

The Budget 2021



Includes proposed tax changes based on the Chancellor's statement

Milestones

A review of some of the key business and financial events from the past year.

29 MAY

One million apply to self-employed grant scheme within 48 hours

A million self-employed workers whose income had been hit by the coronavirus (COVID-19) pandemic make applications for government grants within 48 hours of the scheme being opened. On the first day, claims of over £1.3 billion are made by 440,000 individuals through the Self-employment Income Support Scheme (SEISS). Over 500,000 self-employed workers apply the following day. Under the scheme, the government pays self-employed people a taxable grant covering up to 80% of earnings.

30 JUNE

Job retention scheme closes to new entrants

The government's Coronavirus Job Retention Scheme (CJRS) closes to new entrants. In addition, a number of other changes are made as the government begins winding down the scheme ready for closure on 31 October. An employee needed to have been furloughed for at least three consecutive weeks between 1 March and 30 June to be eligible for furlough from 1 July. From 1 July, employees no longer have to be furloughed for a minimum period of three weeks. Additionally, from 1 August, the level of the grant is reduced each month.

8 JULY

Chancellor announces Job Retention Bonus in Summer Economic Update

Chancellor Rishi Sunak delivers a Summer Economic Update, which outlines measures designed to boost the UK economy and create and protect jobs following the COVID-19 lockdown. A new Job Retention Bonus is announced, which provides employers with a one-off £1,000 bonus for each furloughed employee who is still employed as of 31 January 2021. VAT is reduced from 20% to 5% for the six months from 15 July for businesses in the hospitality and tourism sector. The Chancellor also announces a temporary increase to the nil-rate band of residential Stamp Duty Land Tax (SDLT) from £125,000 to £500,000 until 31 March 2021 for England and Northern Ireland.

31 AUGUST

Over 100 million meals served up using Eat Out to Help Out

More than 100 million subsidised meals are eaten during August under the UK government's Eat Out to Help Out scheme. Chancellor Rishi Sunak said the scheme's popularity had helped protect the livelihoods of the 1.8 million people working in the UK hospitality sector. Eat Out to Help out significantly boosts restaurant bookings during the month of August, with the scheme growing in popularity each week.

1 SEPTEMBER

UK plastic bag tax charge to be doubled and extended to all retailers

The fee for plastic shopping bags in England will be doubled to 10p and extended to all shops from April 2021, the Department for Environment, Food and Rural Affairs (Defra) announces. In addition, small retailers – those employing 250 people or fewer – will no longer be exempt, Defra says. Government data shows the current levy, which stands at 5p and applies to any retailer employing 250 or more people, has led to a 95% cut in plastic bag sales in major supermarkets since 2015.

15 OCTOBER

Over 54,000 workers claim home working tax relief using online portal

HMRC receives over 54,800 claims from customers using a new online portal that allows employees to claim tax relief for working at home. The portal, which was launched on 1 October, was set up to process tax relief on additional expenses for employed workers who have been told to work from home by their employer during the COVID-19 pandemic. From 6 April 2020, employers have been able to pay employees up to £6 a week tax-free to cover additional costs if they have had to work from home.

19 NOVEMBER

£1 million Annual Investment Allowance cap extended for a year

The Treasury confirms that the £1 million cap on the Annual Investment Allowance (AIA) is to be extended for an additional year as the government continues to look at ways to stimulate the economy. The AIA provides a tax write off against profits for expenditure incurred on plant and machinery by businesses and owners of commercial property. Businesses can continue to claim up to £1 million in same-year tax relief through the AIA for capital investments in plant and machinery assets until 1 January 2022. The temporary £1 million cap was originally due to revert to £200,000 on 1 January 2021.

18 DECEMBER

Chancellor extends furlough scheme until end of April 2021

Chancellor Rishi Sunak extends the Coronavirus Job Retention Scheme (CJRS) until the end of April 2021. Businesses adversely affected by COVID-19 can make use of the CJRS until the end of April, with the government continuing to pay 80% of employees' salaries for hours not worked until the end of April. Employers will only be required to pay wages, national insurance contributions (NICs) and pensions for hours worked, and NICs and pensions for hours not worked. Additionally, businesses are given until the end of March to access the COVID-19 business loan schemes.

18 JANUARY

Supreme Court backs small firms on business interruption claims

The UK's Supreme Court finds in favour of small firms receiving payments from COVID-19 business interruption insurance policies. The test case was brought against insurers by the Financial Conduct Authority (FCA). The ruling means that thousands of small businesses are set to receive insurance payouts covering losses from the first national lockdown.

1 FEBRUARY

Government announces £1,000 bonus to help businesses take on trainees

The government announces a scheme that allows employers to apply for a £1,000 cash boost to help them take on new trainees. The scheme supports young people to gain the skills and experience they need from the very start, helping them to get a job, an apprenticeship, or to pursue further study. The cash boost is available until 31 July 2021 and helps businesses with the cost of providing a high-quality work placement for a trainee. This includes providing facilities, uniforms or helping with travel costs. Businesses offering new traineeship opportunities will receive the £1,000 bonus for every trainee they take on, with up to a maximum of ten trainees.

Budget Report 2021

This Report, which was written immediately after the Chancellor of the Exchequer delivered his Budget Speech, is intended to provide an overview of the latest announcements and recent measures most likely to affect you or your business.

Chancellor Rishi Sunak announced the 2021 Budget following a prolonged period of economic hardship caused by the coronavirus (COVID-19) pandemic.

This guide contains advice which is designed to assist you with effective tax and financial planning. We can help to ensure that your financial plans remain effective, even as your business and personal circumstances change. We will work alongside you to help you achieve a rewarding and financially secure future.

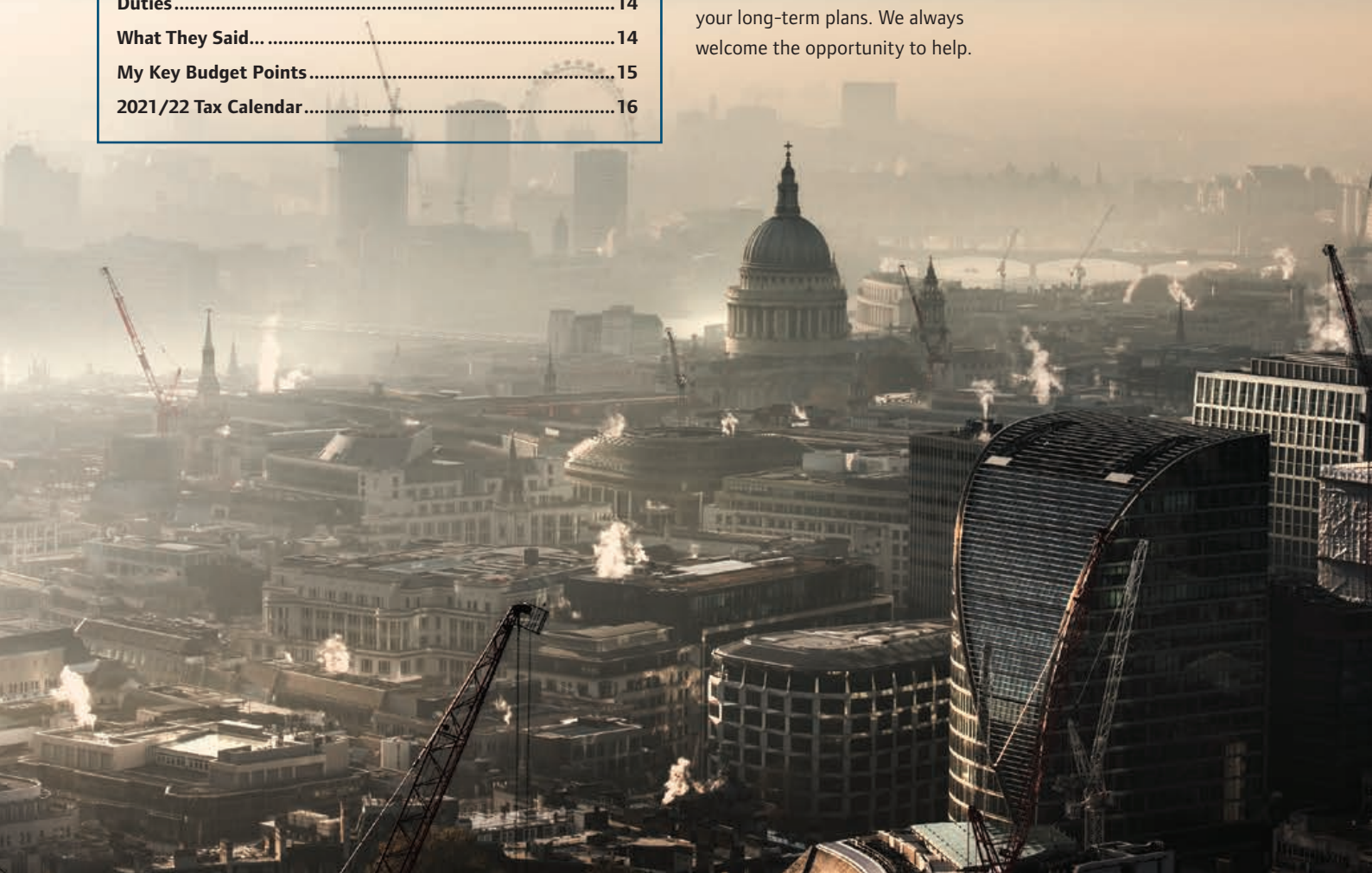
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How to make the most of our services

Use page 15 to compile your own summary of the key points arising from the Budget and any actions you may wish to consider. The 2021/22 Tax Calendar on page 16 details many of the important dates and deadlines for the coming tax year.

Do contact us as soon as possible to discuss any action you may be considering, and to review your long-term plans. We always welcome the opportunity to help.



Introduction and Highlights

Sunak sets out Budget to protect businesses

Chancellor Rishi Sunak set out a Budget to protect businesses through the pandemic, fix the public finances and begin building the future economy.

The Chancellor once again pledged to do ‘whatever it takes’ during the COVID-19 pandemic and confirmed that the furlough scheme would be extended until September to support jobs through the crisis.

Mr Sunak also confirmed that the Self-Employment Income Support Scheme (SEISS) has also been extended, with two further grants this year. Claimable by the self-employed who have filed their tax return for 2019/20 by midnight on 2 March 2021, which should include the newly self-employed from 6 April 2019 provided they have filed their 2019/20 tax return.

The stamp duty nil rate band on residential properties in England up to £500,000 will continue until the end of June. It will taper to £250,000 until the end of September, and then return to the usual level of £125,000 from 1 October.

Citing the latest economic forecasts from the Office for Budget Responsibility (OBR), Mr Sunak said the economy is predicted to grow by 4% this year and by 7.3% in 2022. However, despite further growth predicted for the following three years, the economy will still be 3% smaller in five years’ time than it would have been if the pandemic had not hit the economy.

To support businesses as they re-open following lockdown, £5 billion will be made available in restart grants. Non-essential retail businesses re-opening first will be eligible for up to £6,000 but the leisure and hospitality sectors, which have been worse affected and will re-open later, will be eligible for up to £18,000.

Hospitality and leisure businesses will also pay no business rates for the next three months, then rates will be discounted for the remaining nine months of the year.

However, the rate of corporation tax will increase to 25% in April 2023 for companies with profits over £250,000, whilst retaining a Small Profits Rate of 19% for companies with profits of £50,000 or less.

Turning to duties, tax on beer, wine, cider and spirits has been frozen while fuel duty will also remain frozen for an 11th consecutive year.

Mr Sunak also introduced green measures, including a new national infrastructure bank, which will open in Leeds with £12 billion capitalisation from the government, which will also offer a green retail savings product.

He also confirmed the location of the eight Freeports in England. Freeports are special economic zones with favourable tariffs and lower taxes to make it easier and cheaper to do business.

Budget Highlights

- Extension of the Coronavirus Job Retention Scheme (CJRS) until 30 September
- Fourth and fifth SEISS grants this year
- Extension of stamp duty holiday until 30 September
- £5 billion restart grants to boost businesses after lockdown ends
- Corporation tax set to rise to 25% in 2023
- Eight locations named for Freeports in England
- A super-deduction providing allowances of 130% on most new plant and machinery



Coronavirus has caused one of the largest, most comprehensive and sustained economic shocks this country has ever seen.

Chancellor Rishi Sunak



Personal Tax

Universal Credit

Universal Credit is a single payment that is made up of different amounts depending on an individual's circumstances. There is no entitlement if an individual's capital is worth more than £16,000. Shortly after the 2020 Budget the Chancellor announced an increase in the Universal Credit standard allowance by £20 per week for one year.

The government is extending the temporary £20 per week increase for a further six months.

Working Tax Credit

The government is making a one-off payment of £500 to eligible Working Tax Credit claimants to provide extra support over the next six months.

Mortgage guarantee scheme

The government will introduce a new mortgage guarantee scheme in April 2021. This scheme will provide a guarantee to lenders across the UK who offer mortgages to people with a deposit of 5% on homes with a value of up to £600,000.

Under the scheme, all buyers will have the opportunity to fix their initial mortgage interest rate for at least five years should they wish to. The scheme, which will be available for new mortgages up to 31 December 2022, is designed to increase the availability of mortgages on new or existing properties for those with small deposits.

Green National Savings and Investment (NS&I) product

The government will offer a green retail savings product through NS&I in the summer of 2021. This product will be closely linked to the UK's sovereign green bond framework and will give all UK savers the opportunity to take part in the collective effort to tackle climate change. The green gilt framework, to be published in June, will detail the types of expenditure that will be financed to meet the government's green objectives.

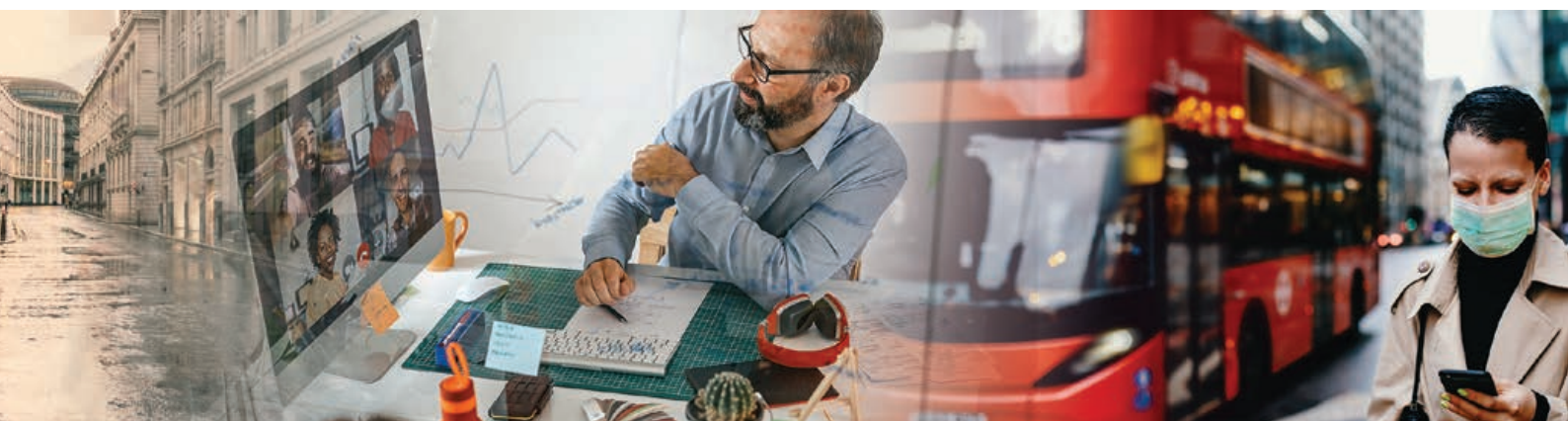
Venture Capital Schemes: extension of the Social Investment Tax Relief

The government will continue to support social enterprises that are seeking growth investment by extending the operation of Social Investment Tax Relief to April 2023. This will continue the availability of income tax relief and capital gains tax hold-over relief for investors in qualifying social enterprises.

Pensions Lifetime Allowance

The lifetime limit sets the maximum figure for tax-relieved savings that an individual can build up over their lifetime.

Legislation will be introduced to remove the annual link to the CPI increase for the next five years. This will maintain the standard Lifetime Allowance at £1,073,100 for tax years 2021/22 to 2025/26.



Income Tax and Personal Savings

The Chancellor announced the following income tax rates and allowances.

Income tax rates and bands

2021/22		2020/21	
Band £	Rate %	Band £	Rate %
0 - 37,700	20	0 - 37,500	20
37,701 - 150,000	40	37,501 - 150,000	40
Over 150,000	45	Over 150,000	45

Income tax rates in Scotland and Wales on income other than savings and dividend income have been devolved.

Savings income

	2021/22	2020/21
Savings allowance basic rate	£1,000	£1,000
Savings allowance higher rate	£500	£500

A starting rate for savings band of £5,000 at 0% may be available unless taxable non-savings income exceeds the starting rate band.

Dividend income

	2021/22	2020/21
Dividend allowance	£2,000	£2,000
Dividend ordinary rate	7.5%	7.5%
Dividend upper rate	32.5%	32.5%
Dividend additional rate	38.1%	38.1%

Personal allowances

	2021/22	2020/21
Personal allowance	£12,570	£12,500
Personal allowance income limit	£100,000	£100,000
Marriage allowance Transferable between certain spouses where neither pay tax above the basic rate	£1,260	£1,250
Married couple's allowance (relief given at 10%) Either partner born before 6 April 1935	£9,125	£9,075
– minimum amount	£3,530	£3,510
– income limit	£30,400	£30,200
Blind person's allowance	£2,520	£2,500



Scottish income tax rates and bands

Savings and dividend income are taxed using UK rates and bands.

2021/22		2020/21	
Band £	Rate %	Band £	Rate %
0 - 2,097	19	0 - 2,085	19
2,098 - 12,726	20	2,086 - 12,658	20
12,727 - 31,092	21	12,659 - 30,930	21
31,093 - 150,000	41	30,931 - 150,000	41
Over £150,000	46	Over 150,000	46

Welsh income tax rates

Although income tax for Wales has been devolved, Welsh resident taxpayers continue to pay the same overall rates as taxpayers in England and Northern Ireland.

Employment

The Coronavirus Job Retention Scheme (JRS)

The current JRS allows an employer to place an employee on furlough and apply for a grant to cover wage costs for the time an employee is on furlough. The employer:

- can claim 80% of 'usual salary' for hours not worked, up to a maximum of £2,500 per employee (pro-rated for hours not worked) per month
- needs to fund employer National Insurance contributions (NICs) and the minimum employer automatic enrolment pension contributions.

In December 2020, the Chancellor extended the scheme until the end of April 2021.

Further extension of JRS

In Budget 2021 the Chancellor has further extended the scheme to 30 September 2021.

The level of grant available to employers under the scheme will stay the same until 30 June 2021.

From 1 July 2021, the level of grant will be reduced and employers will be asked to contribute towards the cost of furloughed employees' wages. To be eligible for the grant an employer must continue to pay furloughed employees 80% of their wages, up to a cap of £2,500 per month for the time they spend on furlough.

The reduction in the level of the grant means that the percentage recovery of furloughed wages will be as follows:

- for July 2021 70% of furloughed wages up to a maximum of £2187.50 and
- for August and September 2021 60% of furloughed wages up to a maximum of £1,875.00.

Employers will need to continue to fund employer NICs and mandatory minimum automatic enrolment pension contributions.



Comment

The Chancellor has also extended eligibility for the scheme. For periods starting on or after 1 May 2021, employers can claim for employees who were employed on 2 March 2021, as long as a PAYE Real Time Information (RTI) submission was made between 20 March 2020 and 2 March 2021, notifying a payment of earnings for that employee.

Apprenticeships and traineeships

High quality traineeships for young people

The government will provide an additional £126 million in England for high quality work placements and training for 16–24 year olds in the 2021/22 academic year. Employers who provide trainees with work experience will continue to be funded at a rate of £1,000 per trainee.

Payments for employers who hire new apprentices

The government will extend and increase the payments made to employers in England who hire new apprentices. Employers who hire a new apprentice between 1 April 2021 and 30 September 2021 will receive £3,000 per new hire, compared with £1,500 per new apprentice hire (or £2,000 for those aged 24 and under) under the previous scheme.

This is in addition to the existing £1,000 payment the government provides for all new 16–18 year-old apprentices and those aged under 25 with an Education, Health and Care Plan, where that applies.

Supporting apprenticeships across different employers

The government will introduce a £7 million fund from July 2021 to help employers in England set up and expand portable apprenticeships. This will enable people who need to work across multiple projects with different employers to benefit from the high quality long-term training that an apprenticeship provides.

Off-payroll working in the private sector

New tax rules are soon to come into force for individuals who provide their personal services via an ‘intermediary’ to a medium or large business. The new rules apply to payments made for services provided on or after 6 April 2021.

The off-payroll working rules apply where an individual (the worker) provides their services through an intermediary (typically a personal service company) to another person or entity (the client). The client will be required to make a determination of a worker’s status and communicate that determination. In addition, the fee-payer (usually the organisation paying the worker’s personal service company) will need to make deductions for income tax and NICs and pay any employer NICs.

In the Budget the government announced minor technical changes to improve the operation of the rules, in response to feedback from stakeholders, which will be legislated for in Finance Bill 2021. The government will make changes to the rules regarding provision of information by parties in the labour supply chain.

Van benefit charge nil-rating for zero-emission vans

From 6 April 2021, a nil rate of tax applies to zero-emission vans within the van benefit charge. In 2020/21 such vans have a van benefit charge at 80% of the standard flat rate of £3,490.



Temporary changes to legislation resulting from coronavirus

Easement for employer-provided cycles exemption

The government will legislate in Finance Bill 2021 to introduce a time-limited easement to the employer-provided cycle exemption to disapply the condition which states that employer-provided cycles must be used mainly for journeys to, from, or during work. The easement will be available to employees who have joined a scheme and have been provided with a cycle or cycling equipment on or before 20 December 2020.

The change will have effect on and after Royal Assent of Finance Bill 2021 and be in place until 5 April 2022, after which the normal rules of the exemption will apply.

Employer-reimbursed coronavirus tests

The government will legislate in Finance Bill 2021 to introduce a retrospective income tax exemption for payments that an employer makes to an employee to reimburse for the cost of a relevant coronavirus antigen test for the tax year 2020/21. Legislation will extend this exemption for the tax year 2021/22.

The change will have effect on and after Royal Assent of Finance Bill 2021. The corresponding NICs disregard is already in force and this will also be extended for the tax year 2021/22.

Extension of income tax exemption for COVID-19 related home office expenses

The government will, by secondary legislation, extend the temporary income tax exemption and Class 1 NICs disregard for employer reimbursed expenses that cover the cost of relevant home office equipment. The extended exemption will have effect until 5 April 2022.

National Insurance

2021/22 Class 1 (employed) rates

Employee

Earnings per week	%
Up to £184	0
£184.01 - £967	12
Over £967	2

Employer

Earnings per week	%
Up to £170	0
Over £170	13.8

Entitlement to contribution-based benefits for employees retained for earnings between £120 and £184 per week.

The employer rate is 0% for employees under 21 and apprentices under 25 on earnings up to £967 per week.

Class 1A (employers)	On employee taxable benefits	13.8%
Class 1B (employers)	On PAYE Settlement Agreements	13.8%
Class 2 (self-employed)	Flat rate per week	£3.05
	Small profits threshold	£6,515 per annum
Class 3 (voluntary)	Flat rate per week	£15.40
Class 4 (self-employed)	On profits between £9,568 - £50,270	9%
	Excess over £50,270	2%



Minimum Wage

Increases in the National Minimum Wage and National Living Wage rates occur in April each year.

Age	NLW	21 - 22	18 - 20	16 and 17	Apprentices
From 1 April 2021	£8.91	£8.36	£6.56	£4.62	£4.30

Apprentice rates apply to those under 19, or 19 or over and in the first year of their apprenticeship.

Tax and Travel

Mileage rates

Changes to the HMRC business mileage rates are announced from time to time. The fuel only advisory rates below relate to company cars only and apply from 1 March 2021.

Car – fuel only advisory rates Engine capacity	Petrol	Diesel	LPG
1400cc or less	10p	9p	7p
1401cc to 1600cc	12p	9p	8p
1601cc to 2000cc	12p	11p	8p
Over 2000cc	18p	12p	12p

For those using their own vehicle the following mileage allowance payments apply.

Vehicle	First 10,000 miles	Thereafter
Car/van	45p	25p
Motorcycle	24p	24p
Bicycle	20p	20p

Car benefits

2021/22	Cars registered pre 6.4.20	Cars registered after 5.4.20
CO ₂ emissions (g/km)	% of list price taxed	% of list price taxed
0	1	1
1-50		
Electric range		
130 or more	2	1
70-129	5	4
40-69	8	7
30-39	12	11
Under 30	14	13
51-54	15	14
For every extra 5	+1	+1
160 and above	37	n/a
165 and above	n/a	37

For fully diesel cars generally add a 4% supplement (unless the car is registered on or after 1 September 2017 and meets the Euro 6d emissions standard) but the maximum is still 37%. For emissions over 75g/km if the CO₂ figure does not end in a 5 or a 0 round down to the nearest 5 or 0.



Business

Coronavirus loan schemes

In 2020, the government introduced a number of government-guaranteed coronavirus loan schemes. In December 2020 the Chancellor extended, until the end of March 2021, access to the Bounce Back Loan Scheme, Coronavirus Business Interruption Loan Scheme and the Coronavirus Large Business Interruption Loan Scheme.

Budget 2021 announced a new loan scheme to be introduced to replace those coming to an end.

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 to give them confidence in continuing to provide finance to UK businesses. The scheme will be open to all businesses, including those who have already received support under the existing COVID-19 guaranteed loan schemes.

Restart Grants

In addition Restart Grants will be provided in England of up to £6,000 per premises for non-essential retail businesses and up to £18,000 per premises for hospitality, accommodation, leisure, personal care and gym businesses. This will provide the cash certainty needed to plan ahead and safely relaunch trading over the coming months.

Self-Employment Income Support Scheme (SEISS)

Budget 2021 has confirmed details of a fourth grant. This will be 80% of three months' average trading profits to be claimed from late April 2021. Payment will be in a single instalment capped at £7,500 in total and will cover the period February to April 2021. The scheme has been extended to those who have filed a 2019/20 self assessment tax return prior to 3 March 2021. This means that the newly self-employed from April 2019 now qualify subject to satisfying the other conditions.

A fifth and final grant was announced and can be claimed from late July 2021 to cover the period May to September 2021. This grant will be determined by a turnover test. Where the self-employed business turnover has fallen by 30% the grant will be worth 80% of three months' average trading profits capped at £7,500. People whose turnover has fallen by less than 30% will receive a 30% grant, capped at £2,850.

Business rates

Business rates have been devolved to Scotland, Northern Ireland and Wales. All four nations have introduced 100% business rates relief mainly aimed at retail, leisure and hospitality businesses. Such businesses have not had to pay business rates from 1 April 2020 to 31 March 2021.

In a Scottish Budget update statement on 16 February, the Scottish Government proposed an extension to the relief for the retail, hospitality, leisure and aviation sectors until 31 March 2022.

The Chancellor has now announced a continuation of 100% business rates relief for eligible retail, hospitality and leisure properties in England to 30 June 2021. This will be followed by 66% business rates relief for the period from 1 July 2021 to 31 March 2022, capped at £2 million per business for properties that were required to be closed on 5 January 2021, or £105,000 per business for other eligible properties. Nurseries will also qualify for relief in the same way as other eligible properties.

Following the Chancellor's announcement, the Welsh Finance Minister has extended the rates holiday for the retail, leisure and hospitality sectors in Wales for a further 12 months.



Reduced VAT rate for hospitality sector

In July 2020, the government introduced a temporary 5% reduced rate of VAT for certain supplies of hospitality, hotel and holiday accommodation and admissions to certain attractions. In September 2020 the Chancellor extended the reduced rate to 31 March 2021. The government has now announced an extension of the reduced rate until 30 September 2021. To help businesses manage the transition back to the standard 20% rate, a 12.5% rate will apply for the subsequent six months until 31 March 2022.

Corporation tax rates

The main rate of corporation tax is currently 19% and it will remain at that rate until 1 April 2023 when the rate will increase to 25% for companies with profits over £250,000. The 19% rate will become a small profits rate payable by companies with profits of £50,000 or less. Companies with profits between £50,000 and £250,000 will pay tax at the main rate reduced by a marginal relief, providing a gradual increase in the effective corporation tax rate.

Tax losses

A temporary extension of the period over which businesses may carry trading losses back for relief against profits of earlier years to get a repayment of tax paid will have effect for company accounting periods ending in the period 1 April 2020 to 31 March 2022 and for tax years 2020/21 and 2021/22 for unincorporated businesses.

Trade loss carry back will be extended from the current one year entitlement to a period of three years, with losses being carried back against later years first.

For companies, after carry back to the preceding year, a maximum of £2 million of unused losses will be available for carry back against profits of the same trade to the earlier two years. This £2 million limit applies separately to the unused losses of each 12 month period within the duration of the extension.

For individuals a separate £2 million cap will apply to the extended carry back of losses made in each of the tax years 2020/21 and 2021/22.

The £2 million limit applies separately to the unused losses of each tax year within the duration of the extension. Income Tax payers will not be subject to a partnership-level limit.

Super-deduction

Between 1 April 2021 and 31 March 2023, companies investing in qualifying new plant and machinery will benefit from new first year capital allowances.

Under this measure a company will be allowed to claim:

- a super-deduction providing allowances of 130% on most new plant and machinery investments that ordinarily qualify for 18% main rate writing down allowances
- a first year allowance of 50% on most new plant and machinery investments that ordinarily qualify for 6% special rate writing down allowances.

This relief is not available for unincorporated businesses.

First year allowances for business cars from April 2021

Budget 2020 announced the extension of 100% first year allowances for zero-emission cars, zero-emission goods vehicles and equipment for gas refuelling stations by four years from April 2021.



CO₂ emission thresholds will also be amended from April 2021. These determine the rate of capital allowances available through which the capital expenditure for business cars can be written down. The thresholds will be reduced from 50g/km to 0g/km for the purpose of the first year allowances for low CO₂ emission cars and from 110g/km to 50g/km for the purpose of writing down allowances (WDAs) for business cars.

Freeports

In 2020 the government consulted on proposals to create up to ten Freeports across the UK. The government is now proposing a range of measures covering customs, tax reliefs, planning, regeneration funding and innovation to create Freeports as national hubs for global trade and investment across the UK.

A UK Freeport will be a geographical area with a diameter up to 45km which is closely linked to a sea port, airport or rail port. East Midlands Airport, Felixstowe & Harwich, Humber, Liverpool City Region, Plymouth and South Devon, Solent, Teesside and Thames have been successful in the Freeports bidding process for England.

The government is working with devolved administrations to establish Freeports in each of the nations.

Customs benefits

Within the Freeport there will be a primary customs site and perhaps custom subzones. A customs site or subzone provides customs and tariff benefits such as:

- duty deferral while goods remain on site
- duty inversion if the finished goods exiting the Freeport attract a lower tariff than their component parts
- subject to the UK's trade agreements, customs duty exemption on goods that are imported into a Freeport, processed into finished goods and subsequently re-exported
- simplified import procedures.

Tax benefits

Freeports may also have one or more tax sites within which tax reliefs will apply. The aim is for a single site and up to three tax sites may be allowed but the total area of the site(s) must not exceed 600 hectares. The tax site will likely be located on primarily underdeveloped land to generate new, additional productive activity in Freeport locations.

The intention is to offer:

- Stamp Duty Land Tax relief on land purchases within Freeport tax sites in England where that property is to be used for qualifying commercial activity
- a 10% rate of Structures and Buildings Allowance rather than the 3% rate that applies for businesses constructing or renovating structures and buildings for non-residential use
- enhanced tax relief for qualifying new plant and machinery assets for the full cost of the qualifying investment in the same tax period the cost was incurred
- 100% relief from business rates on certain business premises within Freeport tax sites in England.

Very broadly, the reliefs will apply for expenditure from various dates in 2021 to 30 September 2026.

In addition, a 0% rate of employer NICs on the salaries of any eligible employee working in the Freeport tax site is proposed. The relief is intended to be available for up to 9 years from April 2022.



Research and Development (R&D) tax relief

A cap on the amount of R&D tax credit which can be paid to a loss-making small or medium-sized enterprise (SME) will be introduced for accounting periods which commence on or after 1 April 2021.

Prior to the introduction of the cap, loss-making SMEs incurring qualifying expenditure on R&D activities are allowed to make a claim to surrender the unrelieved loss for a payable tax credit of up to 14.5%. For accounting periods commencing on or after 1 April 2021, payable tax credits are restricted to £20,000 plus three times the company's relevant expenditure on workers.

Relevant expenditure on workers is the company's PAYE and NICs for the period and importantly this is the company's whole PAYE and NIC liability. In addition, if the company is supplied with workers by a connected company the relevant workers' expenditure is extended to include a proportion of those worker costs.

Some companies which create or manage intellectual property and spend less than 15% with connected persons on R&D qualifying expenditure will be exempt from this cap.

Capital Taxes

Capital gains tax (CGT) rates

No changes to the current rates of CGT have been announced at Budget 2021. This means that the rate remains at 10%, to the extent that any income tax basic rate band is available, and 20% thereafter. Higher rates of 18% and 28% apply for certain gains; mainly chargeable gains on residential properties with the exception of any element that qualifies for Private Residence Relief.

There are two specific types of disposal which potentially qualify for a 10% rate up to a lifetime limit for each individual:

- Business Asset Disposal Relief (BADR) (formerly known as Entrepreneurs' Relief). This is targeted at directors and employees of companies who own at least 5% of the ordinary share capital in the company, provided other minimum criteria are also met, and the owners of unincorporated businesses.
- Investors' Relief. The main beneficiaries of this relief are external investors in unquoted trading companies who have newly-subscribed shares.

The lifetime limit for BADR was reduced from £10 million to £1 million for BADR qualifying disposals made on or after 11 March 2020. Investors' Relief continues to have a lifetime limit of £10 million.

CGT annual exemption

The CGT annual exemption will be maintained at the current 2020/21 level of £12,300 for 2021/22 and up to and including 2025/26.

Inheritance tax (IHT) nil rate bands

The nil rate band has been frozen at £325,000 since 2009 and this will now continue up to 5 April 2026. An additional nil rate band, called the 'residence nil rate band' (RNRB) which has been increased in stages and is now £175,000 for deaths in 2020/21 will also be frozen at the current level until 5 April 2026. A taper reduces the amount of the RNRB by £1 for every £2 that the 'net' value of the death estate is more than £2 million. Net value is after deducting permitted liabilities but before exemptions and reliefs. This taper will also be maintained at the current level.



Business assets and Gift Hold-Over Relief

Gift Hold-Over Relief operates by deferring the chargeable gain on the disposal when a person gives away business assets. The gain then comes into charge when the recipient disposes of the gifted asset. The recipient is treated as though they acquired the asset for the same cost as the person who gave them the asset.

A change to the relief ensures that Gift Hold-Over Relief is not available where a non-UK resident person disposes of an asset to a foreign-controlled company, controlled either by themselves or another non-UK resident with whom they are connected. This measure will affect disposals made on or after 6 April 2021.

Other Matters

Land and buildings transaction taxes

Land and buildings transaction taxes are devolved to Scotland (Land and Buildings Transaction Tax) and Wales (Land Transaction Tax). Stamp Duty Land Tax (SDLT) applies to transactions in England and Northern Ireland. All these taxes have had a temporary increase in the nil rate threshold for residential properties. The thresholds were set to return to the previous thresholds from 1 April 2021.

Budget announcement

The government will extend the temporary increase to the SDLT nil rate band for residential property in England and Northern Ireland to 30 June 2021. From 1 July 2021 until 30 September 2021, the nil rate band will be £250,000. The nil rate band will return to the standard amount of £125,000 from 1 October 2021.

Wales – Land Transaction Tax

Following the Chancellor's announcement, the Welsh Finance Minister has confirmed that the Land Transaction Tax temporary reduction period will be extended by a further three months so that it will end on 30 June 2021.

In December 2020, the Welsh Government changed the rates charged on higher rates residential property transactions and non-residential transactions including the rent element of non-residential and mixed leases. The changes to the higher residential rates have the effect of increasing the tax rates applied to the bands by 1%. For non-residential transactions, changes have been made to the bands so as to increase the nil rate thresholds. These changes came into effect on 22 December 2020.

SDLT surcharge

New SDLT rates are proposed for purchasers of residential property in England and Northern Ireland who are not resident in the UK. The new rates will be 2% higher than those that apply to purchases made by UK residents, and will apply to purchases of both freehold and leasehold property as well as increasing SDLT payable on rents on the grant of a new lease. The surcharge will apply to land transactions with an effective date of 1 April 2021 or later. Transitional rules may apply to some contracts exchanged before 11 March 2020 but completed or are substantially performed on or after 1 April 2021, or some contracts substantially performed on or before 31 March 2021 but not completed until 1 April 2021 or later.

Contactless payment card limit

Following a public consultation by the Financial Conduct Authority, the government has approved an increase to the legal contactless payment limits previously set by the European Commission. This will allow banks to support single contactless payments up to £100, and cumulative contactless payments up to £300, without the need for customers to input their chip and pin. The government hopes the banking industry will implement the new limits later this year.



Duties

Alcohol and tobacco duties

The duty rates are frozen for beer, spirits, wine and made-wine, still and sparkling cider and perry.

The duty rate on all tobacco products has also been frozen.

Fuel duty

Fuel duty will be frozen for the 2021/22 tax year.

What They Said...

'We need a real commitment to give every business, large or small, the opportunity to grow, innovate and succeed. This future economy won't be created in any one Budget, but today we lay the foundations.'

Rishi Sunak, Chancellor of the Exchequer

'We needed a Budget to fix our economy... to build a more secure and prosperous economy for the future. Instead we got a Budget that papered over the cracks rather than rebuilding the foundations.'

Keir Starmer, Leader of the Labour Party

'Extensions to furlough, business rates relief and VAT reductions give firms a fighting chance not only to restart but also to rebuild.'

Dr Adam Marshall, Director General of the British Chambers of Commerce

'The continuation of business rates and VAT discounts is critical, and it's important that those in supply chains benefit from them, not just those that neatly fit the definitions of frontline retail, leisure and hospitality.'

Mike Cherry, National Chairman of the Federation of Small Businesses

'The Chancellor has gone above and beyond to protect UK businesses and people's livelihoods through the crisis and get firms spending.'

Tony Danker, Director General of the Confederation of British Industry



2021/22 Tax Calendar

April 2021

M	Tu	W	Th	F	Sa	Su
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

May 2021

M	Tu	W	Th	F	Sa	Su
30	31					1
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16	17	18	19	20	21	22
23	24	25	26	27	28	29

June 2021

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		1	2	3	4	5
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13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

April 2021

- 1 Digital links required in Making Tax Digital for VAT returns.
5% late payment penalty on any 2019/20 outstanding tax which was due on 31 January 2021 and still remains unpaid.
- 5 Last day of 2020/21 tax year.
Deadline for 2020/21 ISA investments and pension contributions.
Last day to make disposals using the 2020/21 CGT exemption.
- 14 Due date for income tax for the CT61 period to 31 March 2021.
- 19 Automatic interest is charged where PAYE tax, Student loan deductions, Class 1 NI or CIS deductions for 2020/21 are not paid by today. Penalties may also apply if any payments have been made late throughout the tax year.
PAYE quarterly payments are due for small employers for the pay periods 6 January 2021 to 5 April 2021.
PAYE, Student loan and CIS deductions are due for the month to 5 April 2021.
Deadline for employers' final PAYE return to be submitted online for 2020/21.

May 2021

- 3 Deadline for submitting P46(Car) for employees whose car/fuel benefits changed during the quarter to 5 April 2021.
- 19 PAYE, Student loan and CIS deductions are due for the month to 5 May 2021.
- 31 Deadline for forms P60 for 2020/21 to be issued to employees.

June 2021

- 1 New Advisory Fuel Rates (AFR) for company car users apply from today.

July 2021

M	Tu	W	Th	F	Sa	Su
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

August 2021

M	Tu	W	Th	F	Sa	Su
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

September 2021

M	Tu	W	Th	F	Sa	Su
			1	2	3	4
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12	13	14	15	16	17	18
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26	27	28	29	30		

- 19 PAYE, Student loan and CIS deductions are due for the month to 5 June 2021.
- 30 End of CT61 quarterly period.

July 2021

- 5 Deadline for reaching a PAYE Settlement Agreement for 2020/21.
- 6 Deadline for forms P11D and P11D(b) for 2020/21 to be submitted to HMRC and copies to be issued to employees concerned.
Deadline for employers to report share incentives for 2020/21.
- 14 Due date for income tax for the CT61 period to 30 June 2021.
- 19 Class 1A NICs due for 2020/21.
PAYE, Student loan and CIS deductions due for the month to 5 July 2021.
PAYE quarterly payments are due for small employers for the pay periods 6 April 2021 to 5 July 2021.
- 31 Second payment on account 2020/21 due.

August 2021

- 2 Deadline for submitting P46(Car) for employees whose car/fuel benefits changed during the quarter to 5 July 2021.
- 19 PAYE, Student loan and CIS deductions are due for the month to 5 August 2021.

September 2021

- 1 New Advisory Fuel Rates (AFR) for company car users apply from today.
- 19 PAYE, Student loan and CIS deductions are due for the month to 5 September 2021.
- 30 End of CT61 quarterly period.

October 2021

- 1 Due date for payment of Corporation Tax for period ended 31 December 2020.

October 2021

M	Tu	W	Th	F	Sa	Su
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

November 2021

M	Tu	W	Th	F	Sa	Su
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

December 2021

M	Tu	W	Th	F	Sa	Su
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

- 5 Deadline for notifying HMRC of new sources of taxable income or gains or liability to the High Income Child Benefit Charge for 2020/21 if no tax return has been issued.
- 14 Due date for income tax for the CT61 quarter to 30 September 2021.
- 19 Tax and NICs due under a 2020/21 PAYE Settlement Agreement.
PAYE, Student loan and CIS deductions are due for the month to 5 October 2021.
PAYE quarterly payments are due for small employers for the pay periods 6 July 2021 to 5 October 2021.
- 31 Deadline for submitting 'paper' 2020/21 self assessment returns.

November 2021

- 2 Deadline for submitting P46(Car) for employees whose car/fuel benefits changed during the quarter to 5 October 2021.
- 19 PAYE, Student loan and CIS deductions are due for the month to 5 November 2021.

December 2021

- 1 New Advisory Fuel Rates (AFR) for company car users apply from today.
- 19 PAYE, Student loan and CIS deductions are due for the month to 5 December 2021.
- 30 Online filing deadline for submitting 2020/21 self assessment return if you require HMRC to collect any underpaid tax by making an adjustment to your 2022/23 tax code.
- 31 End of CT61 quarterly period.
Filing date for Company Tax Return Form CT600 for period ended 31 December 2020.

January 2022

- 1 Due date for payment of corporation tax for period ended 31 March 2021.

January 2022

M	Tu	W	Th	F	Sa	Su
30	31					1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29

February 2022

M	Tu	W	Th	F	Sa	Su
		1	2	3	4	5
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13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28					

March 2022

M	Tu	W	Th	F	Sa	Su
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

- 14 Due date for income tax for the CT61 quarter to 31 December 2021.
- 19 PAYE, Student loan and CIS deductions are due for the month to 5 January 2022.
PAYE quarterly payments are due for small employers for the pay periods 6 October 2021 to 5 January 2022.
- 31 Deadline for submitting your 2020/21 self assessment return (£100 automatic penalty if your return is late) and the balance of your 2020/21 liability together with the first payment on account for 2021/22 are also due.
Capital gains tax payment for 2020/21.
Balancing payment – 2020/21 income tax and Class 4 NICs. Class 2 NICs also due.

February 2022

- 2 Deadline for submitting P46(Car) for employees whose car/fuel benefits changed during the quarter to 5 January 2022.
- 19 PAYE, Student loan and CIS deductions are due for the month to 5 February 2022

March 2022

- 1 New Advisory Fuel Rates (AFR) for company car users apply from today.
- 3 5% late payment penalty on any 2020/21 outstanding tax which was due on 31 January 2022 and still remains unpaid.
- 19 PAYE, Student loan and CIS deductions are due for the month to 5 March 2022.
- 31 End of corporation tax financial year.
End of CT61 quarterly period.
Filing date for Company Tax Return Form CT600 for period ended 31 March 2021.
Last minute planning for tax year 2021/22 – please contact us for advice.



Planning ahead

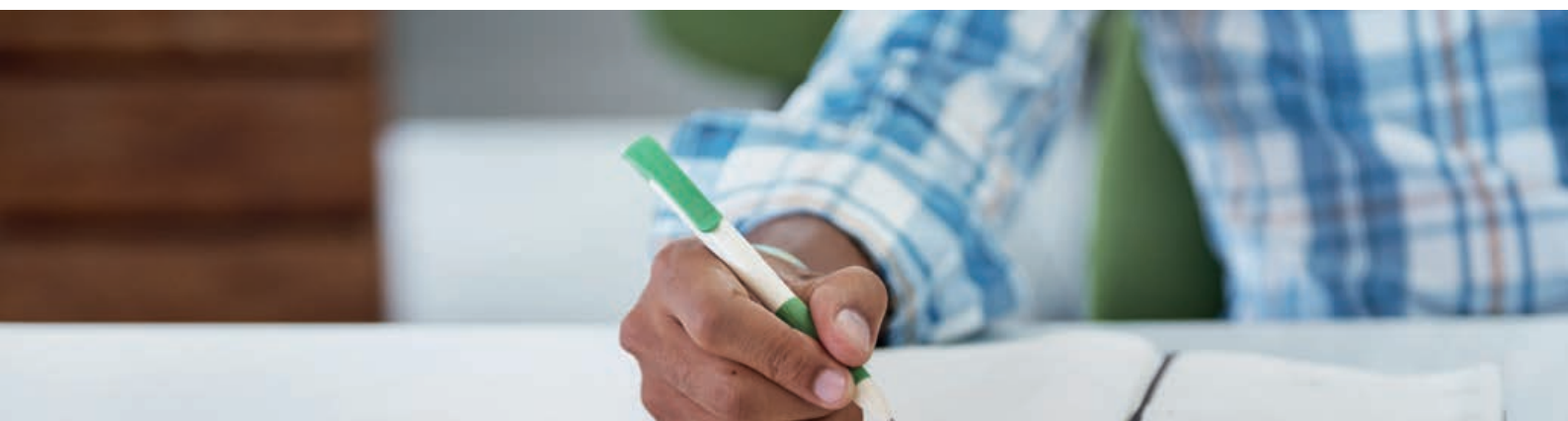
Your year-round tax planning guide

Proper forward planning can help you to make the most of your finances, whilst ensuring that you minimise your tax liabilities.

Please make use of the checklist below to review your financial planning strategies. Any 'no' or 'don't know' response highlights an area where it may be worth carrying out advance planning. Please contact us for further support and advice.

	YES	NO / DON'T KNOW
I have claimed all the allowances, deductions and expenses that I am eligible for.	<input type="checkbox"/>	<input type="checkbox"/>
I have made full use of tax-free investments such as ISAs.	<input type="checkbox"/>	<input type="checkbox"/>
I have considered and made use of all tax-efficient benefits that are available to me.	<input type="checkbox"/>	<input type="checkbox"/>
I have reconsidered my retirement planning strategies to ensure that I am receiving the most from my investments.	<input type="checkbox"/>	<input type="checkbox"/>
I have reviewed my remuneration plans in order to maximise national insurance savings.	<input type="checkbox"/>	<input type="checkbox"/>
I have optimised my overall remuneration package and considered taking tax-efficient benefits.	<input type="checkbox"/>	<input type="checkbox"/>
I have made full use of the independent taxation rules which entitle myself, my spouse and my children to our own individual personal allowances and tax rate bands.	<input type="checkbox"/>	<input type="checkbox"/>
I have ensured that my liability to capital gains tax and income tax for this year will be as low as possible.	<input type="checkbox"/>	<input type="checkbox"/>
I have evaluated my business motoring arrangements in light of the latest rules and they are as tax-efficient as possible.	<input type="checkbox"/>	<input type="checkbox"/>
I have planned ahead and utilised relevant exemptions in order to minimise any inheritance tax liability.	<input type="checkbox"/>	<input type="checkbox"/>
As part of my long-term tax planning strategy, I have considered the use of trusts.	<input type="checkbox"/>	<input type="checkbox"/>
I have reviewed my charitable donations to ensure that they are tax-efficient.	<input type="checkbox"/>	<input type="checkbox"/>
I have considered giving charities shares and securities instead of cash donations.	<input type="checkbox"/>	<input type="checkbox"/>

Please note: This checklist is based on existing rules and does not take account of changes announced in the Budget.



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