

A SURPRISINGLY POSITIVE BUDGET

Newly-appointed chairman of Surrey's Institute of Directors, David Seall, guides us through George Osborne's latest Budget and what it means for local business



David Seall

GIVEN that the Chancellor had little room for manoeuvre as he continued in his pursuit for deficit reduction the results made for surprisingly positive reading – so let's take a closer look at the key headlines for business

His decision to accelerate the reduction in corporation tax to 26% was good to see as was the statement that the 50% rate of income tax is clearly a temporary measure.

The Chancellor brave enough to reverse it remains to be seen but both these announcements will send out clear messages to the international community on the changing perception of the UK as a high tax economy.

Increase

Both large and small businesses, who are experiencing a sharp increase to their cost base, will welcome the reduction in fuel duty and it will be interesting to see how the oil companies respond. In addition the combination of reduced corporation tax and planning liberalisation could help

to lift business confidence at a difficult time. However, the scale of deregulation in areas that really matter to business in general is still very limited. Over the years many governments have tried to reduce regulation but they always end up creating it again for various reasons!

The 21 new enterprise zones are likely to have no meaning to Surrey; remarkable though it would be if one were located in the county. In fact I see them as being harmful to businesses located within their sphere of influence in other parts of the country. Furthermore, the extension of the short-life assets period to eight years is a sensible measure as it will reduce the number of occasions on which capital allowances under-allow for the cost of assets over their lives.

Moving on to the Budget's impact on individuals, my view is that it's sensible to consult on merging the operation of income tax and national insurance, although it appears that a simple merger of the taxes is not on the cards.

This is regrettable and any

solution that is found must not create another tax on jobs.

The move to support 50,000 new apprentices and 100,000 work experience places should be welcomed.

However, it is up to business now to play along and do its bit.

Unemployment

Youth unemployment in the recessions of the 80's and 90's created many of the problems we had with skills shortages and skills gaps in the good times.

Underpinning the whole Budget is the need to create wealth by rebalancing and growing the economy which ultimately is the only way we

will change our dependency on the public sector.

The reduction in the predicted growth of the economy is a worrying concern and the next year will prove pivotal in whether we can achieve the turn-around in our economic performance we so desperately need.