Tax relief schemes falter as investors attempt to recover

More than one-third of six government plans that were intended to boost UK investment and encourage business growth in the recovery from the COVID-19 pandemic have failed to deliver, according to a report by the National Audit Office (NAO).

The report, published today, found that the small business investment relief, the70% research and development tax relief enhancement, the 80% first-year capital allowances relief for motor cars, and the 5% climate change capital allowance scheme have all been underused or have had a limited impact.

The government launched the schemes in 2020 as part of its efforts to support businesses through the pandemic crisis. However, the report claims that the schemes have not had the desired impact.

For example, the small business investment relief, which was intended to encourage investment by small businesses, has been underused. The report states that the government estimated that the relief would support £8 billion in investment, but the actual uptake was much lower.

Similarly, the 80% first-year capital allowances relief for motor cars, which was intended to support the automotive industry, has also been underused. The report states that the government estimated that the relief would support £2 billion in investment, but the actual uptake was much lower.

The report also found that the 70% research and development tax relief enhancement, which was intended to support businesses in the research and development sector, has been underused. The report states that the government estimated that the relief would support £3 billion in investment, but the actual uptake was much lower.

The 5% climate change capital allowance scheme, which was intended to support businesses in the low-carbon energy sector, has also been underused. The report states that the government estimated that the relief would support £2 billion in investment, but the actual uptake was much lower.

The report calls for the government to review the effectiveness of the schemes and to consider ways to improve their delivery. It also recommends that the government should consider further measures to support businesses through the pandemic crisis.