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2011 Budget key points for business

The Chancellor's Budget on 23 March included a range of measures intended to boost enterprise. Here we provide an overview of some of the key points for businesses.

Corporation tax

The main rate of corporation tax fell by 2% to 26% in April – not by 1% as previously announced. The main rate of corporation tax will be reduced to 25% for the financial year commencing 1 April 2012 and to 24% for the financial year commencing 1 April 2013, before reaching 23% by 2014.

Business regulations

The Budget confirmed the scrapping of £350 million of business regulations and the introduction of a three-year moratorium on new regulations for firms with fewer than 10 staff.

The measures included revoking regulations that would have given parents of children up to the age of 17 the right to flexible working hours from April 2011. The Government has also abolished plans to extend the 'time to train' regulations to companies with less than 250 members of staff.

Prior to the Budget, the Government had announced its intention to reduce health and safety red tape by ending automatic health and safety inspections in medium and low risk industries. Health and safety inspections will instead focus on high risk sites such as energy, nuclear sites and chemical industries.

Business rate relief

The Government intends to offer up to 100% business rate discount for five years to businesses located in any of the 21 new Enterprise Zones. In addition, the small business rate relief 'holiday' will be extended by one year from 1 October 2011.

The Enterprise Investment Scheme

The Enterprise Investment Scheme (EIS) and Venture Capital Trusts will be reformed. This includes raising the rate of EIS income tax relief to 30% from April 2011 subject to State Aid approval.

Entrepreneurs' Relief

The Chancellor announced that the lifetime limit for Entrepreneurs' Relief would rise from 6 April 2011 to £10 million. The increased limit applies only to qualifying disposals on or after that date.

Research and Development (R&D)

The additional corporation tax deduction given to SMEs for qualifying R&D expenditure has increased from 75% to 100%, giving a total deduction of 200%. This applies for expenditure incurred on or after 1 April 2011. A further increase to 125% will have effect for expenditure incurred on or after 1 April 2012.

Please contact us to discuss how the Budget announcements may affect you and your business.

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