

Government launches business fund

Encouraging the growth and development of enterprising businesses is a key part of the Government's plans for re-balancing the economy and spurring recovery.

To help improve business access to the sort of finance needed to get new products and services off the ground, the Government has launched its new Business Growth Fund (BGF). The fund has been set up to help SMEs with an annual turnover of between £10 million and £100 million. It has available funds of up to £2.5 billion, and is backed by a number of leading banks.

The BGF will invest approximately between £2 million and £10 million per business in return for a minimum 10 per cent equity stake and a seat on the board for a BGF director. It is designed to offer long-term equity investment for growing enterprises which are struggling to secure access to sources of capital.

Business Secretary, Vince Cable said: "The Business Growth Fund is ready to make substantial equity investments into ambitious mid-cap British companies who are set to create the business success stories of the coming years."

More details on the BGF can be found at <http://www.businessgrowthfund.co.uk/>

Has your business come up with a great new idea but is struggling to raise the funds to finance it? We just might be able to guide you towards sourcing the right kind of backing.



HMRC aiming to target firms that break VAT rules

HM Revenue and Customs (HMRC) has said that it will be launching a campaign to target businesses that are trading above the VAT threshold but have not registered for the tax.

The new crackdown is intended to take place later this summer. The initiative is currently being discussed with 'interested parties' so that HMRC has sufficient information in order to proceed with the campaign.

Mike Wells, HMRC's director of risk and intelligence, said: "This will be the model for all our future campaigns and we look forward to being even more open about the compliance activity HMRC is undertaking to ensure we reduce the tax gap and help customers pay what they owe."

At present, the VAT threshold is £73,000 turnover on a rolling annual basis. In 2006/07, it was £61,000; in 2007/08, it was £64,000; in 2008/09, it was £67,000; in 2009/10, it was £68,000; and in 2010/11, it was £70,000.

VAT is often one of the more onerous admin burdens that businesses face. We are more than happy to provide all the support your business requires when it come to dealing with the complexities of the tax system.

Review of the way small business tax works

The Treasury has asked the Office of Tax Simplification (OTS) to look at how the system of tax administration for smaller businesses works. Previous OTS reports suggested that tax administration is a source of uncertainty and complexity for many smaller firms.

The new review will examine ways of reducing the administrative burdens of the current system and of simplifying the ways in which HMRC and small businesses interact with each other.

This will involve examining small businesses' experience of tax administration and their contact with HMRC at key stages of the annual tax cycle. The review will also investigate the tax administration processes involved in starting and growing a new business.

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John Whiting, tax director for the OTS, said: "It's clear that many small businesses are struggling under the administrative burdens imposed by the UK tax system. We plan to set up surveys to really home in on what steps cause the most difficulties – and how the system can be improved, making it easier for businesses to get things right with the minimum of fuss."

There are a number of reforms affecting the tax system at the moment. Don't forget that we can make sure that you both comply with the rules and pay no more tax than you should be paying.

Single compliance process for tax checks

HMRC has said that it is planning trials which will streamline and simplify the process under which tax compliance checks are conducted. The purpose of the change is to prevent prolonged and expensive inspections that involve several consecutive visits from inspectors over a number of months in order to assess a number of taxes.

Businesses that appear at risk of lapsing on the payment of one tax would be examined for a complete range of taxes, such as corporation tax, VAT, PAYE and income tax. Under the plans, HMRC said that checks would only take as long as the risks and the behaviours dictate.

The trials of the new process are running for six months from 1 June in 10 different locations across the UK: Reading, Slough, Newcastle, Warrington, York, Exeter, London Euston, Southampton, Cardiff, Belfast, Edinburgh and Dundee. Should the pilot schemes to prove successful, the intention is to roll out the process on a national basis as from January 2012.

David Gauke, Exchequer Secretary to the Treasury, commented: "We know that agents, individuals and businesses find some of HMRC's current compliance practices drawn out and costly. A single compliance process could help HMRC improve the customer experience and reduce costs."

We appreciate that bookkeeping can be a real burden for some smaller firms. You can, of course, save valuable business time by outsourcing some of your admin work. We are more than happy to talk to you about how we could help.

Big changes on parental leave

New Government plans will see an overhaul of the regulations governing parental leave following the birth of a baby.

At the moment, mothers are allowed six weeks of maternity leave at 90 per cent of their earnings. They can then take another 33 weeks off work at the statutory maternity leave pay of £128.73 a week. If they so choose, they can add another three months of unpaid leave. Fathers, on the other hand, can take two weeks of paid leave. Since April, men have been allowed to assume home care responsibilities for six months of any unused maternity leave should the

mother opt to return to work after the baby is 20 weeks old. But that leave can only be taken as a single block.

The new plans mean that the mother will be entitled to 18 weeks of paid maternity leave following the birth of the baby. However, a subsequent 30 weeks' leave, of which 17 weeks would be paid, can then be divided between the two parents and, if it is requested, the leave could be segmented into blocks of weeks and months. What's more, both parents will be granted an extra four weeks of paid parental leave, taking the father's automatic entitlement to six weeks in total.

Commenting on the planned changes, which are due to come into effect in 2015 but first go out to consultation, Vince Cable, the Business Secretary, emphasised that the Government has been mindful of minimising the costs and bureaucracy to business. As a result, employers will still be able to take into account their needs when agreeing how leave can be taken.

Business groups, though, expressed anxieties over the impact of the changes, particularly in the case of smaller employers. John Walker, national chairman of the Federation of Small Businesses, said: "For a small firm, organising cover and workloads for a member of staff that has decided to take chunks of parental leave from work – not a continuous period of time – will be extremely burdensome and difficult to administer."

The consultation can be found at <http://discuss.bis.gov.uk/modernworkplaces/>

Get ready for new agency worker regulations

The Government has issued guidelines on how employers should approach the new rules governing the rights of temporary workers. The regulations, which implement the EU Agency Workers' Directive of 2008, come into effect on 1 October 2011.

The rights were agreed between the last government, the CBI and the TUC but had been the subject of further scrutiny by the present administration because employers had expressed worries over the complexity of the regulations. However, the Government has decided that introducing any reforms would be too difficult.

The new rules will give agency workers the right to the same basic employment and working conditions as if they had been recruited directly by a company, if and when they complete a 12-week qualifying period in a job.

Edward Davey, the Employment Relations Minister, said: "We looked carefully at the possibility of amending the regulations to address employers' concerns but were forced to conclude that we could not do so without putting the 12-week qualifying period at risk. This qualification period is something that is a key flexibility that we know is vital to business. Our focus therefore has been providing the best possible guidance to help everyone affected understand these regulations."

The guidance can be viewed at: <http://www.bis.gov.uk/assets/biscore/employment-matters/docs/a/11-905-agency-workers-regulations-guidance.pdf>