

What SMEs can expect from the Budget Speech

As businesses continue navigating through the tough economic environment, it is essential for SMEs to get to grips with potential supportive measures that may be provided through the National Budget Speech, to help them plan ahead.



Source: Vaughan David, chief executive officer of FNB Cash Investments Business.

Vaughan David, chief executive officer of FNB Cash Investments Business, highlights five key points that SMEs should pay special attention to during the National Budget Speech presentation.

Energy

Businesses are looking forward to receiving more clarity on the government's plans to ease the impact of load shedding and electricity prices which have a knock-on effect on profit margins.

This will help them to plan ahead while exploring various renewable energy options to reduce the impact on their businesses.

Bounce Back Loan Scheme

During Sona, President Cyril Ramaphosa said a few adjustments would be made to the scheme to help entrepreneurs with funding for solar power. Details of the funding which impacts banks' lending criteria will be key for SMEs looking to utilise the scheme for sustainable energy solutions.

Revenue collection

A reprieve in major revenue-generating categories, such as corporate tax, personal income tax, Vat, and the general fuel levy, often go a long way to help ease the pressure on businesses as the economy continues to struggle.



Energy security top of mind ahead of Budget Speech

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This helps free up cash flow which can be reinvested back into running and growing their businesses. Furthermore, SMEs can take advantage of the high interest-rate environment and increase their cash reserves by saving in a high-growth, low-risk notice account.

Infrastructure investment

Spending on infrastructure, roads, power plants and water-supply initiatives, among other projects, creates vast opportunities for SMEs.

Economic growth

It is important for SMEs to understand how the government intends on supporting economic recovery through various measures and initiatives which remain key for job creation and growth.

“Although SMEs will be impacted differently depending on the type of business and sector in which they operate, key measures announced by the government are likely to have a significant impact on their growth and survival,” concludes David.

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