



Fuel duty

The Budget offered no reprieve for small firms struggling with the high price of petrol and diesel. Instead, fuel duty will continue to go up by 3p in August.

Corporation tax

The basic rate will now fall to 24% from April 2012, down from the current 26%. This change does not affect small firms, as those with profits not exceeding £300,000 a year already only have to pay 20%.

Patent box

Small firms which have patented a product will be able to benefit from the so-called Patent Box. Coming into effect from April 2013, the Patent Box is a reduced level of corporation tax on profits attributed to patents and similar types of intellectual property. As confirmed by the Chancellor, it will introduce a lower rate of 10%. Sectors likely to benefit most include pharmaceuticals and the software industry.

Budget 2012

Changes that could greatly affect the UK's small and medium-sized enterprises

Tax simplifications

From April 2013, companies with sales of up to £77,000 per year will be allowed to change their accounting from the established accrual method to a cash basis. What this means is that firms will only have to pay tax on the amount of money they have actually received, rather than total orders, as under the current accrual-based system.

If successful, the Treasury will then consider expanding the change to firms with sales of up to £150,000 per year, which it estimates would mean more than three million firms being able to benefit.

George Osborne also confirmed that the government is to move ahead with plans to integrate income tax and national insurance, first announced in last year's

Budget, so firms do not have to run two different payroll tax systems.

Youth enterprise loans

Under a one-year pilot scheme to be launched by March 2013, up to 7,000 young people aged between 18 and 24 will be able to apply to borrow between £5,000 and £10,000 to back their business idea.

Business rates

Business rates will go up by 5.6% from April 2012, as had previously been announced.

New loan scheme

The introduction of a new bank lending scheme - was announced a day before the Budget. Under the £20bn National Loan Guarantee Scheme (NLGS), SMEs will be able to access loans with interest rates one percentage point lower than those

available outside the initiative. Barclays, Santander, Lloyds and Royal Bank of Scotland have so far signed up, and firms with an annual turnover of up to £50m will be able to participate.

The discounted loans are being made available because the government is to guarantee £20bn of the banks' own borrowing, thereby allowing the lenders to borrow more cheaply than they normally do.

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