



March 2021 Newsletter Budget Special

- 1) Budget headlines
- 2) Personal taxation
- 3) Company taxation
- 4) Coronavirus support
 - a) *Individuals*
 - b) *Self-employed*
 - c) *Businesses*
- 5) What was missing?
- 6) Other matters of note
- 7) Making Tax Digital

Headlines

“I would describe it as a packet of Polos budget. In some ways refreshing, but also full of holes”, Andy Burnham



UK to borrow a peacetime record of £355bn this year

Significant infrastructure funding planned

Minimal details on how the extra borrowing will be repaid

Huw & Aled's top Budget announcements

- 4th **self-employed grant** open to newly self-employed individuals who completed a tax return in 2019-2020
- **95% mortgages** to be made available to encourage house purchases (especially for first time buyers)
- Government anticipates **inflation** increasing consistently over the next 5 years reaching 3% by 2025. Be aware of the potential impact on your finances.
- Welsh Government have allocated an additional £30m to the **Economic Resilience Fund** for hospitality, leisure and tourism businesses. Keep an eye on the Business Wales website for details of any further grants.



Personal taxation

- No change to income tax, NI or VAT rates
- Personal allowances frozen until 2026 for income tax, inheritance tax, capital gains tax.
- Pension lifetime allowances also frozen. This could cause problems for senior managers, e.g. at the NHS.
- No change to fuel duty or alcohol duty
- Individuals seeking to buy their first home can apply for a 95% mortgage
- Retail savings bond for green projects to be made available
- Contactless payment limit to rise to £100 later in 2021



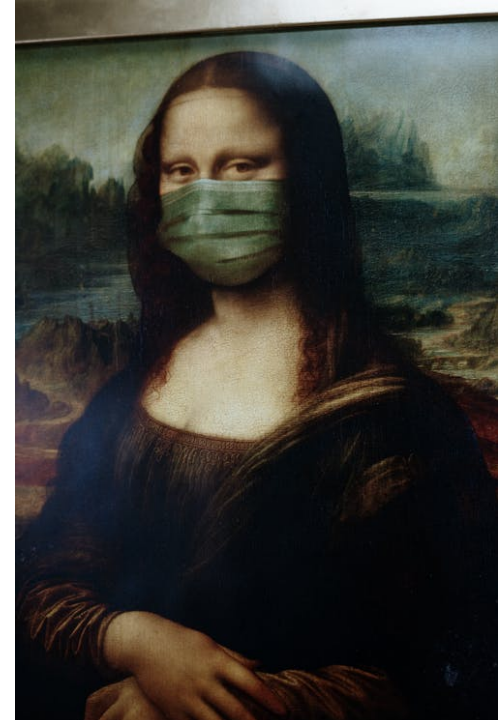
Company taxation



- Significant headline changes to corporation tax rates
- Increase from 19% to 25% from April 2023 for profits above £250,000.
- For companies with profits below £50,000 a small profits rate will apply of 19%.
- For companies with profits between £50,000-£250,000 a taper rate will apply of between 19% and 25%.
- Losses of up to £2m can now be carried back to be claimed against profits from the last 3 years (also applies to the self-employed)
- Investment costs will be deductible from company profits through a 'super-deduction' of 130%.

Coronavirus support - individuals

- ***Furlough scheme*** to be extended until end of September at 80% of wages
 - 10% employer contribution in July 2021
 - 20% employer contribution in August & September 2021
- ***Universal Credit*** weekly uplift of £20 (worth £1,000 a year) extended for another 6 months
- ***Working tax credits*** recipients will receive a one-off £500 payment



Coronavirus support – self-employed

- Good news for the newly self-employed!
- Fourth ***self-employed grant*** to cover February-April 2021 at 80% of average profits
 - Newly self-employed individuals who completed a 2019-2020 tax return now eligible
 - Grant opens in April 2021
- Fifth ***self-employed grant*** to cover May 2021 onwards with differing levels of support:
 - 80% of average profits if turnover reduced by $\geq 30\%$
 - 30% of average profits if turnover reduced by $< 30\%$



Coronavirus support - businesses

- ***Business rates*** exemption for businesses in England extended for another 3 months (with reduced rates for the following 9 months). Rates relief will be made available in Wales (*awaiting formal announcement from Welsh Gov*).
- ***Restart Grant scheme*** will offer businesses who are reopening from April 2021 grants of up to:
 - £6,000 for non-essential retailers
 - £18,000 for pubs, restaurants and salons
- ***VAT for hospitality*** kept at 5% until September and will increase to 12.5% for the following 6 months.
- £3,000 incentive payment available to employers for hiring ***apprentices*** of any age if hired between April and September 2021

Coronavirus support - businesses

- ***Help to Grow Digital***
- Vouchers available of up to 50% off the cost of new productivity-enhancing software, up to £5,000.
- Free access to online advice on technology to help businesses save time, reduce costs and reach more customers
- Awaiting full details but expected to apply to businesses who employ between 5 and 249 employees.

- ***Recovery Loans scheme***
- Good news for lenders as government backed loans will

- ***Economic Resilience Fund***
- Welsh Government have made available an extra £30m for businesses in the hospitality, leisure and tourism sectors. Full details to be announced.



What was missing?

- No mention of Brexit in the Budget!
- Government anticipates inflation increasing consistently over the next 5 years reaching 3% by 2025.
- Unemployment forecast to increase from 1.5m in 2020 to 1.9m in 2021, to 2.0m in 2022 which is a high rate of long-term unemployment.



Other matters of note (pre-Budget)

- 1) Higher-rate relief on mortgage interest:** 2020-2021 is the first year where there is no higher-rate relief on mortgage interest payments.
- 2) Working from home allowance:** any individual who was required to work >1 day from home during 2020-2021 can claim an allowance of £312.
- 3) Marriage allowance:** in a married couple or a civil partnership where one of you earns below £12,500 and the other is a basic-rate tax-payer, a personal allowance transfer can be made of £1,250 from one partner to the other, making a gain of £250.
- 4) Further potential tax changes:** UK Government will publish a number of tax consultations on 23 March 2021.

Making Tax Digital (MTD)

“Quite frankly MTD has been a pain.” ICAEW member

- 1) VAT:** all VAT registered businesses need to be using MTD compatible software to submit VAT returns from April 2022.
- 2) Individuals:** self-employed individuals and landlords with annual income > £10,000 will need to submit quarterly returns of their income and costs from April 2023 onwards.
- 3) Companies:** this is at a very early stage, with adoption currently planned for April 2026.

**Making Tax
Digital for VAT**
Are you ready?



Huw Aled Accountants Ltd

Huw Roberts

Chartered Management Accountant

07967 976854

huw@huwaledaccountants.com

6 Heol Alfreda Road

Yr Eglwys Newydd | Whitchurch

Caerdydd | Cardiff

CF14 2EH

Aled Wyn Thomas

Chartered Accountant

07808 798569

aled@huwaledaccountants.com

www.huwaledaccountants.com

029 2069 4524

Cwmni cofrestredig (Cymru a Lloegr): 12439787
Registered company (England and Wales): 12439787