

UK 2021 Budget Summary

Today Rishi Sunak set out his roadmap for our economic recovery. Some key points from today's budget are listed below:

Furlough Scheme Extended:

The furlough scheme has been extended once again and will run to 30 September 2021, paying employee's 80% of wages for hours not worked. Employer's will be asked to make a 10% contribution in July and 20% in August and September.

Recovery Loan Scheme:

This scheme aims to provide lenders with a guarantee of 80% on eligible loans between £25,000 and £10 million. The scheme will be open to all businesses, including those who have already received support under the existing COVID-19 guaranteed loan schemes. It will help businesses obtain capital to assist with the day to day running of their business as they move through the next stage of their recovery.

Reduced VAT Rates for Hospitality and Tourism:

VAT rates will remain at a reduced rate of 5% for businesses operating in the hospitality and tourism sectors until September 2021, following this a 12.5% rate will be introduced until March 2022 before it changes back to its original rate of 20%.

Help for Self Employed:

A fourth grant of 80% of 3 months average trading profits capped at £7,500 has been confirmed for the period February to April 2021.

This will be followed by a fifth grant opening in July. People whose turnover has fallen by 30% or more will continue to receive the full 80% grant. People whose turnover has fallen by less than 30% will receive a 30% grant.

The criteria for applying for these grants has been extended. Newly self-employed businesses may now apply for this support if they meet the eligibility criteria and have filed their tax return by 02/02/2021.

Help to Grow Your Business:

A Help to Grow Management programme will help small and medium sized businesses get world-class management training and the government will contribute 90% of the cost.

The Help to Grow Digital is aimed to help small businesses develop digital skills by giving them free expert training and a 50% discount on new productivity-enhancing software, worth up to £5,000 each. To register interest in either programme please [click here](#).

Temporary Extended Loss Relief

Businesses can now carry back losses of up to £2million for 3 years providing a significant cash flow benefit. This can be applied to both companies and sole trades. To find out more [click here](#).

Corporate Changes:

Corporation Tax Rates:

Corporation tax rates for businesses with profits over £250k will increase in April 2023 to 25%. The tax rate will be tapered for businesses with profits between £50k - £250k and businesses with profits under £50k will continue to be taxed at the current 19% rate.

Super Deduction:

Companies investing in qualifying new plant and machinery can now reduce their taxable profits by 130% of the cost. A 50% first-year allowance is also available for qualifying special rate assets. This scheme will begin in April 2021.

Housing:

Incentives will be offered to lenders to help bring back 95% mortgages. This will aid anyone wanting to get on the property ladder, by allowing them to do so with a 5% deposit. This is available when buying properties up to the value of £600,000.

Stamp Duty holiday has been extended until 30th June 2021, where no stamp duty is paid on the first £500,000 of a property purchase. In September this relief will be reduced with no stamp duty due on the first £250,000 before returning to its original level of £125,000 in October 2021.

Individuals:

National minimum wage increasing to £8.91 in April which is a 2.2% increase. For anyone working full time hours on minimum wage this could equate to £350 annually.

Universal Credit uplift of £20 a week will continue for a further 6 months helping those who are struggling financially. Those in receipt of working tax credits will receive a one-off £500 payment.

Other:

- Alcohol and fuel duties have been frozen.
- The amount individuals can earn before paying Income Tax will increase to £12,570 in April 2021 and will remain at this level for 5 years.
- Inheritance Tax thresholds, pension lifetime allowance and Capital Gains tax annual exempt amount will all remain frozen to 2026
- Please note announcements made re apprenticeship grants, the restart grant and rates holidays only apply to England. We will keep you updated if the NI Executive announce any new measures for NI businesses.