

CEO Of FurnitureInFashion.net Calls on the Government to Reduce VAT to 15%

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LANCASHIRE, UK, January 27, 2015 /EINPresswire.com/ -- The owner and managing director of FurnitureInFashion.net Asad Shamim calls on the Government of UK to reduce VAT rates to 15% percent, it`s historically lowest rate throughout the last 30 years. This measure, he believes, is essential to boost sluggish economy. His first appeal was in 2011, when Mr. Shamim had first urged the government to change taxing policy in a bid to reduce pressure on both customers and small business.



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The appeal was caused by the gruesome effects, which heighten VAT rates had apparently had on the economy and sales operations. Being an owner of a trusted [furniture](#) retail business Mr. Shamim had witnessed a dramatic sales drop in 2011, following VAT increase from 17.5% to 20% introduced by the government.

"Sales dropped by 20%, while on-line sales are up 25%," Mr. Shamim said.

Such effects, CEO of Furniture in Fashion claims, are based on the fact, that the pressure of value added tax, which businesses are compelled to pay the state is ultimately imposed on the customers. This consumption tax makes consumers to "compensate" for expenses involved in the production of goods and services and is part of the government scheme intended to fill the state budget. VAT rise caused consumers afraid of losing their jobs to hold on to their savings and refrain from spending, thus slowing down business operations.

"It's forced businesses to increase prices and pass it on to the consumer and they are holding back because of fears of losing their jobs — and they were already apprehensive of spending," said Mr. Shamim back in 2011 in his comment to The Bolton News. "What the Government could do is temporarily reduce the VAT rate to 15 per cent and see how that affects the economy, and then maybe put it back to 17.5 per cent after a period of time."

As of today, calls to reduce VAT to its 2008-2009 rate of 15% are still timely and relevant. Mr. Asad Shamim believes that such taxing rate is exactly what the economy needs in the situation of unemployment and reduced customer demand. Such measures would boost sales operations and benefit small businesses, encouraging them to grow and take on new staff, he believes. Despite the possibility of temporary budget deficit, VAT rate reduction would prove beneficial for the economy in the long run.

Mr. Shamim`s views are supported by The Federation of Small Business (FSB), which urged the government to follow the example of other EU countries and set reduced VAT rates for certain sectors of economy, such as construction and tourism. The FSB believed reducing VAT rates for just 5% in these sectors would help businesses recover from stagnation.

Despite the claim of Treasury officials in 2011 that the effect of VAT reduction on the economy is questionable, and has to be carefully calculated, this practice has proved successful in other European countries.

"Right now, the 20% rate generates approximately as much as £12 billion a year for the Treasury," says Asad Shamim. "Although, the VAT rate reduction to 15% may temporarily reduce the Treasury revenues, they might soon reach the same level, due to the boost of economical processes, lowering unemployment rates, emergence of new businesses and increased consumer activity," he adds.

In the UK lowered value added tax of 5% is applied to some products and services, such as products for children and elderly, sanitary products, energy saving materials, power utilities and heating, etc. The 0% VAT applies to charity services and goods, health and welfare products, building and construction utilities. The rate of 20% is charged on most of the other services and products, ever since it`s been increased in 2011 from 17,5%. The 20% VAT rate is still not the highest in EU, reaching 25% in Denmark, Hungary and Sweden.

About FurnitureInFashion

FurnitureInFashion is a UK based online retail business. It supplies furniture items from its German based warehouse and has a showroom in Bolton, UK. The company provides everything from umbrella stand wall art and room dividers to bedroom, [bar stools](#) and [computer tables](#). FurnitureInFashion offers excellent free delivery within UK and has a fantastic customer service as well. For further information and details about the sale, visit <http://www.furnitureinfashion.net>

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