



Budget Overview - March 2021

On 3 March 2021 the chancellor, Rishi Sunak presented his budget for 2021.

In summary, here are some of the main points:

Coronavirus Support

- The Coronavirus Job Retention Scheme (CJRS) is to be extended until the end of September 2021, with employer's being able to claim 80% of employees salaries until June;
- The Self-Employed Income Support Scheme is to be extended until September 2021, with those that became self-employed during the 2019/2020 tax year also becoming eligible to claim from the 4th grant (to be released late April 2021). A 5th grant will be released later in the year;
- A restart grant of up to £6,000 per premises will be available for non-essential retail businesses that open in April and up to £18,000 for businesses that open up later;
- A new business loan scheme will be available for all businesses, offering 80% Government guaranteed loans of between £5,000 and £10 million;
- Claimants of the Working Tax Credit are to be given a one-off payment of £500;
- Those claiming Universal Credit will continue to receive the additional £20 for a further six months;

Business Tax

- The VAT registration threshold will remain at £85,000;
- VAT for the hospitality and tourism industry will remain at 5% until 6 September 2021 and will increase to 12.5% until 31 March 2022;
- Corporation Tax (CT) will be tiered from April 2023: companies with profits up to £50,000 will continue to pay CT at 19%, companies with profits above £250,000 will pay CT at 25% and companies with profits between £50,001 and £250,000 pay CT at a tiered rate between 19% and 25%;
- Businesses will be allowed to carry trading losses back three years to offset against tax paid on previous profits;

- Between 1 April 2021 and 31 March 2023, companies will be able to claim a 130% super-deduction for qualifying new plant and machinery assets and a 50% first-year allowance for qualifying special rate assets. This will allow companies to cut their tax bill by up to 25p for every £1 they invest;

Personal Tax

- The Personal Allowance will increase to £12,570 from April 2021 and will then remain at this amount until April 2026;
- The higher rate tax threshold will increase to £50,270 from April 2021 and will then also remain at this amount until April 2026;
- The nil rate band for stamp duty land tax nil will continue to be temporarily increased to £500,000 for dwellings until 30 June 2021. It will then be reduced to £250,000 until 30 September 2021 before returning to its normal level.

Full details of the budget can be found in the following link:

<https://www.gov.uk/government/publications/budget-2021-documents>

If you need any help with your tax or accounts please don't hesitate to get in touch.