

Is it really a budget to “Fuel Growth”? A brief reaction to the UK Budget

The [House of Commons](#) had more than the usual level of heckling, shouting and pointing last week as the [Chancellor of the Exchequer, George Osborne](#), presented his budget to the House – to a growing bombast of “*hear hear*” from his coalition partners.

Key measures, identified as part of the 2011 budget, include:

- 21 new enterprise zones to be created in England;
- 40,000 new apprenticeships to be introduced for young people out of work – (but what about those older people who are out of work Mr Osborne?)
- “*Reform of money laundering*”;
- The [UK](#) to be promoted as a legal arbitration centre (Bargate Murray’s renowned Dispute Resolution Group have a specialist expertise in Arbitration (both UK and international) – please contact our senior partner, Quentin Bargate for more information);
- Direct taxes to be indexed by CPI;
- No win no fee arrangements to be restricted;
- [Levy](#) to be charged on “non-doms” who have lived in UK for 12 years of up to £50,000.
- The rate relief holiday for small businesses to be extended;
- Corporation tax to be reduced by 2% (rather than planned 1%) next month;
- New shared equity schemes for first time buyers;
- [Air passenger duty](#) to be delayed;
- Private jets to be taxed;
- Air passenger duty to be delayed until next year;
- Tobacco duties to rise by 2% above inflation (in place by 6pm this evening);
- Increase approved mileage rate allowance from 40p to 45p per mile, and will be extended to cover “volunteers”;
- “*Fair fuel stabilisers*” to be introduced, and a cut to fuel duty by 1 penny per litre;
- Road tax to be frozen for HGV;
- Considering tax deduction for donations of art to the nation;
- By 2013 an easier on-line system for gift aid will be introduced – eventually removing the need for having to complete a form.

Compassion for business?

The Chancellor announced that “*a country should not just be judged on its economy alone it should also be judged by the compassion of its people*” – he made this comment in relation to proposed changes to [Gift Aid](#), mentioned in further detail above. But how has Mr Osborne shown this “*compassion*” to UK PLC?

The Government has recently announced a moratorium to exempt businesses with fewer than ten employees and “*genuine start-ups*” from new domestic regulation for three years – and this moratorium was reiterated with vigour by the Chancellor today.

[Philip Henson](#), Head of [Employment Law](#) at [Bargate Murray](#) says:

“In my view it is rather unhelpful to be so vague about the proposals for the moratorium. There is a real risk that such a regime would create a two tier business platform in the

future. What happens if a company with 9 employees takes on more staff? Will the exemptions be immediately removed when they take on their 10th employee? Will qualifying start-up businesses receive a certificate? How will the “genuineness” of a start-up business be assessed and by whom? Does the Government have the power to grant such exemptions in any event?

Is there a risk that businesses will actually restrain themselves from expanding or recruiting more staff so that they can reap the perceived benefit of the exemptions? Could such businesses grow in size by taking on self-employed consultants?

Say a new employment law came onto the statute books prohibiting organisations from discriminating against people who were 6 foot tall or above (although I admit this is unlikely). Would the company with less than 10 employees have an absolute exemption from any discrimination related claims in an employment tribunal if they dismissed an employee solely based on his/her height?

There are many other questions to consider...

What if a new European law or regulation came into force, but was brought into effect by UK regulations – would that still be covered by an exemption? What if a new regulation was brought into effect updating an earlier regulation – would an exempt company have their exposure capped under the earlier provisions? What if the new regulations were more beneficial to them, could they waive their exemption?

In any event is it really the right message to tell start-ups businesses that they need not be concerned by new regulations? Would it not be better to offer more information to new businesses about their existing obligations under UK employment law – rather than telling them not to be worried about new regulations?

Random fact of the day – drinking alcohol in the House of Commons

There is an old tradition that the Chancellor of the Exchequer is allowed to drink whatever he or she wishes whilst making the [annual Budget](#) announcement to parliament. This includes alcohol, which is otherwise banned under parliamentary rules.

It is not clear whether George (Gideon Oliver) Osborne was drinking a gin and tonic, or with his comments on green energy (An additional £2bn extra to the Green Investment Bank – “trebling resources”), and climate change perhaps he was sipping green tea?

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