
2011 Autumn Statement: implications for SMEs

This checklist highlights the key implications from the 2011 Autumn Statement for small and medium-sized enterprises (SMEs).

Extension of small business rate relief

The government has announced that it will extend the current small business rate relief holiday for a further six months from 1 October 2012. This gives full relief for eligible small businesses occupying property in England with a rateable value of up to £6,000 and tapering relief for businesses with a higher rateable value up to £12,000.

Business rate deferral scheme 2012/13

All businesses in England will be given the ability to defer 60% of the Retail Price Index based increase in their 2012/13 business rate bills. The deferred amount is to be repaid equally over the following two years.

Additional enterprise zones approved

Enterprise zones will be approved for:

- Two areas centred on BAE sites affected by significant redundancies announced in September 2011:
 - Warton in Lancashire; and
 - Brough in Humberside.
- An extension of the existing enterprise zone in the North East LEP area, to include the Port of Blyth.

These will be added to the existing list of 22 enterprise zones.

Enhanced capital allowances in some enterprise zones

100% first year capital allowances will apply to expenditure on plant and machinery (between April 2012 and March 2017) by businesses located in the enterprise zones in each of the following LEP areas:

- Black Country.
- Humber.
- Liverpool.
- North Eastern.
- Sheffield.
- Tees Valley.

There will be a cap of EUR125 million for each project. Businesses claiming the 100% capital allowances gain a cash flow advantage because the cost of the plant and machinery can be offset against tax in the first year, rather than in instalments over that year and subsequent years.

Seed Enterprise Investment Scheme

The government will introduce a new scheme (Seed Enterprise Investment Scheme (SEIS)) from April 2012 to encourage investment in new start-up companies. SEIS will provide:

- Income tax relief of 50% for individuals who invest in shares in qualifying companies, with an annual investment limit of £100,000.
- Capital gains tax exemptions on gains realised on disposals of assets in 2012/13 and invested through SEIS in that year.

There will be a cumulative investment limit of £150,000 for the start-up company, whose total assets, before investment, must be below £200,000.

Changes to the enterprise investment scheme

The enterprise investment scheme (EIS) has been around for many years and seeks to encourage equity investment in new and small high-risk trading companies. Taxpayers can benefit from:

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- Income tax relief of 30% on qualifying investments (subject to an annual investment limit, which is currently £500,000 but is due to increase to £1 million from April 2012).
- Exemption from capital gains tax on disposal of EIS shares.
- Unlimited deferral relief from capital gains tax where gains (including gains on shares) are reinvested in eligible shares.

The government has announced that it will:

- Simplify the existing EIS rules by relaxing the connected person rules and the definition of shares that qualify for relief.
- Introduce a new restriction to exclude companies set up solely to access EIS relief.
- Exclude the acquisition of shares in another company.
- Include receipt of feed-in-tariffs within the list of excluded activities.

In addition, the restriction that prevents venture capital trusts investing more than £1 million in a qualifying company will be removed.

More information

If you have any questions, please visit our website at www.conybeare.com or feel free to contact Steven Conybeare via email steven@conybeare.com or call him on +44 (0) 870 753 0925.

About Conybeare Solicitors

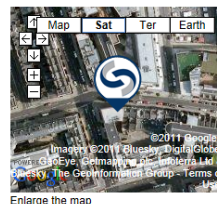
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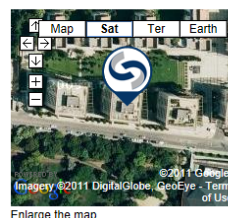


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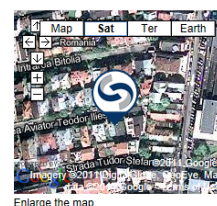


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