Summer Budget: Simplify for small businesses, says KPMG's Small Business Accounting team

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In the lead up to the summer Budget announcement, **Bivek Sharma, Head of Small Business Accounting at KPMG,** reports on what he believes small businesses are looking for on 8th July.

He said: "We know how critical small businesses are to the UK economy, with small firms accounting for more than 99% of UK businesses, virtually half of private sector employment [1] and being a major constituent of UK GDP. If the Government is truly serious about growth and increasing employment, it is vital that the Chancellor concentrates on three areas; 1) helping businesses access cash; 2) a further simplification of the tax system; and 3) protecting and/or enhancing incentives.

"Last week, the Federation of Small Businesses' 'Small Business Index' (SBI) recorded the highest level of growth confidence amongst small businesses since the SBI was first established [2]. Add to this that two thirds of small businesses aspire to grow moderately or rapidly in the next three months, and it becomes apparent how essential it is for the Chancellor to establish an environment in which small businesses can thrive.

"Schemes such as the Seed Enterprise Investment Scheme (SEIS) and Entrepreneurial Relief are key to stimulating growth amongst small businesses throughout the UK – meaning practical tax policies must be implemented effectively to ensure this is the case for entrepreneurs up and down the country.

Bivek Sharma continued: "Entrepreneurs' Relief encourages individuals to invest in business, so in the event that there are changes to CGT announced in the Budget, we would like to see measures implemented to protect this incentive. Furthermore, wider moves across tax policy to improve communication around the likely impact on taxpayers of proposed new measures, would undoubtedly help small businesses to plan in advance – especially those without ready access to tax expertise and advice.

"Any policies aimed at unlocking lending or financing for small businesses will also be most welcome. If we really want small businesses to be the UK growth engine, then the Government must help provide quicker and easier access to cash. The UK is becoming the global start-up capital, which is amazing. However, unless we unlock cash to help these businesses grow, we risk hindering what could be the growth accelerator for the UK economy.

Bivek Sharma concluded: "A simplification to tax processes is so important for small businesses to thrive. We need to create conditions that stimulate innovation, investment and employment. There have been some measures taken towards this; the Chancellor's focus on red tape being a prime example. However, we now need to see these come to fruition, and the Budget needs to deliver policies that will have real benefits for small businesses to keep confidence high."

[1] http://www.fsb.org.uk/stats

[2] http://www.fsb.org.uk/News.aspx?loc=pressroom&rec=9015

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