

Budget 2013 : announcements for businesses

20th March 2013

A new allowance for employers' National Insurance contributions and an accelerated reduction in corporation tax to 20 per cent from April 2015 were some of the key announcements for businesses in Chancellor George Osborne's Budget 2013.

They form part of a Budget described as being for 'people who aspire to work hard and get on.'

Key announcements include:

Business tax

- A reduction in the main rate of corporation tax to 21 per cent in April 2014 and by a further one percent to 20 percent April in 2015. The Government will also aim to unify the small profits rate and the main rate to create a single rate of corporation tax.
- A new Employment Allowance from April 2014, taking £2,000 off the National Insurance contributions bill for every employer. It is estimated that 450,000 of the UK's smallest businesses will no longer pay employer NICs.
- The small loans exemption limit - as an employer benefit in kind - will double from £5,000 to £10,000. Employers using this can offer employee tax-free loans to pay for items such as season commuter tickets.
- Introduction of a 50 per cent capital gains tax relief on gains realised in 2013/14 and reinvested into the Seed Enterprise Investment Scheme (SEIS).
- A new 'above the line' (ATL) credit for large company research and development (R&D) investment from April 2013, increasing the ATL credit to 10 per cent before tax.
- An abolishment of the stamp duty reserve tax charge on certain collective investments, including growth markets such as the AIM.

Business finance

- Introduction of Growth Vouchers, to provide £30 million to SMEs helping them overcome barriers to growth.
- Although there were no references in the Chancellor's speech, the Budget Document states the first business strategy for the Business Bank will be announced on 22 March.

Other announcements

- Plans to boost investment in infrastructure by £3 billion a year from 2015-16. The Government will also consider options for making more use of independent advice in shaping its infrastructure.
- Introduction of a new shale gas field allowance and an extension to the expenditure supplement from six to ten years on shale gas projects to promote investment.



Abbotstones