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## Editorial

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### The Ten Plagues of Business

A team of civil servants has reported<sup>1</sup> that business is seriously handicapped by a cumulative burden of government regulations. Too much management time is spent in trying to understand regulations and too much expense is incurred in complying with them once they have been understood.

Of the ten areas of activity in which regulation was particularly onerous, VAT was the one most often quoted. The complaint was not the tax itself, but the administration of the system. In fact, it seems that inspectors and administrators hinder rather than help, not just in VAT but in the other areas of discontent. Employment protection, local authority planning rules, PAYE and National Insurance, health and safety, sick pay, and environmental regulations all take up too much time. Then there are the Inland Revenue definitions of self-employment and employment, Schedule D as opposed to Schedule E. An additional annoyance is the demand for statistics.

The Department of Trade and Industry introduced the report at a press conference, and it seems that the Government is going to do something to reduce the burden of regulation. Proposals may be expected before the

summer, and there is some basis for hope in that the background to the speakers at the conference was a large drawing of a pair of scissors cutting red tape. Is there a sense of humour lurking in the inner sanctum of the DTI? But a well-intentioned British Government is likely to be thwarted by the EEC.

The constant flow of Community regulations adds considerably to the local output, and we have seen from the effect of Directives on our company law that they do not encourage simplicity. The Prime Minister told her EEC colleagues on March 29 that regulations affecting business should be cut by one-third, and there are other ways in which the EEC could help. For example, many small business would be helped by a higher threshold for VAT, and the Chancellor did in fact raise the threshold in his Budget. But a higher amount is needed, such as £50,000, and the Government would probably agree if there were no objections from the EEC.

There is evidence that both at home and in Europe the Government is doing something to reduce the burden of regulations which weigh particularly on the small business. We can but hope it will succeed. What is more, we need an early solution before business sinks in a sea of statutory orders

<sup>1</sup>*Burden on Business. Report of a Scrutiny of Administrative and Legislative Requirements. HMSO. 1985. £5.25.*