

BUDGET MARCH 2021: SUMMARY OF KEY POLICY ANNOUNCEMENTS



<u>SUBJECT</u>	<u>MEASURE / ANNOUNCEMENT</u>
Access to Finance	<ul style="list-style-type: none"> • From 6 April 2021, the Recovery Loan Scheme will provide lenders with a guarantee of 80% on eligible loans between £25,000 and £10 million. This replaces the CBILS and BBLS schemes which close at the end of March. • Contactless payments - the legal limit on single payments will rise from £45 to £100. • Companies with high R&D – intensity that are aiming to raise at least £20m of funding will be eligible to apply for HMG investment under the Future Fund.
Business Taxation	<ul style="list-style-type: none"> • Corporation Tax issued will increase from 19 per cent to 25 per cent in April 2023. Companies with profits under £50,000 will remain at 19 percent, meaning only 10 percent of companies will pay the higher rate. • Super deduction - for the next two years, when companies invest they may reduce their tax bill by 130 percent of the cost. • Trading loss carry-back rule has been temporarily extended from one to three years for losses of up to £2m. • Review the bank surcharge - to make sure the combined rate of tax on UK banks does not increase significantly and they remain internationally competitive. • VAT threshold – The VAT registration and deregistration thresholds will not change for a further period of two years from 1 April 2022. • Fuel Duty frozen for 2021-22.
Covid-19 support	<ul style="list-style-type: none"> • Coronavirus Job Retention Scheme extended until the end of September – on current terms until 30th June, then employers will be expected to pay 10% in July towards the hours their staff that do not work, rising to 20% in August and September. • Self-Employment Income Support - Fourth Self-Employment Income Support Scheme grant will be available to claim from next month worth 80% of three months' average trading profits up to (£7,500). People who filed 2019-20 tax returns – will be eligible for the fourth and fifth grants of the scheme. Fifth SEISS grant covering May-September with a turnover test. • Restart Grant scheme - cash grants of up to £18,000 to firms in retail, hospitality, accommodation, leisure and personal care. Non-essential retail businesses will get up to £6,000 per premises. • Additional £425m of discretionary business grant funding for Local Authorities to distribute. • 5% reduced rate of VAT for hospitality and tourism jobs will be extended for six months to 30th September. There will then be an interim rate of 12.5% for another six months • 100% business rates holiday through to the end of June. For the remaining nine months of the year, business rates will still be discounted by two thirds, up to a value of £2m for closed businesses and £105k for other eligible properties. • Continuing the Statutory Sick Pay (SSP) Rebate Scheme – details on steps for closing this scheme will be set out in due course. • Income tax exemptions for COVID-19 tests and home office expenses extended to the 2021-22 tax year.

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	<ul style="list-style-type: none"> • Support for Airports – Airports and Ground Operations Support scheme renewed for a further six months from the start of 2021-22. Support for eligible businesses in England up to the equivalent of half of their business rates liabilities during 2021-22, subject to certain conditions and a cap per claimant of £4m.
Education and Skills	<ul style="list-style-type: none"> • Help to Grow Scheme https://helptogrow.campaign.gov.uk/ offering free advice on improving digital capability, government vouchers to get up to 50% off the purchase of approved software (up to £5,000), and access to subsidised management training. • Apprenticeships - employer incentives: the cash bonus scheme for hiring apprentices will rise to £3K per hire, regardless of the apprentice's age and extended by 6 months to September 21 (age 16-24 rises from 2k to 3K and over 25s rises from £1.5K to £3k). This is in addition to existing £1k bonus for 16-18s and under 25s with an Education, Health and Care Plan. • New Flexi job Apprenticeship - £7m from July 2021. Individuals will be linked to an agency, instead of a single employer, and take on different jobs with multiple businesses in one sector. Aimed at sectors such as the creative industries. • Traineeship - £126 million to triple the number of traineeships – creating an extra 40,000 in 2021/22. Eligibility expanded to those with Level 3 qualifications. Employer incentive payment of £1,000 per trainee.
Energy, environment, and net zero	<ul style="list-style-type: none"> • Air Passenger Duty (APD) rates will increase in line with RPI from April 2022, meaning that the reduced and standard short-haul rates. The rates for long-haul economy flights from Great Britain will increase by £2, and the rates for those travelling in premium economy, business and first class will increase by £5. • Green retail National Savings and Investment (NS&I) product from summer 2021, will give all UK savers the opportunity to take part in green finance initiatives. • Green Gilt – government will issue its first sovereign green bond – or green gilt – this summer, with a further tranche to follow later in 2021. Green gilt issuance for the financial year will total a minimum of £15 billion. • £20 million programme to support the development of floating offshore wind technology across the UK. • £68 million UK-wide competition to implement several first-of-a-kind energy storage prototypes or technology demonstrators. • £4 million UK-wide competition for the first phase of a biomass feedstocks programme. • Investment (some conditional) in several key programmes, such as upgraded infrastructure in Humberside.
Housing and Planning	<ul style="list-style-type: none"> • Stamp Duty cut extended by three months – until end of Jun nobody will pay Stamp Duty up to £500,000 after that, the nil rate band will still be double its normal level, £250,000, and there will be a return to the usual level from October. • 95% mortgages - Government to offer lenders a guarantee to provide 95% mortgages up to a value of £600,000.
Infrastructure	<ul style="list-style-type: none"> • New National Infrastructure Bank will be capitalised with £12bn of equity and debt capital and be able to issue up to £10bn of guarantees) The bank will begin operating in an interim form in spring 2021 and will be headquartered in Leeds.

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	<ul style="list-style-type: none"> • National Infrastructure Commission Towns and Regeneration study – the government will commission a new Commission study into towns and regeneration, which will consider how to maximise the benefits of infrastructure policy and investment for towns in England. The ‘Red Book’ states that “Any recommendations in reserved areas will be relevant to the whole of the UK”. • Investment in local cultural infrastructure projects - the government will invest £18.8 million in local cultural infrastructure projects in Carlisle, Hartlepool, Wakefield and Yeovil to boost the vibrant cultural life of these towns and cities. • £375 million fund to help scale up the most innovative, R&D intensive businesses. • Levelling Up Fund prospectus launched, inviting bids from local areas for local infrastructure projects which improve “everyday life”. • The Government will make offers (some contingent) of support for key regional infrastructure, such as the Aberdeen Energy Transition Zone.
International trade	<ul style="list-style-type: none"> • New Freeports (East Midlands, Felixstowe and Harwich, Humber, Plymouth & South Devon, Solent, Thames, Teesside and Liverpool City Region) to encourage free trade with simpler planning, lower taxes, cheaper customs and infrastructure funding.
Labour Market	<ul style="list-style-type: none"> • New 'fast track' visa for highly skilled workers - those with a job offer from a ‘recognised high-growth’ firm will qualify for a visa, without the need for sponsorship or third-party endorsement. • Reform the ‘Global Talent’ Visa giving international prize winners and those showing early promise automatic qualification. • UK SMEs can continue to claim 2 weeks of eligible SSP, from day 1 of illness, as temporary measure until further notice. • Low Pay Commission remit published - the National Living Wage target is 2/3 of median earnings, and eligibility lowered to age 21 by 2024.
Local Growth / Devolution	<ul style="list-style-type: none"> • Treasury and other Departments’ ‘Campus’ in Darlington. • £1bn for 45 new Town Deals. • First round of Levelling Up fund launched alongside the Budget. • City and Growth Deals – government is accelerating investment in three in Scotland (Ayrshire, Argyll and Bute, and Falkirk) and three in Wales (Swansea Bay, North-Wales and Mid-Wales). • £220m UK Community Renewal Fund prospectus launched to support communities to pilot programmes and new approaches as Government moves away from EU Structural Funds to the UK Shared Prosperity Fund. • Through the Barnett formula, the decisions taken in this Budget increase the funding for the Devolved Administrations by £1.2bn for the Scottish government; £740m for the Welsh government; And £410m for the Northern Ireland executive.
Pensions	<ul style="list-style-type: none"> • Pension Lifetime Allowance frozen at £1.1m up to an including until 2025-26.
Personal Taxation	<ul style="list-style-type: none"> • The Income Tax Personal Allowance will rise as planned to £12,570 from April 2021 and will remain at this level until April 2026. The higher rate level will go to £50,270 next year then freeze “for the same period”.

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	<ul style="list-style-type: none">• Inheritance tax and Capital Gains Tax frozen until April 2026.
Research & Development	<ul style="list-style-type: none">• Alongside the Budget, HMT has issued a consultation on R&D Tax reliefs and enterprise management incentives to look at possible improvements. One is to bring data and cloud computing costs within the scope of the relief.• From accounting periods beginning on or after 1 April 2021 the amount of SME payable R&D Tax Credit will be capped at £20,000 plus three times the business' total PAYE and NICs liability.
Transport	<ul style="list-style-type: none">• £59 million towards the construction of five new stations in the West Midlands.• £40 million of funding to reinstate passenger services on the Okehampton-Exeter line.• Match fund up to £30 million, subject to business case, towards the construction of a rolling stock and infrastructure testing complex in Wales (Global Centre for Rail Excellence).• £50 million to develop proposals for transport improvements around the High Speed 2 Birmingham Interchange Station.• A66 development funding – the government will provide £135 million to accelerate the start of construction on the A66 Trans-Pennine upgrade to 2024. This builds on the Spending Review 2020 announcement that the construction phase will be halved from 10 to 5 years as part of 'Project Speed'.

British Chambers of Commerce.

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