

For immediate release
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Mixed Budget for Business

Many Positive Aspects for Business but Long-term Situation still gives Rise for Concern, says IoD

Reacting to today's Budget the Institute of Directors (IoD) said there were several positive steps from a business standpoint. The Budget makes a real effort to tackle some important regulatory issues. However, the rising burden of public spending and taxation projected for the coming years remains a concern, the IoD said.

George Cox, Director General of the IoD, said:

"Ultimately business wants to see public spending, taxation and regulation brought under control. The Budget contains many encouraging features, particularly by addressing bureaucracy.

"These are significant steps in the right direction to reduce red tape and bureaucracy. Indeed, in many ways they are quite bold. If they are implemented properly - and that is not without significant challenge – then it will make a real difference for business.

"However, if GDP growth fails to reach expectations or the tax-yield slips, the Chancellor will be forced by his own rules to raise taxation further next year. This remains our continuing concern after today's Budget."

Commenting on specific issues in the Budget, the IoD said:

- * The Chancellor's announcements on tackling regulation show that the Government is at last taking red tape seriously;
- * The decision to relieve business of the burden of paying 'in-work benefits' - such as the Working Tax Credit - is to be welcomed. The IoD have been calling for this move at every Treasury meeting attended since Tax Credits were introduced. Indeed, research shows that this has become an even bigger admin headache than routine handling of PAYE and National Insurance. The IoD said it was pleased that the Government had listened on this particular issue. The move could release employers, particularly small businesses from a huge administrative burden;
- * The decision by the Prime Minister to take personal charge of the Regulatory Impact Assessment system is also to be applauded. Top-level ministerial leadership is crucial if the Government is serious about changing the 'regulate first, ask questions later' culture that persists in Whitehall;
- * The radical simplification of the pensions regime is also welcome - although the IoD said it remains unhappy at the annual lifetime limits on pension contributions, which, over time, will catch more and more people. The limits send out the wrong signal on pension saving.

- * Finally, the IoD welcomed the proposed merger of the Inland Revenue and Customs and Excise, providing these are not just initial savings but give business a genuine one-stop-shop.

Ends

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Notes to editors

1. The IoD (Institute of Directors), founded by Royal Charter in 1903, is a non-party political organisation with upwards of 54,000 members in the United Kingdom. Membership includes directors from right across the business spectrum - from media to manufacturing, e-business to the public and voluntary sectors. Members include CEOs of large corporations as well as entrepreneurial directors of start-up companies.
2. The IoD offers a wide range of business services which include business centre facilities (including six regional centres), conferences, networking events, issues-led guides and literature as well as information services and free access to a comprehensive business library and enquiry service. The IoD places great emphasis on director development and has established a certified qualification for directors - Chartered Director - as well as running specific board-level and director-level training and individual career mentoring programmes.
3. In addition, the IoD provides an effective voice to represent the interests of its members to government and key opinion-formers at the highest levels. These include ministers, constituency MPs, Select Committee members and senior civil servants. IoD policies and views are actively promoted to the national, regional and trade media.
4. For further information, visit our website: www.iod.com