



## **ALMOST £1 BILLION IN TAX BREAKS UNCLAIMED**

Big businesses are failing to take full advantage of Government tax credit and grant schemes which could save millions and improve corporate productivity and effectiveness in the UK.

An estimated **£961 million** in Government grants and tax credits goes unclaimed each year, according to the latest research<sup>1</sup> from Coleman Parkes, commissioned by BT Home Computing (BTHC). From Business Link grants right through to research and development tax credits, businesses are failing to take advantage of schemes designed to aid business development and investment in people.

The research, conducted amongst companies of 1,000 or more employees, also aimed to understand the reluctance behind corporate take-up. **Twenty nine per cent** attributed their reluctance to take up such schemes and initiatives as the perceived 'cost of administration', and a further **23 per cent** claimed a lack of resource. While aware of the opportunity presented, **32 per cent** cited a 'lack of time' and the fact that such initiatives are not considered a key priority because of broader organisational pressures and priorities.

Ian Parkes, director of Coleman Parkes, comments: "This research demonstrates that there is enormous potential for some of these schemes, particularly the Home Computing Initiative (HCI). It is clear that many are

---

<sup>1</sup> Research carried out by Coleman Parkes, based on 100 telephone interviews with CFOs, September 2004. Estimates based on eligibility, extent of implementation and average investment levels.

seriously missing out on a great opportunity to do something for their employees, while at the same time contributing to the organisation's bottom line."

Through the HCI scheme alone, the opportunity exists for UK organisations to collectively recoup up to **£416 million** annually. In addition, **9.5 million** UK employees are currently missing out on the opportunity to make huge savings on home computing equipment.

Chris Wells, chief executive of BT Home Computing, comments, "The reasons given for not taking up an HCI scheme just don't stand up to scrutiny. BTHC offers a fully managed service for clients, drastically reducing any administrative and resource burden.

"Organisations that implement a HCI programme can save up to £320 in National Insurance contributions for each employee that signs up to the scheme, at the same time aiding staff retention, reducing the amount of time spent on personal internet use at work and improving employee IT skills.

"In recent years BTHC has implemented a number of successful HCI schemes, including some of the biggest names in the private and public sector. In almost every case these organisations have been driven by a desire to boost skills and learning to increase their overall performance and competitiveness."

ends

## Notes to Editors:

Scheme	Criteria / offering	Level of awareness (%)	Level of uptake (%)	Potential value of grants untaken over a 1 year period
Regional Selective Assistance Investment grants	Limited to key regions in UK 20% grant offered	15	9	£200M
Home Computing Initiative	National Insurance saving of up to £320 per employee that takes advantage	30	3	£416M
Business Link grants	50% of total investment is eligible in grant	16	1	£150M
Research & development tax credits	25% refund on investments	13	2	£67M
Enterprise grants	15% grant on maximum of £75K investment	20	0	£13M
Capital equipment grants	15% grant per project	10	2	£76M
Selective Finance for Investment SFI	20% of investment is funded	9	0	£39M
<b>Total</b>				<b>£961M</b>

### About Coleman Parkes:

Coleman Parkes Research is the recently formed, premium quality, action focused marketing research Company specialising in the business-to-business market. Its founders, each with over 19 years' marketing research experience, have set out to provide their clients with high value, targeted research that creates competitive edge and drives business change. The Company undertakes research for service and product suppliers to all parts of the business community including Finance, Retail, Government, Services and Manufacturing.

### About the Home Computing Initiative (HCI):

HCI schemes are enabled by the Government's 1999 tax exemption on loaned computers, which allows employers to implement a tax-exempt loan scheme for computer equipment for their employees to use at home. Many employers use HCI schemes to widen their existing benefits package.

Most organisations, large or small, are eligible. In recent years, many have successfully implemented schemes, including some of the biggest names in the private sector, public sector organisations, and small and medium sized businesses. In almost every case these organisations have been driven by a desire to boost skills and learning, and increase their overall performance and competitiveness.

Most HCI schemes are cost neutral as many employers choose to use salary sacrifice arrangements to offset the costs of administration and implementation. Where salary sacrifice is used, the employee accepts a reduction in their gross annual salary in return for the use of a loaned computer. Depending on the nature and scale of an HCI implementation, an employer may be in a position to generate operational savings through a reduction in National Insurance contributions on the amount of their employees' salaries sacrificed.

Over the 3 year term employers can save up to £320 in National Insurance contributions for each employee that signs up to the scheme (Class 1 NIC at 12.8% of £2,500).

### For further information, please contact:

Beth Longcroft or Adam Barber at Band & Brown Communications: 020 7419 8631 [adam@bbpr.com](mailto:adam@bbpr.com)