

# Budget 2021: What it means for your business



Rishi Sunak's second Budget focused on policies aimed at helping businesses get back on their feet as Britain emerges from the coronavirus pandemic. Discover more about these policies and everything else below.

## Coronavirus support

Several policies were extended to help businesses manage the impact of Covid-19 and recover as restrictions are loosened in 2021

### The Job Retention Scheme

Commonly known as the furlough scheme, this is extended until **30 September**



## 80%

The government will continue to pay 80% of wages until 30 June

## 10%

In July, employers will be asked to pay 10% of this, as the government pays 70%

## 20%

Employers will be asked to contribute 20% in August and September, as the government pays 60%

### Self-Employment Income Support Scheme (SEISS)

The scheme, which supplements the income of freelancers, contractors and other self-employed individuals, will be extended until **September**

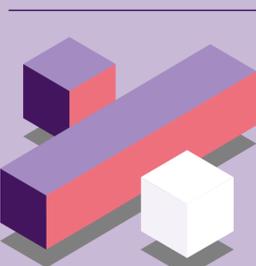
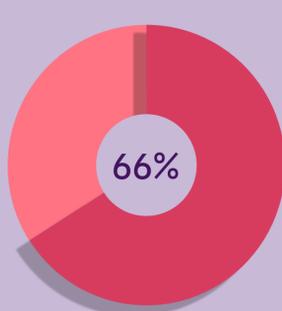
It will also cover those who entered self-employment in the 2019/20 financial year – providing they had filed a tax return for that period by midnight on 2 March 2021

Businesses whose turnover has fallen by less than **30%** will be eligible for a **30%** grant rather than the full **80%** for the May to September period

### Business rates

The business rates holiday in England will be extended for a further three months from 1 April: the government says this means **750,000** retail, hospitality and leisure properties will pay no rates until July this year

From July 2021 until April 2022, rates for qualifying businesses will be cut by **66%**



### VAT in the hospitality sector

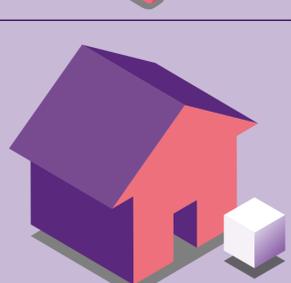
The chancellor said the current VAT reduction from **20%** to **5%** for hospitality businesses will be extended beyond the 31 March cut-off until **30 September**

From 1 October until 31 March 2022, a special rate of **12.5%** will apply



### The Community Ownership Fund

The chancellor also announced a **£150m** fund to help community groups buy or take over local community assets at risk of being lost. Community groups will be able to bid for up to **£250,000** matched funding to help them buy endangered sports clubs, theatres, music venues and post office buildings that have been hit hard by the pandemic.



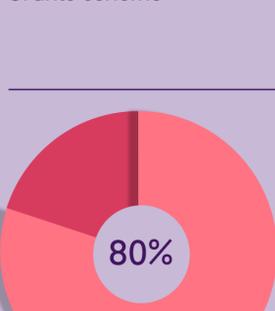
### Restart Grants

## £6,000

In England, non-essential retail businesses can claim up to £6,000 per premises through the Restart Grants scheme

## £18,000

Hospitality, accommodation, leisure, personal care and gym businesses, which will have been locked down for longer, will be eligible for up to £18,000 per premises



### Recovery Loan Scheme

From the start of the next financial year on 6 April, lenders will be given government guarantees of **80%** on loans to businesses of between **£25,000** and **£10m**

Companies that have previously received a Covid-19 loan will be eligible for additional finance under this scheme

This new scheme of up to **£10m**, with an **80%** government guarantee, will replace the Bounce Back Loan and Coronavirus Business Interruption Loan Scheme (CBILS).

### Management training and digital capability

**Help to Grow: Management** will provide management training and mentoring for UK SMEs with growth ambitions in a 12-week course, with a 90% government subsidy

**Help to Grow: Digital** will provide productivity-enhancing software with a 50% subsidy up to a maximum of £5,000 per business, as well as free online advice on digital transformation

Help to Grow: Management

**90% subsidy**

Help to Grow: Digital

**50% subsidy**



### Training and apprenticeships

Employers who take on an apprentice between April and September will receive **£3,000** per hire, an increase on the current rate of **£2,000** for the under-25s and **£1,500** for those aged 25 and over

A **£7m** fund will be introduced in July to support employers in creating 'portable apprenticeships' – where trainees work across multiple projects at different businesses



### The rest

The Office for Budget Responsibility estimates that Covid-19 will be responsible for a **3%** hit to the UK economy in the next five years, although GDP is expected to grow by **4%** this year and more than **7%** in 2022.

Public borrowing is set to reach levels not seen since the Second World War



### Business investment: the 'super-deduction'

From 1 April until 31 March 2023, businesses that invest in the right kind of plant and machinery will be entitled to a **130%** first-year capital allowance, which will allow them to cut their tax bills by as much as 25p for every £1 they invest

### Corporation tax set to increase

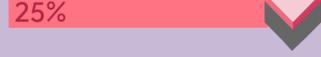
Corporation tax – which currently stands at **19%** – will rise to **25%** from April 2023. However, the smallest businesses will be unaffected, and only those with annual profits of £250,000 or more will pay this full rate

2021

**19%**

2023

**25%**



Firms with profits of £50,000 or less will remain on the current **19%** rate, while the rate will increase gradually from 19% to **25%** on profits between £50,000 and £250,000

### Duty on fuel and alcohol

Both fuel duty and duty on spirits, wine, beer and cider have been **frozen** for the coming financial year



NatWest