

**CAMERON BAUM DAVIS**  
**COMMENTARY ON THE SPRING BUDGET 2021**

**Covid Support**

1. *Furlough (Job Retention Scheme)* – the scheme is to be extended until September 2021. In its current form until June, and from July with employers contributing 10% towards unworked hours and 20% for August and September.
2. *Self Employment Income Support (SEISS)* – The Government had previously announced a 4<sup>th</sup> Grant, which is to be available from late April 2021. That 4<sup>th</sup> Grant is now to be available to persons who became self-employed in 2019-2020 and have filed a 2019-2020 tax return; previously the newly self-employed were excluded. The grant remains at 80% of average income, capped at £7,500, and covers the 3 month period February to April 2021. There is now to be a 5<sup>th</sup> Grant. Again, available to all self-employed persons who were filing a tax return for 2019-2020 or before. The period covered is May to September 2021 and should be available from late July 2021. Unlike the first 4 grants, the fifth grant is at 2 levels, based on the impact of Covid on turnover. Where turnover reduced by more than 30% compared to pre-Covid levels, the grant is at the same 80% level with the same Cap. Where turnover reduced by less than 30%, the grant is at 30% and capped at £2,850.
3. The *Universal Credit* uplift of £20 remains for a further 6 months and the National Living Wage increases to £8.91 per hour.
4. The previously announced *Kickstart and Restart* Programmes are to remain.
5. The *Apprenticeship Incentive* is increasing to £3,000 per new apprentice, for those employed between April and September 2021.
6. *Restart Grant* – From April 2021 the Government is to provide a £6,000 Grant for non-essential retail opening in April 2021. Eligible hospitality and leisure facilities may receive up to £18,000.
7. There is to be an additional £700m funding for the *Arts, sports and cultural* facilities such as Museums.
8. *Recovery Loan Scheme* – with the end of the Bounce Back and Covid Business Interruption Loan Schemes in March 2021, rather than extending those schemes, the Government is to start a new scheme, the Recovery Loan Scheme. For loans between £25,000 and £10m the Government will provide an 80% guarantee to lenders. Further details are to be announced as to the application process etc.
9. A *Business Rates Holiday* is to continue for April to June 2021 for eligible retail, hospitality and leisure businesses. This is to be followed by a 66% Rates relief for businesses forced to close on 5<sup>th</sup> January 2021, to cover July to March 2022.
10. The cut in *Vat for the hospitality* sector to 5% is to remain until September 2021. In October VAT will increase to 12.5% until March 2022 and then back to 20% from April 2022.
11. The *Stamp Duty* nil rate band that was increased to £500,000 is to remain at this level until 30<sup>th</sup> June 2021. From 1<sup>st</sup> July it will reduce down to £250,000 and then to £125,000 from October 2021.
12. *Residential Mortgage Guarantee* – The Government is to support residential property buyers with limited resources by providing an 80% guarantee to lenders for purchases up to £600,000, where a deposit of only 5% is available from the purchaser. This is to commence in April 2021, so further details are to be announced. The scheme is to run until December 2022 and will allow borrowers to fix their mortgage rate for up to 5 years.

### Tax Announcements

1. Personal tax threshold – the *personal allowance* is to be frozen from April 2021 for 5 years to 2026.
2. Similarly, the *Inheritance Tax* Threshold of £325,000, the *Capital Gains Tax* Annual Allowance and *Pension Lifetime Allowance* are to be frozen from 2021 to 2026, as is the *Vat turnover registration* limit.
3. The big announcement in the Budget was that the main rate of *Corporation Tax* is to be increased by 6% from 19% to 25%. This change comes into force from April 2023. However, for companies with profits of less than £50,000 the rate will remain at 19%, the Small Company Rate, and for those with profits between £50,000 and £250,000 the rate of corporation will taper upwards from 19% to 25%.
4. *Business losses* of up to £2m may for the next 2 years be carried back for up to 3 years rather than just 1 year, as currently.
5. *The Super Deduction* – for businesses investing in qualifying equipment, the tax deduction is to be increased from 100% under the Annual Investment Allowance to 130% under the new Super Deduction. This is to apply from April 2021 for 2 years. (One wonders who thinks up these names and how long they take discussing them!)

### Duties

1. No *alcohol* duty rise
2. No *vehicle excise* duty rise

### Investment

1. *UK Infrastructure Bank* – a new Infrastructure Bank is to be launched to provide funding for infrastructure projects throughout the country.
2. The Government in Summer 2021 will launch both *Green Gilts* and *Green National Savings*.
3. *Help to Grow* – There are to be 2 new schemes. The Help to Grow Management to provide support through courses to develop management skills and the Help to Grow Digital to provide digital learning and software support, including a 50% grant of up to £5,000 towards software costs.
4. *Pension Funds* – the Government is to consult on relaxing some of the investment rules around pension funds, to allow them to invest in innovation projects and similar in the future.
5. Finally, the Chancellor gave a clear nod to the Brexiteers by announcing that the UK will create *Freeports* around the country, which he said he could now do as the UK has left the EU. There are to be significant tax incentives for businesses setting in the Freeport areas.

I trust you find this summary of the main announcements of the Spring 2021 Budget interesting (possibly not too much so) and please if you have any questions do not hesitate to ask.

Stay safe and well and hope to see you all again soon, latest Summer 2021!

DAVID DAVIS