

TOURISM SOUTH EAST

Budget Report 2008

On Wednesday 12th March Alistair Darling delivered his first Budget since becoming Chancellor of the Exchequer. As ever Tourism South East has been active in representing your views to the Government. The details of the Budget that will affect the tourism sector in the South East of England are listed below.

Corporation Tax

The Chancellor confirmed that the main rate of Corporation Tax will be lowered to 28% from April 2008. This is the lowest it has ever been which is good news for large businesses but the bad news was that there was no change to the decision to raise the rate for small businesses to 22%.

Small to Medium Sized Enterprises (SMEs)

Measures were announced to attempt to help small businesses. The amount of tax relief available to SMEs was increased with particular regard to expenditure on R&D.

A consultation on the idea of a cap on the amount of new regulation that was imposed on small businesses each year was announced. This is a positive step for small businesses that are increasingly being overwhelmed by the regulatory burden that is imposed on them. Tourism South East will be commenting on this consultation on your behalf.

In addition the Small Firms Loan Guarantee Scheme and Enterprise Capital Funds are to be enhanced whilst a target of 30% was set for government contracts to be awarded to SMEs.

Environmental Actions

A number of measures were announced relating to the Government's pledges to protect the environment.

It was announced fuel duty is to rise at 0.5 pence above inflation from April 2010. The contradictory news was that the previously announced 2p rise for April 2008 is being postponed until October.

The Chancellor announced that the Government would legislate to prevent shops giving carrier bags away free of charge unless the industry responded to the issue in an effective manner.

Funding was announced for research in to a road charging scheme and a variety of targets were set for reducing carbon emissions and setting carbon budgets.

Airports and Aviation

The Chancellor announced that the proposed expansions at Heathrow and Stansted airports will be supported by the Treasury. This means that the plans are now all but guaranteed.

The changes in the way Air Passenger Duty will be collected have already been announced. APD will be charged per plane rather than per passenger in the future. In the Budget it was revealed that there would also be a 10% increase in the amount of APD charged in the first two years of the new scheme (2010/11).

It was also announced that new biometric measures were to be introduced at airports to speed up processing time.

Alcohol Duty

Rises in alcohol duty are to be steeper than they have been in recent years. Duty will rise at 6% above inflation from this Sunday (16/3/08) and at 2% above inflation for the next four years.

Gift Aid

Finally one measure that was hidden away in the minute detail of the Budget, but that will be of great significance for attractions in the South East with charitable status was the announcement on Gift Aid. There was concern that due to the reduction in the basic rate of income from 22% to 20% in last year's Budget the amount of Gift Aid that charities could claim would also fall to 20%. However the Chancellor has created a transitional relief that will allow charities to claim at the existing 22% for the next two years allaying fears that a significant source of income would reduce with immediate affect.

The Government will also be introducing a range of measures designed to simplify the auditing procedures for Gift Aid, for increasing awareness of Gift Aid and to attract more small attractions in to the Gift Aid scheme.

These measures are a particular feather in the cap of Tourism South East who formed a managerial sub-group to respond to a consultation on Gift Aid during the summer of 2007. This followed a comprehensive study in to the Gift Aid scheme that we conducted in partnership with the Visitor Attractions Forum and rolled out a year ago.

Further Information

For further information on any of the issues in this bulletin or on any other policy, regulation or legislation issues please visit our website at <http://industry.visitsoutheastengland.com/>.

Alternatively email Daniel Humphreys at dhumphreys@tourismse.com or phone (023) 8062 5499