

BUSINESS ENGLISH

Small firms spend £500m on tax admin each year

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Britain's small business owners spend £500m on keeping on top of burdensome tax administration each year and lose around 12 working days a year as a result, according to new research from the the Federation of Small Businesses (FSB).

The UK's small business community is struggling under the burden of tax admin, the FSB has found.

In a recent survey of 2,198 of its members, half of respondents told the FSB they spend between two and eight hours per month understanding, calculating and completing tax forms. A further 11% spend between two and six days per month, hindering their efforts to grow[\[1\]](#) their businesses.

And it's proving extremely expensive for these small companies to keep their tax affairs in order. More than three quarters (77%) say they spend up to £5,000 - in addition to their tax bill - paying professionals or buying software so they can keep up to date with their obligations.

The FSB found that around two thirds of the respondents estimate that an average of £3,651 is spent on tax admin each year. If this figure is extrapolated across the entire UK small business sector, this means that a minimum of £490m per year is spent on additional costs.

The study also found that an alarming number of businesses were struggling to pay their taxes on time due to cash flow problems - 30% of respondents have been forced to pay late. One in five also said that they have paid late due to difficulty understanding what is required or confusion over payment dates The findings add weight to the FSB's call for a simpler taxation system for small firms. The business group[\[2\]](#) believes this would lead to a more efficient system meaning more firms will be compliant. It would also mean entrepreneurs spend less time dealing with their tax commitments and reduce their considerable outgoings on tax advice, enabling them to concentrate on growing their businesses.

John Allan, national chairman of the FSB, said: "Small firms are losing a serious amount of time completing these forms and it's tantamount to money down the drain[\[3\]](#) as they could spend that time growing their business. The economy is just starting to pick up[\[4\]](#) and it is the UK's army of small firms that will drive the growth and create jobs.

“There have been long-running issues with complex tax statuses whether you’re a sole trader or running an incorporated business. Creating one new tax system, removing the choice will make it simpler. It will free up [5] time for businesses, it will give them the time to grow and contribute further to the prosperity of UK-plc [6].”

<http://www.telegraph.co.uk/> (last visited: 2.11.13)

Comprehension questions

1. What does the FSB want and why?
2. What two reasons does the FSB give to explain why small businesses are having problems to pay their taxes on time?
3. What do the following numbers refer to?

a. £500 million b. £3,651 c. 12

1. 'Tax' is used in this text 8 times as an adjective to create compound nouns

English

1. tax administration/tax admin
2. tax _____
3. tax _____

4. tax _____

5. tax _____

6. tax _____

Italian equivalent

1. gestione fiscale
- 2.3.

4.

5.

6.

7.

7. tax _____

8.

8. tax _____

9.

9. tax _____

1. 5. *Tutto il mondo è paese!*

What are your views on the issues raised in this article in your role as professionals paid by small firms professionals 'so they can keep up to date with their obligations'?

Answers

1. The FSB wants a simpler tax system for smaller businesses that as a result will enable them to reduce time and money on tax administration.
2. (1) cash flow problems (2) difficulty in understanding their tax commitments
3. (a) total amount spent by UK small businesses each year solely on tax administration (b) average amount spent annually by a single small firm on tax admin (c) the number of working days lost on handling tax administration matters.

English	Italian equivalent
1. tax administration/tax admin	1. gestione fiscale
2. tax forms	2. moduli/documentazioni
3. tax affairs	3. questioni fiscali
4. tax bill	4. conto fiscale (importo da pagare)
5. tax system	5. sistema fiscale
6. tax commitments	6. impegni/adempimenti fiscali
7. tax advice	7. consulenza fiscale
8. tax statuses	8. tipologie di contribuenti

[1] sviluppare, far crescere

[2] ossia, *the FSB*

[3] idioma: 'è come buttare via i soldi'

[4] phrasal verb (intransitivo) :riprendersi

[5] phrasal verb (transitivo): liberare

[6] espressione coinata dall'amministrazione laburista di Tony Blair, ossia il Regno Unito visto come entità economica (Public Limited Company: Società quotata)