

Budget Guide 2021

Your business budget guide in brief

Furlough scheme to be extended until 30th September 21, with employees to receive 80% pay for unworked hours

- Full 80% will be funded by government until end of June
- Employer will need to contribute 10% during July and 20% for August & September

SEISS grants 4 & 5

- The 4th grant will cover 80% of average profits and for the period February to April
- The 5th grant will cover 80% of average profits from May onwards for those who have lost more than 30% of their turnover. Those who have lost less than 30% will only receive 30% of average profits.
- Tax returns for 19/20, filed before midnight on 2 March 21, will now be used in the average profit calculation for SEISS for both the 4th and 5th grants
- If you haven't yet filed your 19/20 tax return you will not be eligible for the 4th & 5th grants

The National Living Wage will increase to £8.91 from April

New Recovery Loan Scheme

- A new loan scheme will be available from April to take the place of the BBL & CBILs schemes.
- Borrowing of between £25,000 & £10m
- Government will provide 80% guarantee and most of the major banks will participate from April

Business rates holiday will continue in full until 30 June and will then be discounted by two thirds

Reduced VAT rate of 5% will continue until 30 September, then move to an interim rate of 12.5% until 31 March 2022

New Restart Grants

- From April there will be grants available of up to £6,000 for non-essential retail and up to £18,000 for hospitality and leisure businesses

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New tax 'super-deduction'

- Under the scheme, companies investing in qualifying new plant & machinery assets will benefit from a 130% first-year capital allowance
- This super-deduction will allow companies to cut their tax bill by up to 25p for every £1 invested

New initiatives continuing to assist business & employment:

- Restart programme
- Kickstart scheme
- Lifetime skills
- Apprenticeship contribution increase to employers
- Digital skills for business

Future tax plans

What is changing

- **Corporation tax**
 - Corporation tax will increase to 25% in 2023, but only for businesses with profits over £250,000
 - Companies with profits between £50,000 & £250,000 will have the tax rate tapered between 19% and 25%
 - Those with profits below £50k will continue to pay corporation tax at 19%

What isn't changing

- There will be no Income Tax, VAT or National Insurance rate increases
- The personal allowance will be frozen until 2026 at £12,570
- The higher rate tax threshold will remain at £50,000 until 2026
- The VAT threshold for registration will continue to remain at £85,000 until 2024

Whilst every effort has been taken to ensure that the information given is accurate and not misleading, we cannot accept responsibility for any loss or liability perceived to have arisen from any such information