



## **Cut Payroll Taxes**

### **FSB One Page Briefing January 2010**

A recent survey of FSB members revealed that 44 per cent felt that a cut in payroll taxes would help them take on more staff. To tackle unemployment and give small businesses the help they need to take on more staff, the Government has to tackle high National Insurance levels.

In the 2009 Pre-budget Report the Government decided to increase National Insurance (NICs) by one per cent in 2011. According to the Centre for Economic and Business Research (CEBR) this rise will lead to the loss of 57,000 over 10 years.

We feel that the following changes will support small businesses to invest in employment:

- **Introduce a National Insurance rebate for new jobs in small firms**

We already know that half of small businesses want to invest and expand in the next six months. Businesses with fewer than 50 members of staff that create a new job during 2010/2011 should receive a national insurance rebate on any new staff.

This needs to be available to all small firms not just new businesses. There are 3.5 million businesses in the UK without employees. An FSB survey showed that a half of businesses would like to take on staff in the future. If this can be encouraged there is the potential for 1.25 million new jobs to be created.

- **Freeze Employers National Insurance Contributions (NICs)**

NICs are a tax on employment. As the CEBR report demonstrates, an increase in Employers' NICS would have a very detrimental effect on job creation.

The FSB urges the Government not go ahead with any planned increase to NICS in 2011.

- **Repeal Class 4 National Insurance Contributions**

The FSB calls for a repeal of Class 4 National Insurance. This is another form of taxation on the self-employed and therefore counterproductive to promoting entrepreneurship.

#### **Small Business Statistics**

- **44 per cent of FSB members felt that a cut in payroll taxes would help them take on more staff.**
- **Only one quarter of businesses in the UK employ staff**
- **19 per cent of FSB members plan to take on more staff in 2010**
- **One fifth of members felt that National Insurance and PAYE taxes were the biggest obstacle to their plans to grow the business.**

For further information

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