

It pays to keep good records

HER MAJESTY'S Revenue and Customs (HMRC) is looking to crack down on small- and medium-sized enterprises (SMEs) that fail to meet the minimum standards of record keeping and fine them up to £3,000.

This will see officials check business records in up to 50,000 cases annually. The aim is to bring about an improvement in record keeping among roughly 2 million SMEs whose records currently fall below standard, so tax losses to the government can be cut.

HMRC proposed the programme because a survey it undertook indicated that poor record keeping was a problem in about 40 per cent of its cases.

The Federation of Small Businesses is worried that the move could lead to spot checks as purely a money-raising exercise, but HMRC has categorically denied this. A spokeswoman said, "The penalty is there as a deterrent and a mechanism to use when it is appropriate ... for long-term neglect. We are not looking to hit innocent businesses and those that commit an oversight."

She said compliance is a matter of fairness: "It is a tool to make sure they get it right. There is a misconception that a lot of mistakes are just related to big businesses. It's the SMEs that make up the majority of non-compliance."

HMRC's complete consultation document can be downloaded at www.hmrc.gov.uk; type "business records checks" into the search box.—AD



Chancellor unveils business plan

CHANCELLOR GEORGE OSBORNE was at pains to show the business community that small firms were definitely on his mind when he delivered his second budget earlier this year.

He told Parliament: "We want to make Britain the best place in Europe to start, grow and finance a business."

Osborne announced a consultation on merging the operation of National Insurance and income tax, which he said would simplify administration. He also announced a moratorium exempting all businesses employing fewer than 10 people and all start-up firms from new domestic regulation for the next three years—a measure that was widely welcomed.

Osborne signposted the way ahead for the liberalisation of the planning regime. He promised to simplify the Enterprise Investment Scheme, which the Confederation of British Industry said could unleash a new wave of finance for the most entrepreneurial firms.

Many commentators believe the chancellor's decision to double Entrepreneurs' Relief to £10 mil-

lion will give UK entrepreneurship a boost. This relief enables business owners to pay just 10 per cent capital gains tax, instead of the higher threshold of 28 per cent, up to a lifetime limit of £10 million, after which they will revert to the higher threshold.

The extension to Small Business Rate Relief for properties with a rateable value below £6,000 was widely welcomed. The Federation of Small Businesses said this would especially help small independent retailers struggling with inflation and the increase in VAT to 20 per cent.

A plan to add an extra 50,000 apprenticeships was seen as benefiting both the small-business community and young people.

John Cridland, director general of the Confederation of British Industry, says, "Increased funding for apprenticeships is good news, but employers also need bureaucracy to be cut to encourage take-up."

To read (or listen to) Osborne's entire speech about the budget, visit www.hm-treasury.gov.uk/2011budget_speech.htm.—Andrew Don

"We want to make Britain the best place in Europe to start, grow and finance a business."

—Chancellor George Osborne

Government seeks to partner with local businesses

REGIONAL DEVELOPMENT Agencies (RDAs) are starting to wind down their activities in preparation for their replacement with Local Enterprise Partnerships (LEPs) by next March.

The government says LEPs are different entities to RDAs and do not have the same responsibilities and function as their predecessor bodies.

The last government established nine RDAs. Their brief was to help economic development and regeneration and contribute to sustainable development, among other goals.

The Local Growth White Paper, unveiled at the end of last year, said LEPs would have an important role supporting enterprise and businesses in their areas, which includes:

- * Promoting a more entrepreneurial culture
- * Encouraging and supporting business start-ups
- * Helping existing firms survive and grow
- * Encouraging business networks and mentoring, as well as developing the infrastructure for successful business communities.

Their predecessors were deemed by many to be

merely bureaucratic talking shops, with much of the agenda driven by central government rather than the needs of the local businesses and communities that really understood the barriers to growth in their areas.

The 31 LEPs will be locally owned partnerships between local authorities and businesses stretching from the south-west to the north-east.

According to Vince Cable, business secretary, LEPs will "create the right environment for business and growth in their areas, by tackling issues such as planning and housing, local transport and infrastructure priorities, employment and enterprise, and the transition to the low-carbon economy".

He says supporting small business start-ups is important, and in some areas tourism will be "an important economic driver".

For more information on this subject, visit www.communities.gov.uk/localgovernment/local/localenterprisepartnerships.—AD

