

The Independent Voice of Local Business.....

SOUTHAMPTON & FAREHAM CHAMBER OF COMMERCE & INDUSTRY

SUBMISSION TO THE CHANCELLOR AHEAD OF THE PRE BUDGET REPORT FOR 2009 BUDGET

At its meeting on 2 October 2008, Chamber business members on the Tax Finance and Legal Committee agreed to ask the Treasury to consider these suggestions:-

Research and Consultation

First and foremost, the common theme to views expressed by our Chamber members is that the government must think through any proposals, then consult, before introducing any changes in the law. The quality of new tax law is all too often very poor due to a lack of research and consultation.

Financial support for small businesses (re-instatement)

We propose reinstatement of 40% income tax allowance by value for investments made by Business Angels to encourage provision of capital for small businesses.

Business Rates – empty rates relief (re-instatement)

The British Property Association has evidence of a drop in business premises available, rather than an increase, which was the government's intended outcome of removing the empty rates relief. The government failed to consult on the impact of the removal of "empty rate relief" in April 2008, which amounts to a tax on prudent businesses and this is not in keeping with the current economic climate. The business rates relief on empty property should be re-instated while proper consultation and research is carried out.

Corporation Tax burden on small businesses (back track)

One of the major concerns of small firms is the increasing tax burden they have suffered in recent budgets and how to continue in business through the current economic downturn. The Chamber of Commerce would like to see a cut in the lower rate of corporation tax on small businesses to 20%, instead of the planned increase to 22% in April 2009. The revenue to do this could be gained from the dividends on bank shares in which the government has recently invested on behalf of taxpayers.

SME Cost of legislation and employing people (rebalance)

The costs to small businesses of employing someone are no different than for large businesses that have the special staff paid to deal with this work. Small businesses are the lifeblood of our economy and it has been estimated that the small business owner spends the equivalent of one day a week on "red tape." We propose reducing National Insurance costs on small businesses to compensate for the higher cost burden they bare compared to large businesses for legislation and employing people, especially engaging personnel. The lost government revenue could be recovered by increasing the level of National Insurance employer contribution paid by large businesses.

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“Greening” the Economy

Financial incentives are as critical as people and skills to achieve a green economy. The current Enhanced Capital Allowance Scheme does not benefit the thousands of small businesses that are not companies. If we are to reach the 2010 target set by government for energy produced from renewable sources, then the scope for ECAs must be extended to all tax payers and further complemented with improved government grants to help more small businesses afford to insulate their property and install micro-generation equipment. Furthermore, these measures should be extended to the new build and existing residential market linked to Energy Performance Certificates whereby the rate of relief rewards investment in the most efficient assets.

“Greying” the Economy

Increasing numbers of senior citizens are forced to continue working because of pension income failure or inadequacy. They do not pay National Insurance contributions while still working, but their employer does. We suggest reducing the level of employer national insurance contributions from age 65, so as to enable senior citizens to compete more fairly in an economy with growing unemployment.

Brownfield Tax Incentives

The Landfill Tax exemption for reclamation of contaminated land is being phased out (no new applications will be accepted after 30 November 2008) and new Brownfield Tax Incentives are aimed at compensating for this. Changes due to start in November are not yet published, similarly with the new tax relief on long term derelict land due from April 2009. We wish to express concern about these delays and the consequential lack of time for advisers and taxpayers to understand and plan for the changes. We request that the effective dates for these changes are delayed until 6 months after their publication.

Stamp Duty Land Tax

The twelve month holiday on stamp duty for the lowest band should be made permanent, so as not to skew the housing market and we suggest that the other thresholds should be raised to reflect the regional variation in house prices.

Community Infrastructure Levy CIL

The Chamber of Commerce would also like to express concern about the potential impact on the housing sector of the planned Community Infrastructure Levy CIL – previously referred to as the Planning Gain Supplement. As the government is now equally concerned about increasing house building starts as about funding regional infrastructure projects, we request that the timing for introducing CIL is delayed, so that both the economy and the housing sector can recover from the present downturn.

Jimmy Chestnutt
Director General

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ABOUT US

Your regional Chamber working for you locally.....

As the independent voice of local business, Southampton and Fareham Chamber of Commerce is able to represent some 2,000 businesses in the South Hampshire region concerning the issues that affect their ability to grow and prosper. Their views are central to the Chamber's lobbying on issues of concern to our members and are the basis of our thinking on the many local, regional and national planning or government policy initiatives on which we are asked for formal comment as a business representative organisation. The volunteer Chamber members on the committees provide expertise and a wide knowledge of specialist topics. This is of great help in formulating the **Chamber Viewpoint**, which is published monthly in the centre pages of our magazine and on our web site.