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Aldermore calls for creation of an Entrepreneur ISA

- Research from specialist bank, Aldermore shows a new tax vehicle would help start-ups and the self-employed to launch their business and help small businesses to grow.
- More than three quarters (77%) of the UK population support an ISA designed to help people grow their business. As many as 40% of would-be entrepreneurs would be interested in using one to support their own business.

Ahead of the Chancellor's Autumn Budget, Aldermore, the specialist bank, is calling on the Government to back Britain's small businesses through the creation of an **Entrepreneur ISA**.

This follows extensive research among Britain's business owners to better understand the challenges they face when financing their business start-up and how they find the capital to grow.

With as many as one in three employees (33%) considering starting their own business or entering the 'gig economy' in the next couple of years, there is a significant opportunity for the Government to support start-ups as well as provide more targeted support at existing SMEs.

For 'would be' entrepreneurs, finding the money to get started is seen as the biggest single challenge (51%) followed by financing future business growth (44%).

Aldermore believe the **Entrepreneur ISA** should be considered, which could follow a similar model to the Help to Buy ISA, which sees the government provide a guaranteed 25% matched bonus to deposits between £50 to £200 per month. The bonus would be capped at £3,000. In addition, a **Small Business Savings Allowance** should be established allowing sole traders and small businesses to earn up to £4,000 of income from savings, tax-free per year.

Two-fifths (40%) of those already running a business say they would find an **Entrepreneur ISA** attractive; equating to over 1.5 million business owners in the UK.

Overall, almost two thirds (63%) of people in the UK think the Government should provide more support to help people run their own business, while this number increases marginally to 68% among those who are currently self-employed. This view is even more widespread in the Midlands and the North of England where small businesses make up a greater proportion of the local economy.

The most recent figures from Government show that in 2016, there were 1.3 million employing businesses and 4.2 million non-employing businesses in the UK, which equals to more than three-quarters (76%) of businesses not employing anyone aside from the owner.

Aldermore's Head of Savings, Ewan Edwards says: "Britain's small business community is not only hard-working and diverse, but it is growing significantly. There are now more than five million SMEs, who contribute a huge amount to the UK economy.

"SMEs take significant risk in setting up their own businesses, yet often the rewards are relatively small. Working with the Government, we would like the Chancellor to use the

Budget to consider ways of improving existing fiscal support offered to SMEs. This includes introducing a new **Entrepreneur ISA** and creating a **Small Business Savings Allowance**.

“Importantly, ISAs are well-trusted and understood product for personal savers, which already provide a route to savings for 21 million Britons. So creating a similar savings vehicle to help current or would-be business owners would only help to further support Britain’s Entrepreneurial spirit.”

Entrepreneur ISA	The Small Business Savings Allowance
<p>Launch – Encourage entrepreneurship and the creation of small businesses, something the Government wishes to promote. As many as one in three employed people are looking to become self-employed. The addressable market currently sits at 4.57m.</p> <p>Turn your idea into reality – build the capital you need with market leading rates in a tax free wrapper of up to 20,000 per year.</p> <p>You’re in control – deposit between £50 and £200 per month for a guaranteed 25% matched government bonus (up to a maximum of £3,000).</p> <p>Purpose: To launch a business We understand that setting up a business can be hard; that’s why we are championing the Entrepreneur ISA. Providing tax relief on business capital and up to and up to £3,000 of government support we help individuals make business ideas a reality.</p>	<p>Growth – Targets a large proportion of small businesses and would support economic growth post-Brexit. The addressable market shows at 1.5m self-employed people and 75% of those canvassed were supported of an ISA designed to help people grow their business.</p> <p>Your Business ambitions supported with the new personal Business Savings Allowance (BSA).</p> <ul style="list-style-type: none"> • Up to 4,000 a year of income from Savings is tax free for all Ltd Companies, Sole Traders and Partnerships with a turnover of less than £250,000. • Savings income includes account interest from bank and building society business accounts but also includes interest distributions (not dividends) from many. <p>Purpose: To grow your business The Small Business Allowance proposal is the business equivalent of the Personal Savings Allowance for business.</p>

Above: An outline to how the Entrepreneur ISA and The Small Business Saving Allowance could work

Ends

Notes to editors

The research was conducted by Toluna via an online panel between 28th March and 3rd April 2017. The sample consisted of 1,174 UK residents, including 317 entrepreneurs, self-employed people and business owners.

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Aldermore

Aldermore Group PLC is a specialist bank offering straightforward products to Small and Medium-sized Enterprises (SMEs), homeowners, landlords and individuals.

Aldermore has no branch network but serves customers and intermediary partners online, by phone and face to face through its network of regional offices located around the UK.

Building on its core values of being reliable, expert, dynamic and straightforward, Aldermore aims to deliver banking as it should be.

Established in 2009, Aldermore has grown significantly. At the end of June 2017, lending to customers stood at £8.1 billion.

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