

## SME Discounts Responds to UK Government Growth Plan

Earlier this year the UK government called for SMEs (Small and Medium sized Enterprises) to help rescue the UK economy and set into motion a series of initiatives to help “start-up Britain”. Yesterday’s economic results, showing worse than expected GDP growth of only 0.2%, are forcing the government to rethink this strategy.

Andries Smit, CEO of SME Discounts, offers the following insights from his company’s membership including entrepreneurs, consultants, home based business owners, freelancers, sole proprietors and company directors.

The community suggests:

**Local government spending needs to be outsourced to SMEs.** Business Link’s Contract Finder program and website is a great leap in the right direction, but the second phase of its development, to increase the number of available contracts, need to be accelerated. The ability to search at a more local level will also enhance its functionality.

**Settle government bills sooner.** Making it easier for SMEs to become registered government suppliers is just the first step. Ultimately the operational process also needs to be improved. Less forms and documents to complete, less time to wait for resolution on whether the contracts have been awarded or not and, most of all, shorter payment terms once the service have been delivered.

**More generous capital gains sliding scales** for people starting new businesses, or even no capital gains on future sales of businesses started within a specific time period. This will encourage both entrepreneurs and investors to start and invest in businesses now, without impacting the treasury in the short-term.

**Increase “Investment Allowances” for plant and machinery.** Currently small and medium-sized businesses can claim 40% of their investment in plant and machinery as a corporation tax deduction in the year of purchase. SME Discounts members encourage the government to increase this to 100% for a limited time. This is the same strategy that was used between 2000 and 2004 to stimulate manufacturing growth.

**Remove national insurance contributions for employers.** These contributions are not aligned with businesses’ profitability and simply increase local resource costs. Removing this obligation would give small businesses an immediate operational injection of up to 13% of staff costs. These savings could be used to reinvest in more staff, equipment or marketing initiatives.

**Create rebates for employing people.** Giving new and small businesses a significant incentive to employ up to 10 full time employees could give them enough resources to reach a critical mass of activity, usually required to be successful in the longer term.

### About Andries Smit

Andries Smit is a chartered accountant with experience at PricewaterhouseCoopers and Morgan Stanley, and an entrepreneur who has started and run a number of businesses. One of his previous ventures includes LEAP in Life Business Builders, a management consultancy for SMEs. This position provided him with deep insight into the key challenges faced by consultants, sole proprietors and small businesses: how to grow the business without vast expenditure or investment. Many think it is impossible. Smit believes that with a good balance of government initiatives, private sector involvement and entrepreneurial energy there is a solution to both the entrepreneurial conundrum and the prolonged UK economic crisis.

## **About SME Discounts**

[SME Discounts](#) is the best “Group Buying” service for entrepreneurs, start-ups, home based businesses, freelancers, consultants, professionals and small and medium sized businesses. The service offers 40-90% discounts on quality business products and services. It also offers an effective [B2B online marketing](#) solution for businesses of any size, with no upfront costs or risk. Visit [www.smediscounts.com](http://www.smediscounts.com) for more information.