

Can small business really be properly taxed on the basi...

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According [to the FT](#):

The [Federation of Small Businesses](#), which represents owner-managed businesses and the self-employed [has] said the government's plans for digital record-keeping increased the need for simple taxes that businesses could readily understand.

And:

Just three bits of information – sales, payroll and interest costs – would be enough to calculate a company's overall tax bill, under one of the options put forward by a lobby group.

Chris Sanger, global head of tax policy at EY, the professional services firm, who worked on the FSB's proposals, urged the government to introduce a "taxpayer-centred approach" that went beyond incremental improvements to individual taxes.

It was argued that:

The proposal ...would replace the need for separate assessments for business rates, corporation tax, value added tax and, possibly, employers' national insurance contributions. "The simplicity it could bring could be very attractive for a subset of small businesses."

I suspect that subset may be small.

They have no bad debts, for example. Or subcontracting. And probably premises costs.

So it might just work for micro businesses working from home for one or two customers or always taking payment on supply but for others? I doubt it. For them this may be tax injustice and I do not like that. So, at best it could be an option and that then just makes life even more complicated. When to take it, and when not?

More useful was:

Another idea put forward by the FSB was the creation of a “tax transparent” organisation. This idea, similar to the “S corp” vehicles in the US, would mean that income was considered to be earned directly by shareholders.

That is something [I have argued for since 2008](#).

But some of the ideas are just daft:

It also mooted the idea of replacing corporation tax with a distribution tax. To stop companies hoarding untaxed profits indefinitely, there might be a requirement that the company must distribute a certain proportion of profits to shareholders annually.

Complexity, here we come.

Which will actually be the case whatever the outcome. This is certainly no simplification, whatever anyone will be saying.