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# INSIDER

## DECEMBER

# 2016

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## Small businesses offered alternative route to finance

**Small businesses that have been rejected for finance by banks may be matched with alternative finance providers under a government scheme.**

The service will see participating banks pass on details of businesses they have rejected to alternative finance platforms.

According to figures from the Treasury, 71% of businesses looking for finance only request it from 1 lender.

Of the 324,000 SMEs that applied for a loan or overdraft last year, 26% were declined by their bank. 3% of those declined were referred to other sources of help.

Keith Morgan, CEO of the British Business Bank, said:

"It gives businesses additional opportunities to secure funding, alternative providers access to a bigger market of potential clients, and major banks an extra service to offer their business clients when they cannot themselves provide finance."

### Alternative sources of business finance

While alternative forms of business finance may not be as well-known as the more traditional bank loan or overdraft facilities, there are other options available to small businesses.

Examples include:

- **unsecured loans** – the lender and business agree on an amount, interest rate and time frame
- **asset finance** – funding secured against business assets
- **invoice finance** – the lender effectively purchases a company's unpaid invoices

- **crowdfunding and peer-to-peer lending** – online platforms that connect businesses to multiple individual investors or lenders.



*Contact us before committing to a business finance strategy.*

## Business rate changes from April 2017

**Two changes to business rates are due to come into effect from 1 April 2017.**

Whether the changes will affect your business will depend on its location and size.

### Revaluation

Revaluation adjusts the value of business rates to take into consideration changes in the property market.

It usually takes place every 5 years, although there hasn't been a revaluation since 2010.

All business properties will get a new rateable value and multipliers (or poundages in Scotland) will be revised. The government has stressed that this doesn't necessarily mean that rates will change.

The government estimates that three quarters of businesses will either see no change or a reduction.

Revaluation only applies in England, Wales and Scotland. No date has been set in Northern Ireland.

## Small business rate relief

Small business rate relief in England will be permanently doubled from 50% to 100% from 1 April 2017. This means that businesses with a rateable value of £12,000 and below will get 100% business rate relief (provided that it only uses 1 property).

Business with a rateable value between £12,000 and £15,000 will get tapered relief.

## Pay business rates

Local councils will send businesses a bill for the following tax year in February or March. Firms usually pay in 10 monthly instalments.

 *Get in touch with us to talk about business rates.*

## £17 billion in workplace pensions by 2020

**£17 billion extra a year will be saved into workplace pensions as a result of auto-enrolment by 2019/20, according to the Department for Work and Pensions.**

Estimates show that this figure will be made up of around:

- £8 billion in employee contributions
- £6 billion in employer contributions
- £2 billion of tax relief on employee contributions.

Further findings:

- 11 million workers are estimated to be eligible for auto-enrolment
- 10 million workers are estimated to be saving more as a result of auto-enrolment by 2018
- three quarters of all workers are estimated to be eligible for auto-enrolment.

Richard Harrington, minister for pensions, said:

“For some people, this may be the first time they have saved in this way and we must help them build a big enough savings pot so they can enjoy a comfortable retirement.”

## Minimum contributions

The employer and employee are required to pay a minimum percentage of qualifying earnings.

For 2016/17, qualifying earnings are between £5,824 and £43,000 a year. The first £5,824 is not included in the calculation of an employee's contribution, setting an upper limit of qualifying earnings of £37,176.

Salary, overtime, bonuses, commission and statutory pay are all included when calculating qualifying earnings.

The minimum contribution levels are:

	Until April 2018	2018/19	Until October 2016
Employer	1%	2%	3%
Employee	0.8%	2.4%	4%
Government tax relief	0.2%	0.6%	1%

## Autumn Statement 2016 round-up

**Chancellor Philip Hammond delivered Autumn Statement 2016 to parliament on 23 November 2016.**

Here is a round-up of the main announcements:

### Business

#### Corporation tax

The government confirmed it will reduce corporation tax to 17% by 2020.

#### National insurance

National insurance thresholds for both employers and employees will be aligned at £157 per week from April 2017.

#### Salary sacrifice

Employers and employees making use of salary sacrifice schemes will be subject to the same tax as cash income. Pensions, pensions advice, cycle to work schemes, ultra low emission cars and childcare will be exempt from the change.

### Personal

#### Personal allowance

The tax-free personal allowance will rise to £11,500 from April 2017. The allowance will rise to £12,500 by 2020 and increase in line with inflation after 2020/21.

#### National living wage

The national living wage will increase to £7.50 per hour in April 2017.

#### Savings bond

Details of a new 3-year NS&I savings bond will be announced in Budget 2017.

### Other

#### Making Tax Digital

The government will publish more detail about Making Tax Digital in January 2017.

#### Insurance premium tax

The standard rate of insurance premium tax will increase from 10% to 12% from June 2017.

 *Contact us today about any aspect of Autumn Statement 2016.*