxes more affordable however there was a feeling that businesses could not be taxed any more at this point. Businesses also felt that there had been better budget control with spending reduced and/or services improved.

What members want to see from the Budget 2014?

Cash flow and finance

“More time to pay the corporation tax due (just after the Christmas break is ‘mean’) and raising the level before NIC is due.” Panel member comment

Panel members believe the tax burden on business is problematic and inhibiting growth, though there is a realisation that cuts may not be possible. Panel members suggested greater time to pay and a greater range of payment options, whilst another suggestion was to delay payment where significant late payment has occurred or even in exceptional circumstances for HMRC to reclaim the money direct from late payers.

“If they wanted to they could have used RBS to force banks to lend but instead it is making a loss and paying bonuses.” Panel member comment

The main suggestion in terms of cash flow and finance was for the banks to be more accountable. There was clear frustration that the bailed out banks had not led to a shake-up in the financial services industry

or greater support for businesses that want to grow. Over the last 3 years around 1 in 5 small business owners have been forced to put money into their business to keep it going - a number of owners feel that businesses where partners or directors have not drawn a salary should have their tax requirements reduced accordingly.

Similarly businesses felt that access to grants and soft loans would re-energise them after 6 years of stagnation and allow them to compete more effectively in the recovery. The insolvency trade association R3 has highlighted the high number of 'zombified' businesses in the UK and restoring them to health would be more effective than allowing key industries to fail.

Overview:

- Use of the bailed out banks to finance small business growth
- Ability of businesses to agree their own payment plans with HMRC
- Those suffering late payment should suffer minimal penalisation from the tax system.

Employers' National Insurance

Most businesses believe that this tax on employment is unfair for practical reasons (it is already very expensive to employ someone due to their induction, paying the cost of recruitment and training them to the right standard) and for philosophical reasons - they do not see why they should pay the state for employing someone that ultimately will see a reduction in the costs to the state. Alternatively the government should consider that this is an insurance scheme and use the money to pay for 'unexpected costs' such as maternity or paternity pay or to help with training provision.

The idea that National Insurance should be charged on pensions was seen as a real disincentive for businesses, particularly as changing the rules halfway through the enrolment process would hit good employers who had planned for the future.

Overview:

- Abolish Employers' National Insurance or use it as an incentive for employers/employees
- Do not consider National Insurance on pensions as it would disincentivise key stakeholders

Corporation tax

"More robust corporation tax rules for multinational companies." Panel member comment

A number of businesses mentioned corporation tax, which is arguably the most problematic tax for a small business owner because of its complexity. However the majority of businesses wanted fairness in the system. So far tax simplification in corporation tax seems to have been to the detriment of smaller firms as the difference between small firm corporation tax and standard corporation tax is declining but the loopholes that allow businesses to avoid the tax altogether seem to be increasing. Some businesses felt they were treated differently from multinationals with those trying to pay their fair share of tax being criminalised while those who were clearly avoiding tax were not. This was coupled with a more general concern over the lack of policing of tax reliefs claimed by larger businesses to avoid corporation tax.

Overview:

- Get everyone to pay it, closing off obvious tax avoidance schemes such as intercompany loans or finding a way to penalise businesses that are run from known tax havens
- Focus tax simplification on closing loopholes together with better policing of larger companies.

Business rates

"We need a tax base that is fit for purpose and in an e-enabled, global marketplace the tax burden on small independent retailers is indefensible." Panel Member comment

Businesses would like to see a major re-evaluation of commercial property taxation, looking at how other countries tax commercial property, encouraging the high street and local pride. Some of the more recent attempts to incentivise local growth through Business Improvement Districts (BIDs) and Transport Improvement Funds (TIFs) have been seen as positive in linking payment to local improvements but the indication is that businesses would like to see this within the current assessment. One major concern was the lack of benefits that businesses accrued from being in a particular location and working hard with other businesses to increase trade, particularly as this often leads to an increase in rent anyway.

In general businesses would prefer to see a tax based on turnover rather than property values rather than a land value tax preferred by, for example the Mirrlees review.

Overview

- Review (including international comparisons on property taxation) of Business Rates
- Greater focus on local benefits for businesses

VAT

“A reduction in VAT for larger projects in the construction industry. 20% VAT on extensions, garages etc. is a budget killer for a lot of people and is killing potential growth.” Panel member comment

VAT in labour-intensive industries could be cut to encourage growth within EU rules and there are examples in industries as diverse as hairdressing, care and construction that this might increase the revenue from the industry due to increased growth and reinvestment. Support for businesses in the construction industry in particular may improve consumer confidence.

A lower VAT rate for health and care organisations would also help at a time when costs are rising due to increases in food, petrol and utilities as well as longer term demographic issues and council cuts.

Overview

- Consider targeted reductions in VAT for key industries or key areas of the company
- Look at the affordability of a cut to VAT amongst key health and care services

Incentivise good behaviour

“Businesses are reluctant to claim interest on delayed payments in the fear of losing the customer. I suggest that auditors be involved to chase for outstanding interest as part of their audit they check the debtor’s ledger and that way it is detached from the business and to offset the extra work the debtor pays the auditors an additional sum.” Panel member comment

The government has been highly innovative in ‘nudging’ people and businesses towards good behaviour, although there are limits as to what can be done. As well as looking at incentivising prompt payment businesses wanted more done. Access to relevant support and greater opportunities to train current or prospective staff were mentioned as ways in which government could support smaller firms.

Greater support with exporting was also mentioned - export control on some goods and services were seen as a disincentive, particularly when countries like the US were supporting their indigenous businesses in this respect. Financial support was also seen as below the international average and too much support was procedural. Improving export sales from SMEs to the EU average would be worth more than £40 billion.

Support in hiring individuals and retaining skills within a business were also key - the most frequently mentioned way in which this could be done was the abolition of Employers’ National Insurance. Businesses also felt that red tape was disincentivising growth.

Overview

- More support for businesses wanting to train employees or prospective recruits
- Greater support for businesses looking to export

Nothing

A number of businesses reported that they wanted nothing from the Budget - in particular no surprises on the basis that even apparently beneficial may have unforeseen consequences.

Forum of Private Business
Ruskin Chambers
Drury Lane
Knutsford
Cheshire, WA16 6HA

Telephone: 01565 634467
Email: info@fpb.org
Web: www.fpb.org