

Pre-Budget Report 2008: business tax

With businesses concerned about cash flow, the Chancellor introduced a number of tax changes aimed at easing the burden on smaller firms in particular.

The planned increase in the small companies' rate of corporation tax, from 21 per cent to 22 per cent, has been put back a year and will stay at 21 per cent during 2009/10.

The threshold at which an empty property becomes liable for business rates is increasing temporarily. For the financial year 2009/10, empty premises with a rateable value of less than £15,000 will be exempt from rates.

Businesses that find themselves struggling to pay VAT, corporation tax, PAYE, income tax and NICs will be able to make use of a new HM Revenue and Customs service. The Business Payment Support Service means that firms facing temporary financial problems can negotiate spreading the payment of tax bills over a period of time they can afford.

To help businesses that have recently made losses, trading loss carry-back will be extended on a temporary basis from one to three years for up to £50,000 of losses.

No legislation is to be introduced on income shifting in the 2009 Finance Bill, but the issue is to be kept under review.