

Budget 3 March 2021

Covid-19

- An extra £1.65 billion cash injection to ensure the Covid-19 vaccination roll-out in England continues to be a success.
- £28 million to increase the UK's capacity for vaccine testing, support for clinical trials and improve the UK's ability to rapidly acquire samples of new variants.
- £22 million for a world-leading study to test the effectiveness of combinations of different Covid-19 vaccines and assess the effectiveness of a 3rd vaccine dose.
- A further £5 million (plus previous £9 million) investment in clinical-scale mRNA manufacturing, to create a 'library' of vaccines that work against Covid-19 variants.
- Extending £500 Test and Trace support payments in England until the summer.

Protecting jobs and livelihoods

- An extension of the **Coronavirus Job Support Scheme** to the end of September 2021 across the UK. From July employers will have to contribute 10% of wages, increasing to 20% in August and September. Employees will continue to receive 80% of their wages (up to a £2,500 monthly cap).
- An extension of the **Self Employment Income Support** scheme to September 2021. People who filed a tax return in 2019-20 can now claim for the first time. The fourth grant will cover a three-month period (Feb–April) based on an average 80% of earnings and will be paid in April. A fifth grant opens from July which covers May–July. Self-employed whose turnover has fallen by 30% or more will continue to receive the full 80% grant. Those whose turnover has fallen by less than 30% will only receive a 30% grant.
- An extension to the temporary increase in the residential **Stamp Duty Land Tax** (SDLT) Nil Rate Band to £500,000 in England and Northern Ireland is extended until 30 June 2021. From 1 July 2021, the Nil Rate Band will reduce to £250,000 until 30 September 2021. From 1 October returns to £125,000.
- A new **mortgage guarantee scheme** to enable homebuyers to secure a mortgage up to £600,000 with a 5% deposit.
- £5 billion for new **Restart Grants** – a one off cash grant of up to £18,000 for hospitality, accommodation, leisure, personal care and gym businesses **in England**, while non-essential retailers will receive £6,000 per premise.
- A new UK-wide **Recovery Loan Scheme** to make available loans between £25,001 and £10 million, and asset and invoice finance between £1,000 and £10 million, to help businesses of all sizes through the next stage of recovery.
- Extension of the **Film & TV Production Restart scheme** in the UK, with an additional £300 million to support theatres, museums and other cultural organisations **in England** through the Culture Recovery Fund.
- Six-month extension of the £20 per week **Universal Credit** uplift in Great Britain, with the Northern Ireland Executive receiving additional funding to match the increase.
- A one-off payment of £500 to eligible **Working Tax Credit** claimants across UK.
- Extension to the **VAT** cut to 5% for tourism, hospitality, accommodation and attractions across the UK until the end of September, followed by a 12.5% rate for a further 6 months to 31 March 2022. Standard 20% rate will return 1 April 2022.
- Any business that took advantage of the original VAT deferral on VAT returns from 20 March to 30 June 2020 can now opt to use the **VAT Deferral New Payment Scheme** to pay that deferred VAT in up to eleven equal payments from March 2021, rather than one larger payment due by 31 March 2021.

- Eligible businesses in retail, hospitality and leisure sectors in England will benefit from **business rates relief**. Business rates holiday will be continued through to the end of June, and the remaining 9 months of the year discounted by up to 2/3 up to a value of £2m for properties that were required to be closed on 5 January 2021, or £105,000 per business for other eligible properties..
 - Extension of the **apprenticeship** hiring incentive **in England** to September 2021 and an increase of payment to £3,000.
 - £7 million for a new “flexi-job” **apprenticeship** programme **in England**, enables apprentices to work with a number of employers in one sector.
 - Additional £126 million for 40,000 more **traineeships in England**, funding high quality work placements and training for 16-24 year olds in 2021/22 academic year.
 - Increasing the limit for **contactless payments** from £45 to £100
 - £10 million to support **veterans** with mental health needs UK.
 - £19 million to tackle **domestic abuse** in England and Wales, with funding for a network of ‘Respite Rooms’ to support homeless women and a programme to prevent reoffending.
 - £90 million fund to support government-sponsored national **museums in England** due to the financial impact of Covid-19.
 - £300 million for major **spectator sports**, supporting clubs and governing bodies **in England** as fans begin to return to stadia.
 - Small and medium-sized employers in the UK will continue to be able to reclaim up to two weeks of eligible **Statutory Sick Pay (SSP)** costs per employee from the Government.
 - Further support for cashflow of businesses, govt is extending the **loss carry back rules** worth up to £760,000 per company. The trading loss carry-back rule will be temporarily extended from 1 year to 3 years. This will be available for both incorporated and unincorporated businesses.
- Unincorporated businesses and companies that are not members of a group will be able to obtain relief for up to £2 million of losses in each of 2020-21 and 2021-22
- £100 million for a new Taxpayer Protection Taskforce to crack-down on **COVID fraudsters** who have exploited UK Government support schemes.

Strengthening the public finances

- Maintaining the income tax **Personal Allowance** and higher rate threshold from April 2022 until April 2026.
- To balance the need to raise revenue with the objective of having an internationally competitive tax system, the rate of **Corporation Tax** will increase to 25%, the increase will not take effect until 2023. Businesses with profits of £50,000 or less, around 70% of actively trading companies, will continue to be taxed at 19% and a taper above £50,000 will be introduced so that only businesses with profits greater than £250,000 will be taxed at the full 25% rate.
- Maintaining **inheritance tax** thresholds at their current levels until April 2026.
- **Fuel duty** will be frozen for the 11th consecutive year.
- Alcohol duties will be frozen across the board for the second year running saving drinkers £1.7 billion.
- Capping the amount of SME payable **R&D tax credit** that a business can receive in any one year at £20,000 (plus three times the company’s total PAYE and NICs liability).
- The **Lifetime Allowance** stays at its current level of £1,073,100 until April 2026.
- The adult **ISA** annual subscription limit 2021-22 will remain unchanged at £20,000.

An investment-led recovery

- Beginning April 2021, the new super-deduction will cut companies' tax bill by 25p for every pound they invest in new equipment over the two-year period it will be in full effect.
- Eight new English Freeports will be based in East Midlands Airport, Felixstowe & Harwich, Humber, Liverpool City Region, Plymouth, Solent, Thames and Teesside.
- The £375 million UK-wide 'Future Fund: Breakthrough' will invest in highly innovative companies such as those working in life sciences, quantum computing, or clean tech, that are aiming to raise at least £20 million of funding.
- Reforms to the immigration system will help ambitious UK businesses attract the brightest and best international talent.
- A new Help to Grow scheme to offer up to 130,000 companies across the UK a digital and management boost.
- £2.8 million to support a UK and Ireland bid to host the 2030 World Cup and £25 million investment in UK grassroots sports, enough for around 700 new pitches.
- Review of Research & Development tax reliefs to ensure the UK remains a competitive location for cutting-edge research.
- £20 million to fund a UK-wide competition to support the government's aim to generate enough electricity from offshore wind to power every home by 2030.
- £68 million to fund a UK-wide competition to deliver long-duration energy storage prototypes.
- £4 million for a biomass feedstocks programme in the UK to identify ways to increase the production of green energy crops and forest products that can be used for energy.
- Publication of the government's 'Build Back Better: our plan for growth'.
- Over £1 billion funding for a further 45 towns in England through the Towns Fund, supporting their long-term economic and social regeneration.
- £135 million to progress A66 Trans-Pennine upgrade.
- £28 million to fund the Queen's Platinum Jubilee celebrations in 2022, delivering a major celebration for the UK.
- Plans for at least £15 billion to tackle climate change and create green jobs across the UK.
- £150 million Community Ownership Fund will allow communities to protect the assets that matter most to them such as pubs, theatres, shops, or local sports clubs.
- £18.8 million to transform local cultural projects in Hartlepool, Carlisle, Wakefield and Yeovil.
- Publication of the prospectus for the £4.8 billion UK-wide Levelling Up Fund, providing guidance for local areas on how to submit bids for the first round of funding starting in 21-22.

Scotland, Wales and Northern Ireland

- Individuals and businesses in Scotland, Wales and Northern Ireland continue to be supported by the UK Government through the Coronavirus Job Retention Scheme, self-employment grants, loan schemes and VAT cuts.
- The Budget confirms an additional £2.4 billion for the devolved administrations for 2021-22 through the Barnett formula.
- The devolved administrations will also receive £1.4 billion of funding in 2021-22 outside the Barnett formula.

Income tax & National Insurance contributions

The government will maintain the income tax Personal Allowance and higher rate threshold and National Insurance contributions Upper Earnings Limit and Upper Profits Limit at their 2021-2022 levels up to and including 2025-2026.

As announced at Spending Review 2020, the government will increase the income tax Personal Allowance and higher rate threshold, and all National Insurance contributions (NICs) thresholds for 2021/2022, in line with September 2020 CPI. The Personal Allowance will therefore increase to £12,570, the higher rate threshold, NICs Upper Earnings Limit and NICs Upper Profits Limit will all increase to £50,270, and the NICs Primary Threshold/Lower Profits Limit will increase to £9,568 for 2021 to 2022.

As announced at Budget 2021, the government will maintain the Personal Allowance at £12,570 and higher rate threshold at £50,270 for 2022/2023, 2023/2024, 2024/2025 and 2025/2026. The additional rate threshold is fixed at £150,000.

The NICs Upper Earnings Limit and Upper Profits Limit will remain aligned to the higher rate threshold at £50,270 for these years.

The Personal Allowance applies across the UK. The higher rate threshold and additional rate threshold for savings and dividends income also apply UK-wide.

The higher rate threshold and additional rate threshold for non-saving non-dividend income only apply to taxpayers in England, Wales, and Northern Ireland. Income tax thresholds on non-savings, non-dividend income for Scottish taxpayers are set by the Scottish Parliament. The NICs Upper Earnings Limit and Upper Profits Limit apply across the UK.

The table shows the income tax bands for years 2020/2021 to 2025/2026.

Band	Tax rate	Income tax bands					
		2020 to 2021	2021 to 2022	2022 to 2023	2023 to 2024	2024 to 2025	2025 to 2026
Personal allowance	0%	Up to £12,500	Up to £12,570				
Basic rate	20%	£12,501 to £50,000	£12,571 to £50,270				
Higher rate	40%	£50,001 to £150,00	£50,271 to £150,00				
Additional rate	45%	over £150,000					

Class 4 national insurance limits

The Class 4 upper profits limit will increase to £50,270 in 2021/22 and remain at this level up to and including 2025/26. The lower profit limit is increased to £9,568.

Capital Gains Tax Annual Exempt Amount (AEA)

The value of gains that a taxpayer can realise before paying Capital Gains Tax, the AEA, will be maintained at the present level until April 2026. There were no further announcements on CGT rates.

Starting rate for savings tax band

The 0% starting tax rate band will remain at its current level for 2021-22.

Corporate tax rates and small profits thresholds from 2023.

The rate of **Corporation Tax** will increase to 25%, the increase will not take effect until 2023.

Businesses with profits of £50,000 or less, around 70% of actively trading companies, will continue to be taxed at 19%. A tapered rate will also be introduced for profits above £50,000, so that only businesses with profits of £250,000 or greater will be taxed at the full 25% rate. The Diverted Profits Tax rate will rise to 31% from April 2023.

Extended loss carry back for businesses – The trading loss carry-back rule will be temporarily extended from one year to three years. This will be available for both incorporated and unincorporated businesses.

Unincorporated businesses and companies that are not members of a group will be able to obtain relief for up to £2 million of losses in each of 2020-21 and 2021-22.

Corporation tax rates

	Financial year 2020-21	Financial year 2021-22	Financial year 2022-23	Financial year 2023-24
Main rate	19%	19%	19%	25%
Small profits rate	N/A	N/A	N/A	19%
Lower threshold	N/A	N/A	N/A	£50,000
Upper threshold	N/A	N/A	N/A	£250,000

Car and van benefits

The amount to which the appropriate percentage is applied in determining the taxable benefit of company car fuel is £24,600 for 2021/22 (£24,500 for 2020/21). The cash equivalent of the benefit of a company van for 2021/22 is £3,500 (£3,490 for 2020/21). The cash equivalent of the benefit of van fuel for 2021/22 is £669 (£666 for 2020/21).

As announced at Budget 2020, the Government will legislate in Finance Bill 2021 to reduce the van benefit charge to zero for 2021/22 onwards for vans that produce zero-carbon emissions.

Super-deduction

A new 130% first-year capital allowance for qualifying plant and machinery assets; and a 50% first-year allowance for qualifying special rate assets.

From 1 April 2021 until 31 March 2023, companies investing in qualifying new plant and machinery assets will be able to claim:

- a 130% super-deduction capital allowance on qualifying plant and machinery investments
- a 50% first-year allowance for qualifying special rate assets

The super-deduction will allow companies to cut their tax bill by up to 25p for every £1 they invest, ensuring the UK capital allowances regime is amongst the world's most competitive.

Recovery Loan Scheme

A new loan scheme to support access to finance for UK business as they grow and recover from the disruption of the COVID-19 pandemic.

The Recovery Loan Scheme ensures businesses of any size can continue to access loans and other kinds of finance up to £10 million per business once the existing COVID-19 loan schemes close, providing support as businesses recover and grow following the disruption of the pandemic and the end of the transition period.

Once received, the finance can be used for any legitimate business purpose, including growth and investment.

The government will provide lenders with a guarantee of 80% on eligible loans between £25,000 and £10 million to ensure they continue to have the confidence to lend to businesses. The scheme launches on 6 April and is open until 31 December, subject to review. Loans will be available through a network of accredited lenders, whose names will be made public in due course.

What type of finance is available

- Term loans and overdrafts will be available between £25,001 and £10 million per business.
- Invoice finance and asset finance will be available between £1,000 and £10 million per business.

Finance terms are up to six years for term loans and asset finance facilities. For overdrafts and invoice finance facilities, terms will be up to three years.

No personal guarantees will be taken on facilities up to £250,000, and a borrower's principal private residence cannot be taken as security.

Eligibility

You will be able to apply for a loan if your business is trading in the UK

You will need to show that your business:

- is viable or would be viable were it not for the pandemic
- has been impacted by the coronavirus pandemic
- is not in collective insolvency proceedings - further details will be provided in due course

Business that have received support under the existing COVID-19 guaranteed loan schemes will still be eligible to access finance under this scheme, if they meet all other eligibility criteria.

Who cannot apply

Businesses from any sector will be eligible to apply, except:

- banks, building societies, insurers and reinsurers (but not insurance brokers)
- public-sector bodies
- state-funded primary and secondary schools

How to apply

The scheme will launch on 6 April 2021. Further details on how to apply and details of accredited lenders will be released in due course.