

Fine talk, but is it enough?

by Ruth Sunderland



GEORGE Osborne boasted his measures are a 'Budget for making things, not for making things up' – but entrepreneurs and economists were not so sure.

The government's plan for growth, published alongside the Budget, set out four ambitions: to create the most competitive tax system in the G20, to make the UK one of the best locations in Europe for enterprise, to rebalance the economy around investment and exports and to create a more educated workforce. Corporation tax is to be cut by 2 percentage points from its current 28pc in April, and will drop to 23pc by 2014.

Enterprise Zones will be established in 21 deprived areas of the country with discounted business rates and super-fast broadband.

The Enterprise Investment Scheme has been relaxed in the hope of encouraging more 'angel' investors to back fledgling companies, with income tax relief raised from 20pc to 30pc.

Another boost came in the doubling of Entrepreneur's Relief, for people selling shares in a firm where they work and own at least a 5pc stake.

The cap on the relief, which offers a 10pc tax rate, is being doubled to lifetime gains of £10m, giving maximum savings of up to £900,000.

On the skills front, the Budget offered funding for 50,000 new apprenticeships, including 40,000 for the young unemployed.

There will also be a new campaign 'Start up Britain' billed as being 'by entrepreneurs, for entrepreneurs'.



BOOSTING BUSINESS

■ Corporation tax: Cut to 23pc by 2014

■ Enterprise zones: 21 new zones with reduced business rates and superfast broadband

■ Enterprise Investment Schemes: Tax relief increased from 20pc to 30pc

■ Entrepreneurs' Relief: Lifetime limit doubled to £10m

■ Red tape: Regulations costing firms £350m to be scrapped

Enterprising? Critics claim the Budget lacked spark for business

Steve McGuckin, UK managing director of Leeds-based construction consultants Turner & Townsend, said: 'I hope these enterprise zones will kick start regeneration but the danger is that it ends up being money spent on people just thinking about things.'

Critics were scathing about the latest bonfire of regulations with the promise of scrapping red tape costing £350m. Mark Littlewood, director general of the Institute of Economic Affairs, said the Chancellor's reforms are 'not a slashing of red tape. It's barely even a trim'.

Economists pointed out the difficulty in restoring the UK to its former status of workshop to the world.

Gerard Lyons, chief economist at Standard Chartered, said the current climate was not conducive to a big increase in investment and that the UK is not best positioned to benefit from emerging economies.

Andrew Shaw, National Tax Managing Partner at BTG Tax, said Osborne had let down small firms.

'The Chancellor has delivered a Budget long on rhetoric and short on action – and it is decisive action that we really need now.'