

BUDGET 3 MARCH 2021 – Key points

Measures to mitigate the impact of Coronavirus

- Extension of the Coronavirus Job Support Scheme ('furlough payments') to September 2021 across the UK, with employer contributions to salary from July
- Fourth Self Employment Income Support Scheme grant covering February to April 2021 to claim from late April, similar to first three grants – and newly self-employed people who filed 2019/20 tax returns by 2 March may be eligible to claim for the first time
- Fifth Self Employment Income Support Scheme grant covering May to September to be claimed from late July, varying in amount according to the fall in turnover during the pandemic
- No further support announced for people working as directors through their own personal companies
- 6-month extension of the £20 per week Universal Credit uplift, with an equivalent £500 grant to eligible Working Tax Credit claimants
- Range of 'Restart' grants for businesses reopening after lockdown
- Recovery Loan Scheme from 6 April 2021: government to guarantee 80% of eligible loans from £25,000 to £10 million to give lenders confidence to support UK businesses, with some other loan schemes coming to an end on 31 March 2021
- Business rates holiday for eligible retail, hospitality and leisure premises in England continues for first 3 months of 2020/21, followed by a 66% discount for the rest of the year
- 5% reduced rate of VAT for hospitality and leisure industry extended from 1 April to 30 September 2021, followed by 12.5% intermediate rate to 31 March 2022

Reliefs extended

- Nil rate of Stamp Duty Land Tax on property transactions up to £500,000 extended from 31 March to 30 June 2021, with £250,000 threshold up to 30 September 2021
- Duties on alcoholic drinks and fuel frozen for the second year running

Tax year 2021/22

- Small increases in main Personal Allowance, Basic Rate Band and National Insurance thresholds confirmed, as already announced
- Lifetime Allowance for tax-advantaged pension funds, Inheritance Tax nil rate band, Capital Gains Tax annual exempt amount, ISA subscription limits all frozen at 2020/21 levels
- No increase in CGT rates announced, contrary to some speculation in advance
- Corporation Tax rate remains 19% until 31 March 2023
- New 'super-deduction' for investment by companies: 130% of qualifying expenditure on general plant for two years from 1 April 2021 can be deducted from taxable profit (50% for 'special rate' assets, and cars are excluded)
- Trading losses (up to £2 million) for companies and self-employed businesses to be carried back up to 3 years instead of the usual 12 months, making it possible to set current losses against pre-pandemic profits to obtain a repayment
- Cap on Research and Development claims: payable tax credit not to exceed £20,000 plus three times PAYE & NIC liability
- No significant changes announced to 'off-payroll working' (IR35) rules, which will apply to large and medium-sized private sector employers from 6 April 2021, as previously announced

Tax measures coming into effect later

- Personal allowances and income tax rate thresholds frozen at 2021/22 levels until the end of 2025/26
- Lifetime Allowance for tax-advantaged pension funds, Inheritance Tax nil rate band and Capital Gains Tax annual exempt amount all frozen at their current levels until the end of 2025/26
- VAT registration threshold fixed at current level of £85,000 until 31 March 2024
- Corporation tax rate on profits over £250,000 to increase to 25% from 1 April 2023, with the current 19% rate applying to profits below £50,000 and a tapering calculation on profits between £50,000 and £250,000
- Establishment of 'Freeports' enjoying significant tax breaks announced in 8 areas of England, with further areas to be discussed with devolved administrations