

Budget 23: Northern Ireland business welcomes investment incentives but tax hike weighs

There was a mixed reaction by Northern Ireland businesses to the Spring Budget, with a feeling that many of the announcements won't help drive noticeable economic growth in the short term.

Incentives to encourage investment and moves to get more people into the labour market were welcomed but the failure to reverse the planned hike in corporation tax to 25% from 19% in April has weighed on sentiment.

That move will do little to bolster sentiment amongst business leaders in the short term, the Association of Chartered Certified Accountants NI (ACCA) said.

"Today's announcements broadly focused on the right issues for the longer term, such as encouraging investment in net zero and expanding our labour market," Caitriona Allis, Head of ACCA NI, said. "However, given the months of turmoil, many firms are still likely to feel hesitant about the road ahead.

"While moves towards greater stability are welcome, many of these changes won't deliver results in the short term, so it was disappointing to see the planned increase in corporation tax proceed."

However, there was a feeling that the investment incentives, which revolve around a range of capital allowances, when combined with the flow of funding expected should the Windsor Framework be implemented, will be a positive for the region in the longer term.

Richard Ramsey, Chief Economist at Ulster Bank, said the incentives, when combined with the potential for the Windsor Framework to bring stability and investment certainty for domestic and international investors to capitalise on Northern Ireland's unique status, will be welcomed.

The Northern Ireland Chamber of Commerce, however, said the government needs to do more to harness the potential advantage which the framework offers. It also said there was little in the budget to provide support for businesses struggling with high energy costs, or further spikes in energy prices in the future.

As with most business representatives, it pointed out that the Northern Ireland economy's biggest catalyst for growth would be a functioning Executive.

Once back in place, it will have long todo list.

"Of course, one of the challenges with Westminster budgets is that many of the measures which will be applied to catalyse inclusive growth will be areas of devolved policy, including childcare," Gillian McAuley, President of NI Chamber, said. "As a key part of our economic infrastructure, the test for a new Executive will be how it can match or indeed better, the measures announced today for England."