

SPEED READ - INDIVIDUALS

- **Self-employed grants extended and new sole-traders now covered**
- **Stamp Duty holiday extension**
- **Freeze of tax thresholds**
- **Extension of universal credit / working tax credit increases**
- **Increase of National Living Wage (to £8.91) from April 2021**
- **95% mortgages to receive government backing**

SPEED READ - COMPANIES

- **Extension of furlough scheme**
- **Increase of Corporation Tax rate (with some protection for smaller businesses)**
- **More generous treatment of Corporation Tax losses**
- **Announcement of super deduction of 130%**
- **Extension of business rates holiday**
- **Additional restart grants launched**
- **Doubling of incentive for apprentices**
- **New recovery loan scheme announced**
- **Extension of VAT reduction for leisure and hospitality**
- **VAT threshold freeze**

BUDGET - MARCH 2021 - KEY UPDATES

Blue Peak Commentary

This budget is split into three parts; protecting the jobs and livelihoods of the British public as we emerge from Covid-19, strengthening public finances and beginning to work on economic recovery. Some notable points include the Chancellor's extension of various support schemes, freezing of a number of tax thresholds and an increase to Corporation Tax from April 2023 (with some protection for smaller businesses)

Individuals and Sole Traders: What this means for you

Self-Employed Income Support Scheme (SEISS) Extension

The Chancellor announced a fourth SEISS grant worth 80% of three months' average trading profits will be available for the period from February to April (capped at £7,500), as well as a fifth final grant for May to September which will be means tested. The fifth grant will allow for 80% of average profits to be claimed (capped at £7,500) for those whose turnover has fallen by 30% or more, and 30% for those whose turnover has fallen by less than 30% (capped at £2,850).

Very importantly, the fourth and fifth grants will now be available to those who started to trade in the 2019-20 tax year as long as their Self-Assessment Tax Returns were filed by midnight on 2 March 2021.

Stamp Duty Holiday Extended

The current increase of the nil-rate band to £500k (at which point Stamp Duty is only payable on values in excess of £500k) will continue until 30 June 2021. There will be tapering after this point, with the nil-rate band reducing to £250k until 30 September 2021, before returning to the previous level of £125k.

Tax Threshold Freezes

The current Inheritance Tax threshold, as well as Capital Gains Tax annual allowance and Pension Lifetime allowance will remain as they currently are until 2026. The Income Tax threshold and personal allowance will increase by £70 from April 2021 and will be frozen until April 2026. The National Insurance Contributions Upper Earnings Limited will be aligned with Income Tax and also be frozen until April 2026.

Universal Credit / Working Tax Credit Increases Extended

The £20 per week temporary increase is extended for a further six months. The government is also providing a one-off payment to those eligible for Working Tax Credits of £500 to cover the next six months.

National Living Wage Increase

The Chancellor has announced an increase in National Living Wage to £8.91 from April.

95% Mortgage Guarantee Scheme

A new mortgage guarantee arrangement is being introduced from April 2021. The government will provide a guarantee to lenders where 95% mortgages are being offered on properties up to a value of £600k. This is

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Businesses: What this means for you

Furlough Scheme Extension

The furlough scheme was due to end in April 2021 however the Chancellor announced that it will continue to 30 September 2021 with a couple of changes. Currently the scheme covers 80% of an employee's salary for the hours they cannot work up to a maximum of £2,500 per month. From July, the Government will contribute 70% and employers will have to pay 10%. For August and September the grant will be 60% with employers paying 20% so that employees continue to receive 80%.

Corporation Tax Rate Increase

From April 2023 Corporation Tax will rise to 25%, with some protection for smaller businesses. Companies with up to £50k profits will pay at a reduced rate of 19%, with tapering for companies with profits of £50k - £250k.

Extended Corporation Tax Loss Carry Back

Companies will be able to carry back trading losses for three years (extended from the current one year). The limit for non-group companies is £2million per year.

Super Deduction

From 1 April 2021 until 31 March 2023, companies investing in qualifying plant and machinery will be able to take a 130% first-year capital allowance.

Business Rates Holiday Extension

The business rates holiday (for qualifying small businesses in retail and hospitality) will be extended to 30 June 2021, with tapering between then and 31 March 2022 (during which time there will be a reduction on business rates of 66%). This relief will be capped at £2m for those required to close on 5 January 2021 and £105k for all other eligible businesses.

Restart Grants

A new round of funding has been announced for businesses forced to close. Those opening first (non-essential retail) will receive up to £6k per premises. Those opening later (hospitality, leisure and personal care) will receive up to £18k.

Apprenticeship Incentives Increased

The government will increase payments made to employers who hire new apprentices; currently this is £1,500 (or £2,000 or those aged 24 and under). For new hires between 1 April 2021 and 30 September 2021, employers will receive £3,000 regardless of the age of the apprentice.

Recovery Loan Scheme

A new scheme has been announced which from 6 April 2021 will allow businesses of all sizes to take out a loan of between £25k and £10m, 80% of which will be guaranteed by the government. This scheme will apply to all businesses, including those that may have already taken out Bounceback or CBILS loans.

VAT Reduction Extension / Threshold Freeze

The current reduction in VAT to 5% for hospitality and tourism will remain in place until 30 September 2021, at which point it will increase to 12.5% until 31 March 2022 before rising back to 20%.

On a similar note, the current threshold for VAT registration will remain at £85k.

Reviews and Consultations on the way...

The Government will be launching reviews into Enterprise Management Incentive (EMI) share plans, as well as Research and Development Tax Credits.