

2010 Budget

This checklist highlights some of the key issues from the 2010 Budget that are likely to impact small and medium-sized enterprises (SMEs).

Public procurement and SMEs

Government department targets will be introduced to increase the proportion of central government procurement spend that goes to SMEs by 15% throughout the supply chain. Departments will be encouraged to work with main contractors to open up supply chains to SMEs.

Business lending commitments

Royal Bank of Scotland (RBS) and Lloyds Banking Group (LBG) have agreed new, legally binding lending commitments for the 12 months from March 2010. LBG have agreed to £44 billion of additional business lending and RBS to £50 billion. Both banks have also agreed to a new customer charter for lending to SMEs, which includes a commitment to a 1.5% arrangement fee cap.

Small Business Credit Adjudicator

The Small Business Credit Adjudicator has been created to help SMEs gain access to credit. The adjudicator will work with an enhanced Business Link "Financial Intermediary Service" to ensure that SMEs are treated fairly when applying to their bank for finance. It will be given statutory powers to ensure that its judgments are enforceable.

Annual Investment Allowance

The Annual Investment Allowance for purchasing plant and machinery has been doubled from £50,000 to £100,000 from April 2010.

Increases to VAT registration and deregistration thresholds

The following increases in the VAT registration and deregistration thresholds came into effect on 1 April 2010:

- The taxable turnover registration threshold (which triggers the obligation to register for VAT) will increase from £68,000 to £70,000.
- The taxable turnover deregistration threshold (which triggers the right to apply for deregistration) will increase from £66,000 to £68,000.

Small business rate relief

There will be a temporary increase in the level of small business rate relief in England, so that eligible small businesses occupying properties with rateable values up to **£6,000** will pay no business rates for one year from **October 2010**. Small businesses that benefit from the rate relief taper (that is, rateable values up to **£12,000**) will be entitled to significant reductions.

Entrepreneurs' relief

The lifetime limit for entrepreneurs' relief has been doubled from £1 million to £2million. Entrepreneurs' relief is a relief from capital gains tax which can be claimed on gains arising from disposals of businesses, shares in personal companies and associated business assets.

Empty Property relief

Empty commercial properties with rateable values of up to **£18,000** will continue to be exempt from business rates.