

The Tories won't be forgiven for a hard Brexit - which equates to a massive tax rise on business



Brexit is seeing off the Conservatives' strengths (Oli Scarff/Getty Images)



by **Baroness Ros Altmann**
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The Conservative Party – the supposed party of business – seems to have **abandoned its core principles**. It has failed to address the concerns of firms facing massive uncertainty about their future operations as Brexit looms closer, brushed aside the warnings from business representatives and refused to plan properly for all eventualities.

This has already resulted in many companies relocating operations and investment away from the UK.

Without any clarity about the future relationship with the EU, firms have been forced to spend enormous sums on stockpiling, relocation and administrative changes.

Large companies have spent millions revamping their operations to prepare for all contingencies, whereas small businesses have, in the main, not even begun preparations. That is because they have no idea what to prepare for and are struggling to find resources to devote to projects that may be entirely unnecessary.

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Brexit maths

Until the referendum, the Conservatives vowed to reduce the costs of doing business. That is one of the reasons I was proud to serve as a minister under **David Cameron** and George Osborne. There was a cross-government drive to reduce regulations (one in, three out) and corporation tax rates were cut at every Budget. All of that hard work has been sacrificed on the altar of Brexit.

A no-deal Brexit would be like imposing an unprecedented tax increase on UK firms, large or small. The Government's own analysis, prised out of it by **Anna Soubry**, spelt some of this out starkly. For example, HM Revenue & Customs estimates the cost for business just from the new customs declarations that will be required on UK-EU goods trade at around £13bn a year, based on 2016 trade figures.



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To put that into context, the entire receipts of corporation tax across the whole UK economy in that year were £43.7bn. The impact of a no-deal Brexit, just from customs declarations, would be the equivalent of having to pay 30 per cent more in corporation tax, simply for firms to be able to be carry on doing what they now do freely.

The Conservative Party seems to have abandoned its core principles

Another of the many examples which confirm the disastrous effects of a hard Brexit is the chemicals industry. Chemical firms with integrated supply chains, whose products cross borders many times, will need to register with the European Chemicals Agency.

There are 12,000 different registrations required if businesses want to sell into the EU after a no-deal Brexit, which each cost £1,500 plus associated administration charges. It would represent another vast stealth tax increase on corporate UK.

In pursuit of their anti-European, little England, nationalist agenda, the **extreme Brexiteers** appear willing to destroy the profitability of our corporate sector. This seems to confirm George Orwell's conclusion that nationalism is "power-hunger tempered by self-deception".

Delusion

This self-deception is on a gigantic scale. Delusion and dishonesty were evident in a recent intervention from the former Brexit secretary David Davis, in which he declared that we should all be relaxed about a hard Brexit.

Claiming that his Conservatism is based on pragmatism and realism, he tried to argue that ruling out no deal is against our national interest as it would take away our leverage in negotiations. Might I suggest he takes the time to study the Government's own analysis of the impact, which would lead any rational observer to conclude that such a course cannot possibly be considered pragmatic, or realistic.

Threatening to leave the EU with no agreement is not comparable to doing so in any normal negotiation.

In business, you can usually be confident that if you walk away from the table because the other side won't agree to terms you think reasonable, you can do so knowing that life will carry on as before. The other side knows that this is the case.

But the EU knows all too well that we are painfully ill-prepared for a **no-deal Brexit**, and that the damage to the UK will outweigh that to EU countries.

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Some have tried to liken the threat of no-deal to having a nuclear deterrent – designed to leave the “enemy” with just the tiniest bit of doubt that it could one day be used. The no-deal threat is not like that. It’s about as realistic as threatening to use our nuclear arsenal when the missiles are trained directly on ourselves.

I fear that the choices the Government has made in recent days mean we are closer to a no-deal departure than ever before. The Conservatives will not be forgiven if they take the country down this course.