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NO CHANGE PLEASE, GORDON!

26 March 2003: Faced with global economic uncertainty, Small and Medium Sized businesses (SMEs) need a period of no change to the tax regime for at least two years, says accountants and business advisors, PKF.

Unless the Chancellor plans either to abolish a tax or to simplify the system in the 9 April Budget, now is not the time to meddle. If he is serious about enterprise - he should leave the business sector alone.

SMEs attach great importance to stability but, in recent years, Gordon Brown has made frequent changes to the tax system. Frequent changes make forward planning extremely difficult and deter companies from making the investment that is essential for the future of UK plc. From April, business has to bear the 1% increase in National Insurance. The cost of dealing with further change could prove crippling to fledgling and already struggling businesses.

Peter Penneycard, national director of Tax at PKF, said, "What businesses need from the Chancellor now is simplification and stability. As the main drivers for economic growth, product innovation and job creation in this country, it is vital to the UK's economic health that SMEs are left alone to get on with running their businesses not dealing with yet more tax changes. Business does need support, such as the recent enhanced relief for R&D expenditure, but only if the rules are simple and certain."

- ends -

Notes to editors:

NICs are set to rise by 1% on the 6 April which will mean a typical business with 100 employees will have to pay an extra £20,000 per annum.

- There are 3.7 million SMEs in the UK.
- SMEs employ 55.5% of the private sector workforce and account for 44.7% of business turnover.
- SMEs employ 12 million people in the UK, three times as many as the FTSE 500
- UK SMEs' combined annual turnover is around £1 trillion

Statistics from the Small Business Service

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PKF's Budget Hotline is open exclusively to the media up to 10 April for immediate reaction and informed comment from Tax, VAT and Financial planning experts on how this Budget will affect businesses and individuals– call 0207 782 9339

Notes to editors:

1. PKF is one of the UK's leading firm's of accountants and business advisors and specialises in advising the management of developing private and public businesses. The firm has more than 1,500 partners and staff operating in over 25 offices around the country. Principal services include assurance and advisory; consultancy; corporate finance; corporate recovery and insolvency; forensic; and taxation. The firm has particular expertise in advising sectors such as small and medium sized companies; charities; hotels and leisure; medical; professional partnerships; public sector; and technology. The firm's web site is www.pkf.co.uk.
2. PKF also offers financial services through its FSA authorised company, PKF Financial Planning Limited.
3. PKF is a member of PKF International, which has more 12,800 people operating in over 100 countries around the world.