

## **About the Budget**

This Budget takes place after a year that has seen the largest drop in annual national output since the Great Frost of 1709, Europe's coldest winter in the last 500 years.

The Budget is presented each year by the Chancellor to Parliament and the nation and sets out how much the Government will spend and borrow and how much tax is to be collected.

**This snapshot gives you a quick summary of the key points announced by the Chancellor from the dispatch box.**

**More details are available from GOV.UK.**

## **Main Headlines from the Speech**

### **Introduction**

The Chancellor describes this Budget as a three stage plan to help the recovery of the economy through the crisis and beyond:

1. 'Continue support through this moment of crisis';
2. Begin 'fixing the public finances'; and
3. 'Begin the work of building our future economy'.

### ***Coronavirus support***

- Job Retention Scheme extended until end of September 2021.
- Employees will continue to receive 80% of their wages and employers to contribute 10% in July and 20% in August and September.
- Self-employed support scheme extended until September 2021.
- Access to be given to self-employed who have filed a tax return by 2 March 2021.
- February to April grant to be worth 80% of three months' average trading profits and capped at £7,500 in total.
- May to September grant to be more focused with value of grant to be determined by a turnover test.
- Universal Credit £20 uplift extended until end of September 2021.
- One-off payment of £500 to be made to eligible Working Tax Credit claimants.
- Recovery Loan Scheme to be launched from 6 April 2021 to provide lenders with a guarantee of 80% on eligible loans between £25,000 and £10 million. Scheme will be open to all businesses, including those who have already received support under existing coronavirus loan schemes.
- Restart Grants to be made available in England of up to £6000 per premises for non-essential retail businesses and £18,000 per premises for hospitality, accommodation, leisure, personal care and gym businesses.

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- VAT Deferral New Payment Scheme will allow any business that took advantage of the original VAT deferral in 2020 to pay deferred VAT in up to eleven equal payments from March 2021.
- Business rates reliefs to continue for eligible retail, hospitality and leisure properties in England. 100% relief from 1 April 2021 to 30 June 2021. 66% relief from 1 July 2021 to 31 March 2022.

### **Housing**

- Mortgage guarantee scheme to be launched in April 2021 which will provide a guarantee to lenders offering mortgages to people with a deposit of just 5% on homes with a value of up to £600,000. The scheme will run until the end of 2022.
- Temporary Stamp Duty cut to be extended until 30 June 2021. From 1 July 2021, the Nil Rate Band will reduce from £500,000 to £250,000 until 30 September 2021 before returning to £125,000.

### **OBR economic forecasts**

- OBR expects size of the economy to be back at pre-pandemic level in mid-2022 but that it will be 3% smaller in five years' time that it would have been if the pandemic had not happened
- *Growth*
  - 2021: 4.0%
  - 2022: 7.3%
  - 2023: 1.7%
  - 2024: 1.6%
  - 2025: 1.7%
- *CPI Inflation*
  - 2021: 1.5%
  - 2022: 1.8%
  - 2023: 1.9%
  - 2024: 1.9%
  - 2025: 2.0%
- *Borrowing forecast (not expressed in cash terms)*
  - 2021/2022: 10.3%
  - 2022/2023: 4.5%
  - 2023/2024: 3.5%
  - 2024/2025: 2.9%
  - 2025/2026: 2.8%
- Unemployment to peak at 6.8% in 2022 - 1.8 million less people expected to be unemployed than previously forecast

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### ***Personal taxes and pensions***

- Income tax personal allowance to rise to £12,570 and higher rate tax threshold to £50,270 in 2021/2022 and then remain unchanged from 2022 until April 2026.
- NIC thresholds to rise in 2021/2022 (Primary threshold to £9568, Upper Earnings Limit to £50,270) and then remain unchanged until April 2026.
- CGT annual exempt amount to remain unchanged at £12,300 until April 2026.
- IHT nil-rate band and residence nil-rate band to remain unchanged at £325,000 and £175,000 until April 2026.
- Pensions lifetime allowance to remain unchanged at £1,073,100 until April 2026.
- ISA and JISA subscription limits to remain unchanged in 2021/2022.
- National Living Wage to increase to £8.91 an hour from April.

### ***Corporate taxes***

- Corporation tax to rise to 25% in April 2023 on profits over £250,000.
- Corporation tax will remain at 19% for businesses with profits of £50,000 with a taper on profits between £50,000 and £250,000.
- From 1 April 2021 until 31 March 2023, companies investing in qualifying new plant and machinery will get a 130% first-year capital allowance (super deduction).
- VAT threshold to remain unchanged at £85,000 until April 2024.

### ***Excise duties***

- No increase to alcohol or fuel duties.

### ***Environment***

- Sovereign green bond (green gilt) to be issued this summer with further issues later in the years. Minimum value of issue will be £15 billion.
- Green retail NS&I product to be made available in the summer of 2021. This product will be closely linked to the sovereign green bond.

### ***Infrastructure***

- UK Infrastructure Bank to be established in Leeds and provide financial support to private sector and local authority infrastructure projects across the UK which help meet government objectives on climate change and regional economic growth.
- Freeports to be established at East Midlands Airport, Felixstowe & Harwich, Humber, Liverpool City Region, Plymouth and South Devon, Solent, Teesside and Thames.

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