



Business Taxation is More Than American Fare

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In researching and considering the international topics discussed in this issue of the *SSA Globe* magazine, there emerged a subtle yet indisputable trend. Professionals in other countries are encouraged about the world economy, but that optimism is tempered by one overriding concern: a high level of business taxation.

A perfect example of this sentiment can be found “across the pond” as they say, in the United Kingdom. Last month the English went to the polls for a national election, something we won’t do here for another two and a half years. Actually it’s not quite a national election, because the prime minister is decided by the majority party in Parliament, the seats of which are actually up for election.

But it is, in essence, a national election, providing an opportunity for citizens to speak their minds about a number of topics, including the economy. Businesses in the U.K. participated in this recession along with the Americans, and most say they are heartened somewhat about the future.

British analyst Baker Tilly surveyed owner-managers of hundreds of small businesses and the good news is that more than half, 58 percent, anticipate an increase in operating profits in coming months. However George Bull,

who managed the survey for the firm, says that small businesses are uneasy about government budget woes and the potential to stifle any recovery by taxing businesses.

“The incoming government will have to balance the sibling rivals of tax and spend—an area which our research shows businesses to be clearly concerned about,” said Bull. “The new government needs to be aware of the extra sensitivity surrounding the taxation of small and medium-size companies as they gear up to pull [Great Britain] out of recession.”

In fact, 90 percent of the same business professionals in the Baker Tilly survey see taxes as a significant threat to growth and 80 percent see the complexity of the tax system as a threat to growth.

England’s campaign was at a unique point in the political and economic cycle. All three prime minister candidates carefully tip-toed around the tax issue, with the Conservative Party’s David Cameron winning big—the candidate most likely to carry the pro-business agenda.

Regardless, Bull remains somewhat cautious, “Experience suggests that businesses are right to be concerned, as the post-election policies rarely match the pre-election rhetoric.” ❖