

Press Enquiries: Karen Winrow
Phone: (01442) 269341

FOR IMMEDIATE RELEASE
January 2007

BROWN'S GREEN TAXES CARRY IMPLICATIONS

**By Hillier Hopkins LLP
Partner Martin Minett**

With worries surrounding today's turbulently changing climate continuing to grow, it was quite understandable that Chancellor Gordon Brown's final pre-budget report (PBR) was permeated with a substantial tinge of green. Brown's latest proposals for a more eco-friendly work ethic, however, entail major financial and tax implications for local businesses to address, warn Home Counties based accountancy practice, Hillier Hopkins LLP.

Martin Minett, business partner at Hillier Hopkins comments: "Regardless of the recent, rather telling occurrences of abnormal weather in this country alone, many businesses still feel that environmental issues are not their concern. However, it is this dangerously indifferent attitude that Gordon is trying to address and of course the best way to do this, is to introduce financial measures for those who ignore our changing climate. So looking at your company's fuel consumption, company car schemes and business travel is now more important than ever."

Main points announced included, that from February, air passenger duty will rise from £5 to £10 for most flights. There was also an inflation rise in fuel; however these increases were offset against tax discounts for bio fuels, which were extended.

Martin concludes: "As global warming continues to grow at an incessantly fast pace, the issues of the environment are going to continue to rise up the political and economical agenda, with green taxes increasing in accordance. Consequently, there is no time like the present for companies to adjust to a greener work, and even life, ethic by attaching economical measures to any environmentally harmful practice before it burns a rather uneconomical hole in their pocket."

Another predominant topic covered on the day was the government's continued concern about the tax motivated incorporation of the self-employed, which involves businesses taking advantage of structural differences in the tax and NIC treatment that apply to companies.

Consequently, as well as adapting to greener taxes, business owners also need to be aware of a future clampdown in this area, with the government preparing to review 'how the system could be modernised, made simpler, more efficient and more competitive.'

To counterbalance the amount of tax taking there will also be a significant amount of government giving, with the national wage now at £5.35 and in January the penalties for failing to pay it will rise. The government is also set to introduce from April 2009 a new entitlement for all pregnant women to receive child benefit from the 29th week of their pregnancy and the basic state pension will rise to £87.30.

Martin continues: "Whilst any extra costs to small or growing business can be hard to deal with, such as the minimum wage, it's good news that the government is also making the effort by increasing state payments such as child benefits and pensions."

For more information about the pre-budget report please visit the Hillier Hopkins website at www.hillierhopkins.co.uk or contact Martin Minett on 01442 269341.