

Growth in small business can be helped by tax changes

The UK needs a larger and faster growing self employed and small business sector. I have long campaigned for the end of IR 35 which impedes winning new customers for the self employed. I have championed a higher VAT threshold to allow further expansion before needing to get involved in all the extra electronic paperwork to pay VAT on finished work and reclaim VAT on inputs.

Use of physical property is important for retailers and some service providers. Further cuts in Business rates and further rises in exempt smaller properties would be helpful for those sectors. I do not favour replacing lost Business rates with a new turnover tax on on line activity. That just boosts prices and creates added business complexity. I have set out plenty of ways of the same spending less to be able to reduce taxes modestly.

The entrepreneur does have some options to protect himself from excessive capital gains tax if he is successful. Wealth taxes do put people off coming to the UK to invest, or deter people from taking risks with their money if the government intends to take too big a share of their success. The capital gains tax threshold should be raised considerably from its current very low level. People are now reluctant to sell shares that may underperform or sell a spare holiday or second home they no longer need to avoid the tax. People do not exchange properties for ones that suit them better if there is a CGT liability. As the assets were bought out of taxed income in the first place there is a resentment about double taxation on those savings if a gain is recorded.

Setting up and growing a business is risky and hard work. It is a public spirited thing to do as the rest of us depend on people doing so to supply us with the goods and services we take for granted. A heavy handed taxman makes less attractive and less worthwhile. The taxman says if you fail you fail alone. If you succeed I will be a partner in your success demanding a share of the profits.