



NEWS RELEASE

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“An honest, tough but necessary budget” says North Hampshire Enterprise

North Hampshire Enterprise, the Chamber of Commerce for North Hampshire, welcomes the Chancellor’s Emergency Budget. The Chancellor said today business wants “certainty and stability” from Government to support growth and within the current constraints he appears to have delivered a relatively stable platform for private sector growth.

Ahead of the Budget North Hampshire Enterprise called for the following reforms, each which he delivered:

- an immediate two-year freeze on the total public sector wage bill
- no further reduction in capital spending (projects that provide a significant economic return to the country will be further assessed as part of the Autumn Spending Review)
- a year-on-year reduction of corporation tax from 28% to 24% in 2014 and the small companies’ tax rate will reduce to 20% in 2011.
- Capital Gains Tax remains unchanged for lower/middle income earners and rises to 28% (from 18%) only for higher rate income tax payers.

In contrast, the Chancellor’s decision for a partial rise for Employer NIC from April 2011 will mean a tax on jobs at a time when the economy is looking to support job creation. The planned rise of National Insurance rates by one per cent is still going ahead. Business wanted to fully abolish the employers’ NIC rise and will be disappointed. Likewise the rise in VAT is not welcomed by business.



The biggest 'shark in the custard' for our region is the decision to give a £5,000 NIC tax break to businesses with 10 employees or less, with the exception of those based in the South East, London and the East of the country. The Chancellor said he wants a sign above the country saying 'Open for Business', however, clearly he does not support job creation in the South East, London and the East. We ask, are businesses in our region being penalized for their success?

Commenting on the Budget, Gill Edinburgh, Deputy Chief Executive at North Hampshire Enterprise, said:

"Today's budget was honest, tough but necessary and will help repair the damage of the country's broken balance sheet. Overall businesses in North Hampshire will welcome the measures introduced but with some clear exceptions such as VAT rising to 20% in January 2011, which could impact on consumer spending and ultimately the cost of goods for business. Why the Government introduces VAT rises mid-way through the January sales seem illogical, a deferment until the end of the sales period would be more acceptable. A minor point but nonetheless important."

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For more information contact:

Gill Edinburgh
Deputy Chief Executive at
North Hampshire Enterprise
07710 900632
gill.edinburgh@hampshireenterprise.co.uk

Notes to Editors:

1. North Hampshire Enterprise is the chamber of commerce for **the Basingstoke and Deane, Hart, Rushmoor, Winchester and Test Valley areas**. Accredited by the British Chambers of Commerce it exists to help Hampshire businesses prosper and develop by providing expert business help and advice. As a membership organization it is owned by and accountable to the local business community. Visit www.northhampshireenterprise.co.uk