



## **Summary of UK Budget 2021-2022**

For Scottish Chambers of Commerce Network - March 2021

### **Jobs & Furlough (UK WIDE)**

- Furlough will continue until September, with no change of terms. After July, businesses will be asked for a 10% contribution, rising to 20% in August and September.
- 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.

### **Self-Employed (UK WIDE)**

- Support for the self-employed will also continue until September.
- A fourth self-employment support grant will be available to claim from next month, with a fifth grant to follow.
- This will be worth 80% of three months' average trading profits, capped at £7,500.

### **Devolved Nations**

- £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.
- City & Growth deals in Ayrshire, Argyll and Bute, Falkirk, North Wales, Mid Wales, and Swansea Bay will be accelerated.
- Through the Barnett formula, additional funding for the devolved administrations: £1.2bn for the Scottish government; £740m for the Welsh government; And £410m for the Northern Ireland executive.

### **Universal Credit & National Living Wage (UK WIDE)**

- Universal credit uplift of £20 a week will also go on until September.
- The National Living Wage will rise to £8.91 from April.

### **Loans (UK WIDE)**

- Bounce Back & CBILS loan schemes to come to an end, will be replaced by:
- 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.

### **Restart Grant (ENGLAND ONLY WITH CONSEQUENTIAL FUNDING)**

- New Restart Grant in April, "to help businesses reopen and get going again".
- Non-essential retail businesses will receive grants of up to £6,000 per premises.
- Hospitality and leisure businesses will get grants of up to £18,000.
- Approx. £800 million in consequential funding expected for devolved nations.

### **Super Deduction (UK WIDE)**

- Super Deduction (full expensing) - For the next two years, when firms invest in new equipment they can offset all of the cost + an additional 30%.

### **Income Tax (ENGLAND ONLY)**

- The threshold for paying the basic rate will rise to £12,570 next year.
- For higher-rate payers, the threshold will be £50,270.
- Both rates will stay the same until 2026.
- And the VAT registration threshold will remain at £85,000 until 2024.

### **Business Rates (ENGLAND ONLY)**

- The business rates holiday will be extended through to the end of June.
- For the remaining nine months of the year, business rates will still be discounted by two thirds, up to a value of £2m for closed businesses, with a lower cap for those who have been able to stay open.

### **Stamp Duty (ENGLAND & NI ONLY)**

- The up-to-£500,000 "nil-rate band" for stamp duty will finish at the end of June, rather than the end of March, as planned.
- First-time buyers will get a "government guarantee" on mortgages, with a deposit of 5%. (England only)

### **Taxation (UK WIDE)**

- Corporation tax will increase to 25% in 2023. Small profits rate (50k or less) will remain at 19%.
- A taper will be introduced so firms only start to pay the full rate on profits from £250k.
- A planned increase on alcohol duties will be cancelled.
- Fuel duty will be frozen.
- 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.

### **Freeports (ENGLAND ONLY)**

- The eight regions of England selected to be freeports are: East Midlands Airport, Felixstowe and Harwich, Humber, Liverpool City Region, Plymouth, Solent, Thames and Teesside.

### **Investment (UK WIDE)**

- 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.
- A new [Help to Grow](#) scheme to offer up to 130,000 companies across the UK a digital and management boost.
- £150 million Community Ownership Fund will allow communities across the UK to invest to protect assets such as pubs, theatres, shops, or local sports clubs.

### **Immigration (UK WIDE)**

- The UK Government has announced proposed changes to the UK's immigration system.
- Under the new system, highly-skilled migrants, with a job offer from a recognised UK 'scale ups' — innovative high-growth fintech and cyber companies — will qualify for a fast-track visa, without the need for sponsorship or third-party endorsement.
- The UK Government will set out more details in July, with the aim to launch the new visa scheme in March 2022.

### **Climate Change & Net Zero (UK WIDE)**

- £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.
- 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.