

# **UK Budget 2021 Key Highlights**

Here is a roundup of the key measures announced by the Chancellor in the 2021 Budget:

## **SUPPORT FOR BUSINESSES IMPACTED BY THE CORONAVIRUS EXTENDED**

### Furlough

- The Furlough scheme has been extended to 30 September 2021.
- Employees will continue to receive 80% of their wages until the scheme ends, but firms will be asked to contribute 10% in July and 20% in August and September.

### SEISS

- The self-employment income support scheme (SEISS) has also been extended.
- The fourth grant will cover February to April, worth 80% of average trading profits up to £7,500 in total.
- The fifth grant will cover May to June, but the amount available will depend on loss of income. Workers whose turnover has fallen by at least 30% can still apply for a grant for up to 80% of profits – again, up to a value of £7,500 in total. Those whose income has fallen by less than 30% can apply for up to 30% of trading profits (averaged over three months).
- Claims can be made from April 2021 for the fourth grant. Claims for the fifth grant will open in July.
- It is estimated that nearly a fifth of self-employed people missed out on previous grants because they had only recently started working for themselves and so could not prove their income status on their tax return. New rules mean that those who completed tax returns for the 2019-2020 financial year will qualify for these new payments, provided they filed their return by midnight on 2 March 2021.

### Business Loans

- The government-backed bounce back loan (BBL) and coronavirus business interruption loan scheme (CBILS) will end as planned and will be replaced with a new recovery loan scheme (80% guaranteed by government) to run to the end of the year. Loans can be between £25,000 and £10m.

### Grants

- £5bn restart grant announced to help businesses get going after lockdown – a one-off cash grant worth up to £6,000 for non-essential retailers and £18,000 for restaurants, pubs, personal care and gym businesses

## Other measures

- Retail, hospitality and leisure businesses will pay no business rates for three months (to the end of June), then rates will be discounted for the remaining nine months of the year by two-thirds.
- 5% reduced rate of VAT for the hospitality and tourism sectors will be extended until the end of September. Then it will be gradually increased, at 12.5% for six months, before returning to the standard rate of 20% from April 2022.
- Incentive payments for hiring new apprentices are being doubled to £3,000
- SMEs will continue to be able to reclaim up to two weeks of eligible Statutory Sick Pay (SSP) costs per employee from the Government.
- Visa reforms are being introduced to make it easier to attract the "best and most promising international talent" in science, research and tech.
- Eight freeports - special economic zones with different rules to make it cheaper and easier to do businesses - have been announced at: East Midlands airport; Felixstowe and Harwich; Humber; Liverpool city region; Plymouth; Solent; Thames; and Teesside.
- Additional funds to support museums, theatres and sports clubs.

## TAXATION

- Corporation tax will increase to 25% in April 2023. The rate will be tapered so that only businesses with profits of more than £250,000 will be taxed at the full 25% rate; (The Chancellor estimates that only 10% of companies will pay the full higher rate.) Companies with profits of less than £50,000 will remain at 19%.
- No increases to National Insurance, Income Tax or VAT.
- The personal allowance will increase to £12,570 from April 2021 and then be frozen until 2026. The higher-rate threshold will increase to £50,270 next year, and then be frozen at that level until 2026.
- The stamp duty holiday on properties up to £500,000 has been extended until 30 June 2021. After that, there will be no duty on properties up to £250,000 until 30 September. The threshold will return to the usual level of £125,000 from 1 October 2021.
- The inheritance tax threshold, pensions lifetime allowance, annual exempt allowance from capital gains tax and VAT exemption threshold will also be frozen.
- A 130% 'super-deduction' is being introduced to incentivise business investment. Firms will be able to cut their taxes by up to 25p for every pound they invest.
- Companies will be able to offset losses against their tax bills going back up to three years, allowing them to claim additional refunds of up to £760,000.

## DUTIES

- No increase in fuel or alcohol duties for the second year running

## OTHER HIGHLIGHTS

- The government will provide mortgage guarantees to help first-time buyers access 95% mortgages up to £600,000 with a 5% deposit.

- £100m to set up an HMRC taskforce with 1,000 investigators to investigate fraud in COVID support schemes.
- Contactless limit more than doubles from £45 to £100.