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NEWS



Budget boosts for businesses

March 20, 2013 - 2:52pm | [Holly Black](#)

Businesses will be subject to a single, flat rate of corporation tax for the first time since 1973, it was announced in today's Budget.

The rate of corporation tax will be reduced to 20 per cent from April 2015, making it the lowest in the western world. The previous lowest was Luxembourg's 21 per cent. It will also be half the US's 40 per cent rate.

A new 'employer allowance' was also announced by the chancellor in today's Budget, a measure that he said would be a 'tax off of jobs'. Osborne said the allowance would give businesses and charities entitlement to up to £2,000 per year towards their employer national insurance contribution bill with

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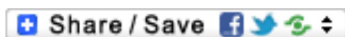
the aim of reducing the cost of hiring staff. The allowance will be introduced from April 2014.

The government has estimated the new allowance will benefit up to 1.25 million employers, with the majority of the advantage going to small businesses. Companies with more than 250 employees will account for just 2 per cent of the benefits received. Osborne anticipates that as a result of the new allowance some 450,000 small businesses, making up one third of all employers in the country, will pay no jobs tax at all.

‘For the person who’s set up their own business and is thinking about taking on their first employee, a huge barrier will be removed,’ he added.

Carl Hasty, director of Smart Currency Business, says the reduction in corporation tax will be a great benefit to small businesses, ‘increasing the amount of their profits that can be reinvested into funding expansion plans.’ He adds however that it is disappointing that UK businesses will not benefit from these changes straight away. ‘SMEs are struggling now, and these measures, while very much welcomed, would have a much more positive impact on the British economy if they were introduced more quickly,’ he says.

Business and markets



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