ANDERSON
WEALTH MANAGEMENT

GUIDE TO

BUDGET 2021

ANALYSIS OF THE CHANCELLOR'S BUDGET AND ITS IMPACT ON YOU, YOUR FAMILY AND YOUR BUSINESS

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This Budget follows a year of extraordinary economic challenge as a result of the ongoing COVID-19 pandemic. The announcements set out how the government is extending its economic support to reflect the cautious easing of social distancing rules and the reopening of the economy in the government's roadmap.

Budget 2021

Delivering the Budget in Parliament on 3 March 2021, Chancellor of the Exchequer Rishi Sunak said, 'This Budget meets the moment with a three-part plan to protect the jobs and livelihoods of the British people. First, we will continue doing whatever it takes to support the British people and businesses through this moment of crisis.

Second, once we are on the way to recovery, we will need to begin fixing the public finances – and I want to be honest today about our plans to do that.

And, third, in today's Budget we begin the work of building our future economy.'

This Budget follows a year of extraordinary economic challenge as a result of the ongoing COVID-19 pandemic. The announcements set out how the government is extending its economic support to reflect the cautious easing of social distancing rules and the reopening of the economy in the government's roadmap.

As the economy reopens, this Budget also sets out the steps the government is taking to support the recovery. The Chancellor said his immediate priority continues to be supporting those hardest hit, with extensions to furlough, self-employed support, business grants, loans and VAT cuts.

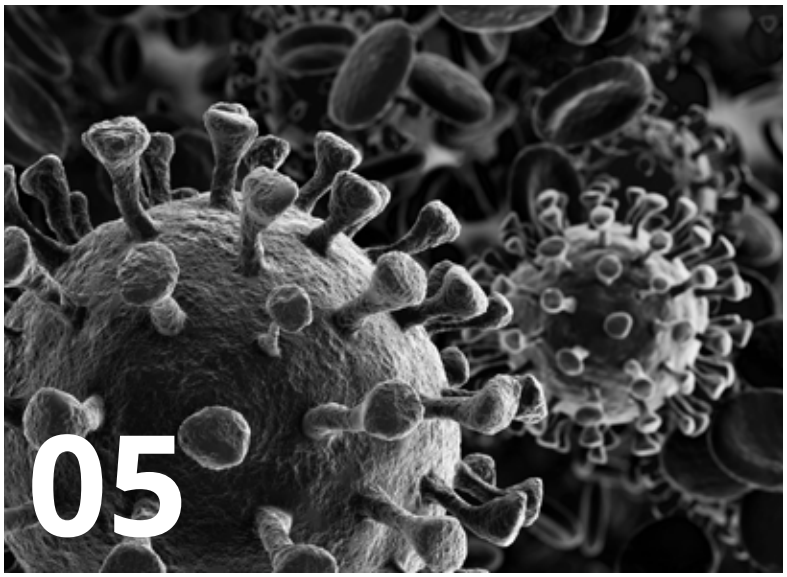
He also set out plans to drive jobs, growth and investment to help the economy rebound - and spoke about the tough choices required to put the public finances on a more sustainable path.

Chancellor's three-point plan to protect jobs and strengthen public finances

1. Billions to support businesses and families through the pandemic
2. Investment-led recovery as UK emerges from lockdown
3. Future changes to strengthen public finances

What does Budget 2021 mean for your future plans?

If you would like to review your current situation or discuss how Budget 2021 could affect your future plans, please contact us – we look forward to hearing from you.



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Budget 2021: Key announcements at a glance

What was announced in Chancellor Rishi Sunak's speech?

The Chancellor of the Exchequer, Rishi Sunak, says he would do 'whatever it takes' during the pandemic, and that he has done and will continue to do so. 'It's going to take this country, and the whole world, a long time to recover from this extraordinary situation,' he told Parliament.

Mr Sunak said he wants to be honest about the government's plans for fixing the public finances, and set out plans for the future. These are the key Budget 2021 takeaways announced from his Budget 2021 speech on 3 March.

Economy

- UK economy contracts by 10% in 2020
- Chancellor forecasts a 'swifter and more sustained' recovery
- 700,000 people have lost their jobs since the coronavirus (COVID-19) pandemic began
- Unemployment expected to peak at 6.5% next year, lower than 11.9% previously predicted

Growth

- Economy set to rebound in 2021, with projected annual growth of 4% this year
- Economy forecast to return to pre-COVID levels by middle of 2022, with growth of 7.3% next year

Borrowing

- UK to borrow a peacetime record of £355 billion this year
- Borrowing to total £234 billion in 2021/22
- Debt levels set to peak at 97.1% of GDP in 2023/24

Personal taxation, investments and pensions

- No changes to rates of Income Tax and National Insurance (CPI rise from April 2021)
- Personal Income Tax allowance to be frozen at £12,570 from April 2022 to 2026
- Higher Rate Income Tax threshold to be frozen at £50,270 from 2022 to 2026
- No changes to Inheritance Tax or Lifetime Pension Allowance or Capital Gains Tax allowances until April 2026
- Adult Individual Savings Account (ISA) annual subscription limit for 2021/22 remains unchanged at £20,000
- Annual subscription limit for Junior Individual Savings Accounts (JISAs) and Child Trust Funds for 2021/22 remains unchanged at £9,000
- The government has maintained the Lifetime Allowance at its current level of £1,073,100 until April 2026.

Coronavirus (COVID-19)

- Extension to Coronavirus Job Retention Scheme (CJRS) until the end of September
- 80% of employees' wages to continue to be paid by the government for hours they cannot work
- Employers will be asked to contribute 10% in July, 20% in August and 20% in September, as the economy reopens
- Support for the self-employed extended until September
- 600,000 more self-employed people will be eligible for help as access to grants is widened
- Working Tax Credit claimants will get £500 one-off payment
- Minimum wage to increase to £8.91 an hour from April
- £20 increase in Universal Credit worth £1,000 a year to be extended for another six months

Housing

- Stamp Duty Land Tax (SDLT) holiday on property purchases in England and Northern Ireland extended to June, with no tax liability on sales costing less than £500,000

Transport, environment and infrastructure

- Leeds will be the location for a new UK Infrastructure Bank
- The new UK Infrastructure Bank will have £12 billion in capital, with the aim of funding £40 billion worth of public and private projects
- £15 billion in green bonds, including for retail investors, to help finance the transition to net zero by 2050

Health

- £19 million announced for domestic violence programmes, funding a network of respite rooms for homeless women
- £40 million of new funding for victims of 1960s Thalidomide scandal and lifetime support guarantee
- £10 million to support armed forces veterans with mental health needs
- £1.65 billion to support the UK's COVID vaccination rollout

Nations and regions

- First eight sites for Freeports in England announced
- £1.2 billion in funding for the Scottish government, £740m for the Welsh government and £410m for the Northern Ireland executive

Other announcements

- Duties on all alcohol frozen for a second year
- No extra duties on spirits, wine, cider or beer
- Eleventh consecutive year fuel duty to be frozen
- £100 million to set up an HMRC taskforce with 1,000 investigators to tackle fraud in COVID support schemes

Business

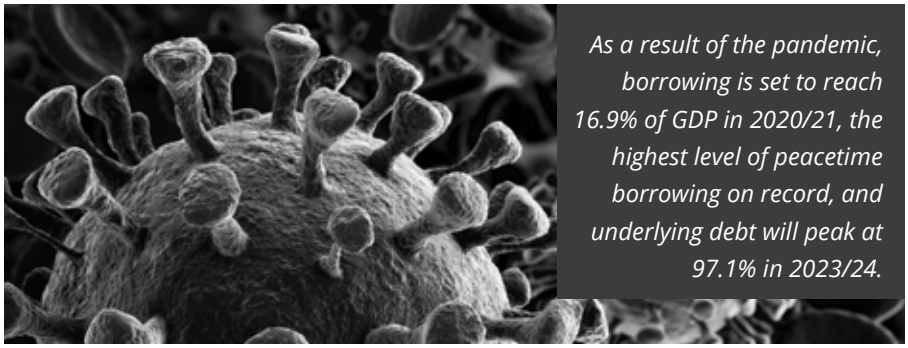
- Corporation Tax on company profits set to rise from 19% to 25% in April 2023
- Corporation Tax rate to be kept at 19% for companies with profits of less than £50,000
- Tax breaks for firms to 'unlock' £20 billion worth of business investment
- VAT registration and deregistration thresholds will not change for a further period of two years from 1 April 2022
- VAT rate for hospitality firms to be maintained at reduced 5% rate until September
- Interim 12.5% VAT rate to apply for the following six months
- Firms will be able 'deduct' investment costs from tax bills, reducing taxable profits by 130%
- Incentive grants for apprenticeships to rise to £3,000 and £126 million for traineeships
- For firms in England, the business rates holiday to continue until June followed by a 75% discount
- £5 billion in Restart grants for shops and other businesses that closed due to COVID
- £6,000 grant for premises for non-essential outlets due to re-open in April and £18,000 for gyms, personal care providers and other hospitality and leisure businesses
- New visa scheme to help start-ups and rapidly growing tech firms source talent from overseas
- Contactless payment limit will rise to £100 later this year
- Review of the current 8% bank surcharge to make sure the sector 'remains internationally competitive'

Budget 2021:

Economic and fiscal outlook

Significant boost to the economy this year and into the next

The Chancellor of the Exchequer, Rishi Sunak, announced during his Budget 2021 speech that COVID-19 has had a profound effect on the UK economy. As the pandemic hit, the UK entered its first recession in 11 years.



As a result of the pandemic, borrowing is set to reach 16.9% of GDP in 2020/21, the highest level of peacetime borrowing on record, and underlying debt will peak at 97.1% in 2023/24.

He said the Office for Budget Responsibility (OBR) expects the economy to recover quickly when restrictions are lifted. The measures in Budget 2021, alongside previous support – including next year's £100 billion capital programme – will provide a significant boost to the economy this year and into the next, while continuing to support people, businesses and public services. The OBR judges that the Budget's investment package will increase business investment by around 10% at its peak in 2022/23.

Despite more severe restrictions in the first quarter of this year than anticipated in the November forecast, Mr Sunak said that the economy will recover to its pre-crisis peak around six months earlier, with GDP around 0.75% higher in Spring and Summer 2021.

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Budget 2021: COVID-19

Additional coronavirus virus vaccination roll-out support

An extra £1.65 billion cash injection was announced by the Chancellor of the Exchequer, Rishi Sunak, to ensure the COVID-19 vaccination roll-out in England continues to be a success.

A further £28 million will increase the UK's capacity for vaccine testing, support clinical trials and improve the UK's ability to rapidly acquire samples of new variants of COVID-19.

Mr Sunak said £22 million would be allocated for a world-leading study to test the effectiveness of combinations of different COVID-19 vaccines. This will also fund the world's first study assessing the effectiveness of a third dose of vaccine to improve the response against current and future variants of COVID-19.

A further £5 million on top of a previous £9 million investment in clinical-scale mRNA manufacturing will create a 'library' of vaccines to work against COVID-19 variants for possible rapid response deployment.

The Chancellor also extended £500 Test and Trace support payments in England until the summer. ◂

Budget 2021:

Strengthening the public finances

What you need to know

Maintaining the Income Tax Personal Allowance and higher rate threshold from April 2022 until April 2026.

To balance the need to raise revenue with the objective of having an internationally competitive tax system, the rate of Corporation Tax will increase to 25%, which will remain the lowest rate in the G7. In order to support the recovery, the increase will not take effect until 2023. Businesses with profits of £50,000 or less, around 70% of actively trading companies, will continue to be taxed at 19% and a taper above £50,000 will be introduced so that only businesses with profits greater than £250,000 will be taxed at the full 25% rate.

Maintaining Inheritance Tax thresholds at their current levels until April 2026.

Fuel duty will be frozen for the 11th consecutive year.

Alcohol duties will be frozen across the board for the second year running, saving drinkers £1.7 billion.

Capping the amount of SME payable R&D tax credit that a business can receive in any one year at £20,000 (plus three times the company's total PAYE and NICs liability).

Lifetime Allowance maintained at its current level of £1,073,100 until April 2026.

The adult Individual Savings Account (ISA) annual subscription limit for 2021/22 will remain unchanged at £20,000. ◂

Budget 2021:
Protecting jobs and livelihoods

Support to reopen the economy set out in the roadmap

The Chancellor of the Exchequer, Rishi Sunak, announced that, since March 2020, the government has provided £20 billion of grants to businesses alongside over £10 billion of business rates holidays and £73 billion loans and guarantees, supporting every sector of the economy.

Kickstart and Restart schemes

He said the Coronavirus Job Retention Scheme (CJRS) and Self-Employment Income Support Scheme (SEISS) have protected jobs and businesses in every part of the UK. Incomes have been further protected through increases to Universal Credit and Working Tax Credit recipients, expanded Statutory Sick Pay, and help with rent and Council Tax. Alongside this, government action through the Plan for Jobs, including the Kickstart and Restart schemes, is helping people looking for work.

Budget 2021, the Chancellor said, builds on this, extending this support to reflect the cautious reopening of the economy set out in the roadmap. Further investment is being made in vaccine deployment and public services to ensure that people continue to receive the vital support that they need at this stage of the pandemic.

New UK-wide mortgage guarantee scheme

The CJRS and SEISS are being extended to provide protection to businesses and individuals that continue to be affected by the restrictions. For those in need of direct income support, the government is extending the temporary Universal Credit increase and making a one-off payment to Working Tax Credit. This Budget also confirms rates for a range of taxes and duties for the coming year. To help people with the cost of living as the economy recovers, this includes freezes in fuel and alcohol duty.

Mr Sunak announced a new UK-wide mortgage guarantee scheme that will make home ownership more achievable for thousands of people, and in England and Northern Ireland he extended the temporary cut in Stamp Duty Land Tax to support the housing market and protect and create jobs.

UK's tourism and hospitality sector

Alongside this, the Budget also extends business rates reliefs, Statutory Sick Pay support and the VAT cut for the UK's tourism and hospitality sector. The Chancellor said that the Recovery Loan Scheme will ensure that businesses in all parts of the UK can access the finance they need.

The new one-off Restart Grants will give businesses further certainty in order to plan ahead and safely begin trading again over the coming months. The government is also increasing support for traineeships and apprenticeships to help people looking for work. Where certain measures do not apply UK-wide, the devolved administrations will continue to receive funding through the Barnett formula in the usual way. ◄

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Budget 2021:

Protecting jobs and livelihoods

What you need to know

An extension of the Coronavirus Job Support Scheme to September 2021 across the UK.

An extension of the UK-wide Self Employment Income Support scheme to September 2021, with 600,000 more people who filed a tax return in 2019/20 now able to claim for the first time.

An extension to the temporary cut in Stamp Duty Land Tax in England and Northern Ireland until September will support the housing market and protect and create jobs.

A new mortgage guarantee scheme will enable all UK homebuyers to secure a mortgage up to £600,000 with a 5% deposit.

£5 billion for new Restart Grants – a one-off cash grant of up to £18,000 for hospitality, accommodation, leisure, personal care and gym businesses in England.

A new UK-wide Recovery Loan Scheme to make available loans between £25,001 and £10 million, and asset and invoice finance between £1,000 and £10 million, to help businesses of all sizes through the next stage of recovery.

Extension of the Film & TV Production Restart scheme in the UK, with an additional £300 million to support theatres, museums and other cultural organisations in England through the Culture Recovery Fund.

Six-month extension of the £20 per week Universal Credit uplift in Great Britain, with the Northern Ireland Executive receiving additional funding to match the increase. A one-off payment of £500 to eligible Working Tax Credit claimants across the UK.

Extension to the VAT cut to 5% for hospitality, accommodation and attractions across the UK until the end of September, followed by a 12.5% rate for a further six months until 31 March 2022.

750,000 eligible businesses in the retail, hospitality and leisure sectors in England will benefit from business rates relief.

Extension of the apprenticeship hiring incentive in England to September 2021 and an increase of payment to £3,000.

£7 million for a new 'flexi-job' apprenticeship programme in England that will enable apprentices to work with a number of employers in one sector.

Additional £126 million for 40,000 more traineeships in England, funding high-quality work placements and training for 16-24-year-olds in 2021/22 academic year.

More than doubling the legal limit for single contactless payments, from £45 to £100.

£10 million to support veterans with mental health needs across the UK.

£19 million to tackle domestic abuse in England and Wales, with funding for a network of 'Respite Rooms' to support homeless women and a programme to prevent reoffending.

£90 million funding to support our government-sponsored national museums in England due to the financial impact of COVID-19.

£300 million for major spectator sports, supporting clubs and governing bodies in England as fans begin to return to stadiums.

Small and medium-sized employers in the UK will continue to be able to reclaim up to two weeks of eligible Statutory Sick Pay (SSP) costs per employee from the government.

To further support the cashflow of businesses, the government is extending the loss carry-back rules worth up to £760,000 per company.

£100 million for a new Taxpayer Protection Taskforce to crack down on COVID fraudsters who have exploited UK Government support schemes. ◄

Budget 2021:

Strengthening the public finances

Taking steps to get the public finances back on track

In the near term, the Chancellor of the Exchequer, Rishi Sunak, said continuing to support businesses, jobs and people's livelihoods up and down the country is vital to give the economy the best possible chance of rebounding as restrictions are lifted.

However, he said it will be necessary to take steps to get the public finances back on track once the economic recovery is durably underway.

Highest income households

The fairest way repair the long-term impact of the crisis on the public finances, Mr Sunak said, is to ask everyone to contribute, with the highest income households paying more.

Budget 2021 takes steps towards this by maintaining certain personal tax allowances and thresholds until the end of the forecast period. Those in the highest income households will contribute more and nobody's take-home pay will be less than it is now.

Sustainable public finances

In 2023 the rate of Corporation Tax paid by the largest and most profitable businesses will increase. Mr Sunak said this is a fair way to deliver more sustainable public finances while protecting the UK's strongly competitive position as the nation with the lowest Corporation Tax rate in the G7.

The government's action to repair the public finances will be supported by new steps to tackle tax avoidance and evasion that will raise £2.2 billion between now and 2025/26. ◄

The Chancellor announced a radical new super-deduction tax incentive for companies investing in qualifying plant and machinery will mean for every pound invested companies will see taxes cut by up to 25p.

Budget 2021: An investment-led recovery

Returning the public finances to a sustainable path in the medium term

As well as addressing the immediate challenges of the pandemic and the requirement to return the public finances to a sustainable path in the medium term, the Chancellor of the Exchequer, Rishi Sunak, said the government is acting now to lay the foundations for a recovery driven by the private sector that spreads investment and opportunity throughout the UK by helping businesses to grow and improving access to skills, capital and ideas.

New super-deduction tax incentive

The Chancellor announced a radical new super-deduction tax incentive for companies investing in qualifying plant and machinery that will mean for every pound invested companies will see taxes cut by up to 25p.

The government will help over 100,000 small businesses UK-wide to boost their productivity by supporting them to improve their management and adopt new technologies. This will enable them to learn new skills, save time and money, and reach their full potential.

Reforming pension rules on investment

This Budget, the Chancellor announced, will further help businesses access the skills, technology and capital they need by modernising and streamlining migration rules, reviewing tax support for research and development, reforming pension rules on investment and reviewing rules for equity offerings. The government is also launching Future Fund: Breakthrough to support the scale-up of the most innovative, R&D-intensive businesses.

Mr Sunak said Budget 2021 will also position the UK to make the most of global opportunities after EU exit. The government will create eight new Freeports in England, areas where businesses will benefit from more generous tax reliefs, simplified customs procedures and wider government support, bringing investment, trade and jobs which will regenerate regions across the country that need it most. Freeports will benefit the whole of the UK.

Administrations to ensure the delivery of Freeports

Discussions are continuing between the UK government and the devolved administrations to ensure the delivery of Freeports in Scotland, Wales and Northern Ireland as soon as possible. The Levelling Up, UK Community Renewal, Towns and Community Ownership Funds will create well-paid jobs, revitalise places and develop hubs of innovation in every part of the UK.

Alongside the Budget, the Chancellor said the government's wider economic plan for significant investment in skills, infrastructure and innovation is set out in 'Build Back Better: our plan for growth'. Public investment is a significant part of the government's economic and fiscal strategy and will contribute to productivity growth.

New UK Infrastructure Bank

During the Spending Review 2020, Mr Sunak announced £100 billion of capital investment in 2021/22, a £30 billion cash increase compared to 2019/20. He commented that this is the next stage in the plan to spend over £600 billion in gross public investment over the next five years.

In his Budget 2021 announcement he also set out more details on the new UK Infrastructure Bank. The Bank will partner with the private sector and local government to increase infrastructure investment to help tackle climate change and promote economic growth across the country.

Reaching net-zero greenhouse gas emissions

The UK will host the 26th UN Climate Change Conference of the Parties (COP26) in Glasgow between 1–12 November 2021. The COP26 summit will bring parties together to accelerate action towards the goals of the Paris Agreement and the UN Framework Convention on Climate Change.

Mr Sunak said the government remains committed to growth that is based on a foundation of sustainability, as the UK makes progress towards meeting its commitment to reach net-zero greenhouse gas emissions in 2050. ◄

Budget 2021:
An investment-led recovery

What you need to know

Beginning April 2021, the new 'super-deduction' will cut companies' tax bill by 25p for every pound they invest in new equipment. This is worth around £25 billion to UK companies over the two-year period the super-deduction will be in full effect.

Eight new English Freeports will be based in East Midlands Airport, Felixstowe & Harwich, Humber, Liverpool City Region, Plymouth, Solent, Thames and Teesside.

The £375 million UK-wide 'Future Fund: Breakthrough' will invest in highly innovative companies, such as those working in life sciences, quantum computing or clean tech, that are aiming to raise at least £20 million of funding.

Reforms to the immigration system will help ambitious UK businesses attract the brightest and best international talent.

A new Help to Grow scheme to offer up to 130,000 companies across the UK a digital and management boost.

£2.8 million to support a UK and Ireland bid to host the 2030 World Cup and £25 million investment in UK grassroots sports, enough for around 700 new pitches.

Launching a review of Research & Development tax reliefs to make sure the UK remains a competitive location for cutting-edge research.

£20 million to fund a UK-wide competition to develop floating offshore wind demonstrators and help support the government's aim to generate enough electricity from offshore wind to power every home by 2030.

£68 million to fund a UK-wide competition to deliver first-of-a-kind long-duration energy storage prototypes that will reduce the cost of net zero by storing excess low carbon energy over longer periods.

£4 million for a biomass feedstocks programme in the UK to identify ways to increase the production of green energy crops and forest products that can be used for energy.

Publication of the government's 'Build Back Better: our plan for growth'.

Over £1 billion funding for a further 45 towns in England through the Towns Fund, supporting their long-term economic and social regeneration as well as their immediate recovery from the impacts of COVID-19.

£135 million to progress A66 Trans-Pennine upgrade.

£28 million to fund the Queen's Platinum Jubilee celebrations in 2022, delivering a major celebration for the UK.

Plans for at least £15 billion of green gilt issuance in the coming financial year, to help finance critical projects to tackle climate change and other environmental challenges, fund important infrastructure investment and create green jobs across the UK.

£150 million Community Ownership Fund will allow communities across the UK to invest to protect the assets that matter most to them, such as pubs, theatres, shops or local sports clubs.

£18.8 million to transform local cultural projects in Hartlepool, Carlisle, Wakefield and Yeovil.

Publication of the prospectus for the £4.8 billion UK-wide Levelling Up Fund, providing guidance for local areas on how to submit bids for the first round of funding starting in 2021/22. ◂

Budget 2021: Personal tax

Taxing times on the horizon

Personal Allowance and higher rate threshold (HRT)

The Income Tax Personal Allowance will rise with CPI as planned to £12,570 from April 2021 and will remain at this level until April 2026. The Income Tax higher rate tax (HRT) will rise as planned to £50,270 from April 2021 and will remain at this level until April 2026. The Personal Allowance applies across the UK. The HRT for savings and dividend income will also apply UK-wide. The HRT for non-savings and non-dividend income will apply to taxpayers in England, Wales and Northern Ireland.

National Insurance contributions (NICs) thresholds

As previously announced, and legislated for in February 2021, in 2021/22 NICs thresholds will rise with CPI, bringing the NICs Primary Threshold/Lower Profits Limit to £9,568 and the Upper Earnings Limit (UEL)/Upper Profits Limit (UPL) to £50,270, in line with the Income Tax HRT. The UEL/UPL will then remain aligned with the HRT at £50,270 until April 2026. All other NICs thresholds will be considered and set at future fiscal events. NICs thresholds apply across the UK.

Inheritance Tax nil-rate band and residence nil-rate band

The Inheritance Tax nil-rate bands will remain at existing levels until April 2026. The nil-rate band will continue at £325,000, the residence nil-rate band will continue at £175,000, and the residence nil-rate band taper will continue to start at £2 million. Qualifying estates can continue to pass on up to £500,000 and the qualifying estate of a surviving spouse or registered civil partner can continue to pass on up to £1 million without an Inheritance Tax liability.

Capital Gains Tax Annual Exempt Amount (AEA) uprating

The value of gains that a taxpayer can realise before paying Capital Gains Tax, the AEA, will be maintained at the present level until April 2026. It will remain at £12,300 for individuals, personal representatives and some types of trusts and at £6,150 for most trusts. ◂

Budget 2021: Welfare

Universal Credit boost continues to September

Universal Credit increase

The government is extending the temporary £20 per week increase to the Universal Credit standard allowance for a further six months in Great Britain, the Chancellor of the Exchequer, Rishi Sunak, announced, on top of the planned uprating. This measure will apply to all new and existing Universal Credit claimants.

Additional support for Working Tax Credit claimants

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

Universal Credit surplus earnings threshold

Mr Sunak said the government will maintain the higher surplus earnings threshold of £2,500 for Universal Credit claimants for a further year until April 2022, when the threshold will revert to £300.

Universal Credit Minimum Income Floor suspension

The government will continue the suspension of the Minimum Income Floor (MIF) for self-employed Universal Credit claimants until the end of July 2021, the Chancellor announced. The MIF will be gradually reintroduced from August, but DWP work coaches will be given discretion to not apply it on an individual basis where they assess that claimants' earnings continue to be affected by COVID-19 restrictions.

Universal Credit debt deductions cap and advance repayments

There will be support for claimants to keep more of their Universal Credit awards while ensuring they meet their financial obligations by bringing forward previously announced changes. From April 2021, the period over which Universal Credit advances will be recovered will increase to 24 months, while the maximum rate at which deductions can be made from a Universal Credit award will reduce from 30% to 25% of the standard allowance. These measures were previously due to be implemented from October 2021.

Relaxation in Working Tax Credit hours requirement

The government, Mr Sunak said, will continue to treat Working Tax Credit claimants across the UK who have been furloughed, or experienced a temporary reduction in their working hours as a result of COVID-19, as working their normal hours for the duration of the CJRS. This allows these claimants to remain eligible for Working Tax Credit.

Where spending decisions apply to Great Britain, the Northern Ireland Executive will be funded to replicate the arrangements in Northern Ireland. ◄

£27 million in the Aberdeen Energy Transition Zone and £5 million in the Global Underwater Hub in Scotland, the first stage in delivering the North Sea Transition Deal.

Budget 2021: Scotland, Wales and Northern Ireland

Continued COVID support for devolved administrations

Individuals and businesses in Scotland, Wales and Northern Ireland, the Chancellor of the Exchequer, Rishi Sunak, announced, will continue to be supported by the UK Government through the Coronavirus Job Retention Scheme, self-employment grants, loan schemes and VAT cuts. Devolved administrations have received Barnett funding to provide support in areas of devolved responsibility.

This Budget, he confirmed, will provide an additional £2.4 billion for the devolved administrations for 2021/22 through the Barnett formula. This is an additional £1.2 billion for the Scottish Government, £740 million for the Welsh Government, £410 million for the Northern Ireland Executive.

The devolved administrations will also receive £1.4 billion of funding in 2021/22 outside the Barnett formula.

£27 million in the Aberdeen Energy Transition Zone and £5 million in the Global Underwater Hub in Scotland, the first stage in delivering the North Sea Transition Deal.

Three Growth Deals in Scotland – Ayrshire, Argyll & Bute and Falkirk – will receive funding more quickly.

£4.8 million to support the development of a demonstration hydrogen hub in Holyhead, Anglesey.

Up to £30 million for the Global Centre for Rail Excellence in Wales.

Three City and Growth Deals – in North Wales, Mid Wales and Swansea Bay – will receive funding more quickly.

Northern Ireland will benefit from the Corporation Tax exemption for the Northern Ireland Housing Executive, Northern Ireland's biggest landlord.

Almost half of the £400 million New Deal for Northern Ireland funding has been allocated, subject to business cases, to: new systems for supermarkets and small traders to manage new trading arrangements; building greater resilience in medicine supply chains; promoting Northern Ireland's goods and services overseas; and supporting skills development.

£5 million to extend the Tackling Paramilitary Programme in 2021/22. ◄

Budget 2021: Chancellor confirms furlough scheme extended

Supporting businesses, employees and the self-employed across the UK

Coronavirus Job Retention Scheme (CJRS)

To support businesses and employees across the UK through the next stage of the pandemic, the Chancellor of the Exchequer, Rishi Sunak, announced the government is extending the CJRS for a further five months from May until the end of September 2021.

Employees will continue to receive 80% of their current salary for hours not worked. There will be no employer contributions beyond National Insurance contributions (NICs) and pensions required in April, May and June. From July, the government will introduce an employer contribution towards the cost of unworked hours of 10% in July, 20% in August and 20% in September, as the economy reopens.

Self-Employment Income Support Scheme (SEISS) fourth grant

To support the self-employed across the UK through the next stage of the pandemic, Mr Sunak said the government's fourth SEISS grant will be worth 80% of three months' average trading profits, paid out in a single instalment and capped at £7,500 in total. The grant will cover the period February to April, and can be claimed from late April. Self-employed individuals must have filed a 2019/20 Self Assessment tax return to be eligible for the fourth grant.

This means that over 600,000 individuals may be newly eligible for SEISS, including many new to self-employment in 2019/20. All other eligibility criteria will remain the same as the third grant. Further details will be published in due course.

SEISS fifth grant

The Chancellor said the fifth and final SEISS grant covers May to September. The value of the grant will be determined by a turnover test, to ensure that support is targeted at those who need it the most as the economy reopens. People whose turnover has fallen by 30% or more will continue to receive the full grant 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. The final grant can be claimed from late July.

Income Tax exemptions for COVID-19 tests and home office expenses

The government, Mr Sunak said, will extend the Income Tax exemption and NICs disregard for COVID-19 antigen tests provided by, or reimbursed by, employers, and for employer-reimbursed expenses covering the cost of home office equipment, to the 2021/22 tax year. ◄

Budget 2021: Housing

Extension to Stamp Duty Land Tax holiday

Temporary Stamp Duty Land Tax (SDLT) cut

Chancellor of the Exchequer Rishi Sunak said the government will extend the temporary increase in the residential SDLT nil-rate band to £500,000 in England and Northern Ireland until 30 June 2021. From 1 July 2021, the nil-rate band will reduce to £250,000 until 30 September 2021 before returning to £125,000 on 1 October 2021.

New mortgage guarantee scheme

Mr Sunak announced 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 just 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 rate for at least five years should they wish to. The scheme, which will be available for new mortgages up to 31 December 2022, will increase the availability of mortgages on new or existing properties for those with small deposits.

Change to Support for Mortgage Interest for claimants moving home

The Chancellor said the government will help Support for Mortgage Interest claimants in Great Britain to move home by allowing them to add the legal costs associated with transferring their claim to a new property to the value of their loan from 15 March 2021. The Northern Ireland Executive will be funded to replicate this change in Northern Ireland.

Bringing forward exemptions to the Shared Accommodation Rate (SAR)

From June 2021, care leavers up to the age of 25 and those under the age of 25 who have spent at least three months in a homeless hostel will be exempt from the SAR in Universal Credit and Housing Benefit, helping more vulnerable people access suitable housing. These measures were previously due to be implemented from October 2023. The announcement applies in Great Britain, and the Northern Ireland Executive will be funded to similarly bring forward implementation of these measures. ◄

Budget 2021: What does it mean for your finances?

Our guide to Budget 2021 aims to provide a clear and concise commentary on the main Budget proposals, focusing on the issues pertinent to you, your family and your business.

If you require any further information, please contact us.

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