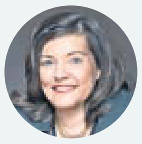
‘Business tax system needs reform’

DAMBISA MOYO
GLOBAL ECONOMIST

We obtained more of a sense of the £23 billion infrastructure plans promised in the autumn, but there was no significant new money earmarked for physical infrastructure. On the positive side, there is funding allocated towards innovation and technology, including robotics and 5G. However, at about 1 per cent of GDP the infrastructure investment is low — and much lower than the pledges made in the United States, which are closer to 6 per cent of GDP.

ANNE BODEN
CHIEF EXEC, STARLING BANK



I applaud the announcement to protect consumer rights. I was also pleased to see continued support for innovation. The £270 million to keep Britain at the forefront of disruptive technology, including biotech and robotics, as well as £16 million for the 5G mobile technology hub are an encouraging signal for Britain’s competitiveness. Perhaps most significant, however, is the recognition of the critical importance of technical education.

STEPHEN STONE
CHIEF EXEC, CREST NICHOLSON

The budget was a case of no news is good news for housebuilders and homebuyers, and the publication of the recent white paper has provided a stable framework. The inclusion of construction as one of the 15 occupation areas identified under the new T level is welcome news. Together with the government’s support of graduates and apprentices, this will help to improve the supply of essential home-grown skilled construction labour.

BRIAN LAWRENCE/GETTY IMAGES

Dorothy Thompson, chief executive of Drax, the North Yorkshire power station, welcomed the carbon tax commitment, which had helped to cut coal generation

> “The carbon tax has helped create a truly seismic shift in Britain’s balance of power, dramatically reducing power generation from coal and reducing emissions to their lowest for decades

ROONEY ANAND
CHIEF EXECUTIVE, GREENE KING

The budget contained several disappointing measures for the pubs industry. An alcohol duty inflation rise of over 3 per cent is the first increase in five years and it is disappointing that the chancellor has started to reverse the good progress that has been made. Pubs are facing unmanageable business rate rises. We urge the chancellor to deliver a comprehensive plan to reform and rebalance the system.

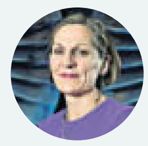
LLOYD DORFMAN
CHAIRMAN, DODDLE, OFFICE GP

I welcome the measures to boost enterprise and innovation, in particular the business rates relief for smaller companies. In some cases, it [business rates] is strangling growth. However, the increase in national insurance contributions for the self-employed will have the undesirable consequence of hampering start-up entrepreneurs. The government needs to do its utmost to continue to stimulate entrepreneurship and risk-taking.

MIKE COUPE
CHIEF EXECUTIVE, J SAINSBURY

Business taxation needs wholesale reform. The UK has one of the world’s most advanced digital retail economies, but online operators, with limited physical presence, pay very little in business rates compared with retailers who trade out of bricks-and-mortar premises. This means that businesses like ours are penalised and pay more than their fair share. Sainsbury’s is the UK’s 75th-largest company but the sixth-biggest taxpayer. The government has a responsibility to ensure a level playing field and must act quickly to ensure that the system is fit for purpose.

DOROTHY THOMPSON
CHIEF EXECUTIVE, DRAX



We welcome the commitment to retaining a carbon tax. This tax has helped to create a truly seismic shift in Britain’s balance of power, dramatically reducing power generation from coal and reducing emissions from the sector to their lowest levels for decades. The carbon tax also provides certainty within the sector, encouraging investment in low-carbon and renewable technologies. Without this, the investment needed to deliver a low-carbon energy system will be more difficult to secure.

Flexible power from coal to biomass conversions, coupled with system support from rapid-response gas plants, is the best way to get coal off the system quickly and cost-effectively whilst ensuring security of supply. Setting a future carbon tax at the right level is crucial to investor confidence.

Industry rues missed opportunity

ROBERT LEA INDUSTRIAL EDITOR

Industry leaders have lined up to condemn what they see as opportunities wasted by the chancellor to get behind the prime minister’s much-vaunted industrial strategy.

There was also stark criticism for the lack of stronger mitigating measures for rising business rates, with Philip Hammond accused of offering a “sticking plaster” solution.

The Institute of Directors ridiculed Mr Hammond for a “nothing to see here” budget. “The business community will have hoped for much more support in the immediate term, especially amid such economic and political uncertainty,” Stephen Martin, its director-general, said. “There was very little in the [way of] incentives for business to invest today when they are already putting projects on hold.

“In the context of a cumulative storm of higher inflation, the coming apprenticeship levy and increases in the minimum wage, it is clear that the coming year will be one in which business is expected to grit its teeth and tough it out.”

Industry after industry complained of the failure to provide the fiscal stimulus that they had been expecting.

With the future of the UK-based automotive industry regarded as being on a knife edge, amid Nissan’s demand for large government support to stay in Sunderland and the threat of closure looming over Vauxhall’s plants, the Society of Motor Manufacturers and Traders was shocked at the silence from the chancellor. “The chancellor hasn’t prioritised additional funding for supply-chain development, nor addressed the flaw in business rates that disincentivises investment in plants and machinery,” Mike Hawes, chief executive of the trade body, said.

A lack of budget support for the steel industry, which is limping out of three years of crisis, was derided. “The steel sector was looking to today’s budget to lay some of the groundwork for the forthcoming industrial strategy,” Gareth Stace, director of UK Steel, the trade body, said. “The lack of any concrete action to address the longstanding disadvantages that our sector faces, such as the business rates regime or high electricity prices, represents a real missed opportunity.”

The pharmaceuticals industry was similarly disheartened. Mike Thompson, chief executive of the ABPI industry body, said: “This is a missed opportunity to announce measures to help to make the medicines and treatments developed and discovered in Britain available to UK patients.”

The CBI led a chorus of disapproval at attempts to mitigate the pain for those hit worst in the contentious business rate revaluations. “With inflation rising and the cumulative burden weighing on businesses’ shoulders, limited relief for firms hit hard by business rates falls short,” Carolyn Fairbairn, the CBI’s director-general, said.

Helen Dickinson, chief executive of the British Retail Consortium, said: “More short-term relief measures continue to add complexity to an already impenetrable system. The £435 million [of support] is a drop in the ocean compared with the £25 billion a year that the tax raises. This is yet another sticking plaster on a chronically ill patient, an unsustainable property tax higher here than anywhere in the developed world.”

WORD ON THE TWEET

Investing in skills and education is key to growth, says chancellor. Amid funding formula furore . . .
Nicola Woolcock, Times education correspondent @nicolawoolcock

The education stuff will have far more of an important impact on raising productivity than those minimal investment re-announcements
Philip Aldrick, Times economics editor @PhilAldrick