

Opinion: How the UK is lowering tax rate on corporations

By Priya Guha

Around the world, nations are looking for ways to accelerate their recovery from the global recession. While the tactics may be different, the strategy is the same: encourage robust, sustainable growth.

In the United Kingdom, a central plank of our plan for growth is a reduction in the corporate tax rate. It is an approach that we believe will encourage entrepreneurship and attract foreign investment, without damaging our important social safety net.

As it stands now, our corporate tax rate – 26 percent – is already the lowest among the G7 nations. (The United States, at 35 percent, ranks second highest, after Japan.) Over the next three years, the government plans to reduce the rate even further, to 23 percent.

Our corporate tax scheme is one of the reasons that international analysts and publications have rated the United Kingdom among the world's best places to start a business. Starting a business in the United Kingdom takes on average 13 days; in other countries of Europe, the average is more than a month. The combination of low taxes and streamlined regulations means an entrepreneur's good idea can get to market and start creating jobs more quickly.

Entrepreneurship and innovation are our path back to the top. If we are at the cutting edge, the jobs lost in the global recession can be replaced by ones in entirely new industrial sectors. As one example, we are already one of the world's

largest players in clean energy: there were more offshore wind facilities installed in the United Kingdom last year than in all of Europe. Clean energy is an area where we have developed quite a bit of expertise, and we're keen to share it with partners in the United States and elsewhere in the world.

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