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NEW PATERNITY REGULATIONS KICK IN ON SUNDAY BUT SME OWNERS REMAIN IN THE DARK

New paternity leave regulations come into effect this Sunday (3rd April). However SMEs are still in the dark as to whether or not the new rules will apply to all SMEs says uSwitchforbusiness.com. In last week's Budget it was announced that businesses of up to ten employees will be exempt from new legislation for three years – but the Government didn't say whether the new paternity leave rules were included in this amnesty too:

- **39% of SME owners believe small businesses should be exempt from new paternity leave rules effective from 3rd April 2011 - just 21% think that the new rules should apply equally to SMEs^[1]**
- **Unconvinced: only a tiny minority of SME owners (1%) believe that the paternity leave rules will be a positive for their business^[2]**
- **Uncompetitive: the ruling means that 3 in 10 SME owners will now think twice about the staff that they hire^[3]**
- **Unconfirmed: George Osborne was reported to have been announcing an exemption for SMEs in the Budget^[4], but paternity leave was left out.**

James Constant, Director of uSwitchforbusiness.com, says: “The Government needs to clarify this point as a matter of urgency. The new paternity rules come into play on the 3rd April, but small business owners are still none the wiser as to whether micro-businesses are now exempt or not. If the exemption doesn't include the new paternity regulations then that will be a blow. But even if it does, it will still mean that only very small businesses will be excluded – this will be a blow to the wider SME community.

“What was clear from the Budget is that the Government recognises that small businesses are being strangled by red tape and politically correct regulation, but is still not prepared to do enough about it. This is short-sighted as our research shows that SMEs are prepared to change

their hiring policy as a result of what many see as punitive new paternity leave rules. The rules were designed to create more flexibility, but in fact may end up forcing SMEs into a corner and could potentially lead to a less competitive job market.

“This confusion comes at a time when SMEs face tough trading conditions and many business owners are working hard to keep their business afloat. Legislation will have an impact on the cost of running a business, so it’s important that business owners keep a close eye on other costs and overheads to try to compensate.”

For more information visit www.uswitchforbusiness.com or call 0800 051 5343

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Notes to editors:

Unless otherwise stated, all research is taken from a uSwitchforbusiness.com poll, undertaken online with 240 key owners and financial decision makers of businesses with between 1 and 50 employees during January 2011.

1. New paternity rules due to come in on the 3rd April, please see <http://www.bis.gov.uk/files/file52940.pdf> . From the research, when asked ‘Should SMEs be exempt from the new paternity leave rules?’ 39.1% said ‘yes’, 20.8% said ‘no’, while 40.1% said ‘don’t know’. According to the Department for Business, Innovation and Skills in October 2010 there were 4.8 million SME business in Britain (http://stats.bis.gov.uk/ed/sme/Stats_Press_Release_2009.pdf). 39.1% of 4.8 million is 1,872,000 (1.87 million) and 40.1% is 1,920,000 (1.92 million)
2. When asked ‘will the proposed changes to paternity leave have an impact on your business?’, 1.4% answered ‘Yes, but in a good way’
3. When asked ‘Will the new paternity ruling make you think twice about the staff that you hire?’, 32.2% said ‘Yes’. 32.2% of 4.8 million is 1545600 (1.54million)
4. It was reported that the Treasury was to announce exemptions to the paternity rule for SMEs at the budget, for instance [here](#).

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