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# Spring Budget 2021

Advocacy results

What CIMA called for	What the government announced	Details
<p><b>Continue Job Support Schemes including Coronavirus Job Retention Scheme and Self-Employed Income Support Scheme for the duration of lockdown, and continue job support schemes while restrictions still in place.</b></p>	<ul style="list-style-type: none"> <li>• Coronavirus Job Support Scheme extension until September 2020.</li> <li>• Announcement of fourth and fifth grant of Self-Employed Income Support Scheme.</li> </ul>	<p><b>Coronavirus Job Support Scheme</b></p> <ul style="list-style-type: none"> <li>• 80% paid by the government in full until the end of June.</li> <li>• In July, the government will pay 70% and the employer 10%.</li> <li>• In August and September, the government will pay 60% and the employer 20%.</li> </ul> <p><b>Self-Employed Income Support Fourth Grant</b></p> <ul style="list-style-type: none"> <li>• Will be worth 80% of three months' average trading profits, paid out in a single instalment and capped at £7,500.</li> <li>• It will cover February to April and can be claimed from late April.</li> <li>• Self-employed individuals must have filed a 2019/20 Self Assessment tax return to be eligible.</li> </ul> <p><b>Self-Employed Income Support Fifth Grant</b></p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• Where turnover has fallen by less than 30%, they will receive a 30% grant, capped at £2,850. Can be claimed from late July.</li> </ul>

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<b>Introduce a new Covid-19 loan support scheme for micro businesses and company directors.</b>	<ul style="list-style-type: none"><li>• A new Recovery Loan Scheme for businesses.</li></ul>	<ul style="list-style-type: none"><li>• From 6 April 2021 the scheme will provide lenders with a guarantee of 80% on eligible loans between £25,000 and £10m.</li><li>• The scheme will be open to all businesses, including those who have already received support under the existing COVID-19 guaranteed loan schemes.</li></ul>

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<p><b>Ensure Limited Company Directors are not forgotten in COVID-19 support measures this time around.</b></p>	<ul style="list-style-type: none"> <li>• Self-Employed Income Support Scheme Fourth and Fifth Grants now have new eligibility criteria, which allows some of those previously excluded from support to apply for it.</li> <li>• A new package of business grants to help with the restart of the economy was announced.</li> <li>• Local Authorities given new funding for discretionary business support grants.</li> </ul>	<p><b>Self-Employed Income Support Scheme</b></p> <ul style="list-style-type: none"> <li>• The scheme will now be available to approximately 600,000 newly self-employed people, with 2019/20 tax returns now being taken into account.</li> <li>• Previously anyone who hadn't filed a 2018/19 tax return – and who'd become self-employed after 6 April 2019 – was ineligible.</li> </ul> <p><b>Business Restart Grants</b></p> <ul style="list-style-type: none"> <li>• The first non-essential businesses opening in April will receive grants of up to £6,000 per premises.</li> <li>• Hospitality, leisure and personal care businesses opening later will receive grants of up to £18,000 per premises.</li> <li>• An additional £425m of discretionary business grant funding will be given to Local Authorities to distribute.</li> </ul> <p><i>Not all the details for these grants have been released and it is unclear if those previously excluded from support will be able to apply, but the hope is some will.</i></p>

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<p><b>Corporation Tax – Ensure SMEs don't pay full rate in any rise and have an SME rate and a big corporation rate.</b></p>	<ul style="list-style-type: none"> <li>• Corporation Tax to increase to 25% from 2023.</li> <li>• SME rate of 19% has been announced.</li> </ul>	<ul style="list-style-type: none"> <li>• SMEs with profits of £50,000 or less will retain the existing rate of 19%.</li> <li>• Taper for businesses with profits above £50,000, with companies of profits of £250,000 paying the full 25% rate.</li> <li>• The Diverted Profits Tax rate will rise to 31% from April 2023.</li> </ul>
<p><b>Outline tax plans for the next two years.</b></p>	<ul style="list-style-type: none"> <li>• Announced Corporation Tax Plans taking effect in two years' time.</li> <li>• Announced how VAT for hospitality sector will increase over next year.</li> <li>• Announced how thresholds for personal income tax will rise to £12,000 and £50,000 and then be frozen until at least 2026.</li> <li>• Announced no rise in Income Tax, National Insurance or VAT.</li> <li>• The inheritance tax thresholds, the pensions Lifetime Allowance and the Annual Exempt Amount for Capital Gains Tax will be maintained at their existing levels until April 2026.</li> </ul>	<ul style="list-style-type: none"> <li>• In his Spring Budget speech, the Chancellor said on the passage on Corporation Tax, "And I wanted to announce this now because I think for business, certainty matters."</li> </ul> <p><i>This shows our message on businesses needing certainty on tax is getting across.</i></p>

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<p><b>Keep VAT at 5% for leisure and hospitality sectors.</b></p>	<ul style="list-style-type: none"> <li>VAT cut has been extended for the hospitality and tourism sectors.</li> </ul>	<ul style="list-style-type: none"> <li>The reduced rate of 5% extended by six months until 30 September 2021.</li> <li>An interim rate of 12.5% for another six months, return to the standard rate from April 2022.</li> </ul>
<p><b>Reduce employer's National Insurance Contributions.</b></p>	<ul style="list-style-type: none"> <li>New freeports areas announced, and employers will be able to pay reduced employer's National Insurance Contributions in these areas.</li> </ul>	<ul style="list-style-type: none"> <li>Subject to Parliamentary process and approval, the government also intends to make an employer's National Insurance Contributions relief available for eligible employees in all freeport tax sites from April 2022 or when a tax site is designated if after this date.</li> <li>This would be available until at least April 2026 with the intention to extend for up to a further five years to April 2031, subject to a review of the relief.</li> </ul>

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<p><b>Pension Tax Relief</b></p> <ul style="list-style-type: none"><li>• Ensure any changes to pension tax relief and savings are well-considered.</li><li>• Provide reassurance to pensions savers and investors that they can plan effectively for their retirement.</li><li>• Incentivise pension savers to build sufficient private retirement savings.</li><li>• Commit to ensure that double taxation is not introduced as part of any pension reforms.</li></ul>	<ul style="list-style-type: none"><li>• The Government froze the Pensions Lifetime Allowance but did not introduce a single rate of tax relief for pensions.</li></ul>	

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<b>Introduce a Growth Accelerator Scheme for SMEs.</b>	<ul style="list-style-type: none"><li>• Two schemes announced for SMEs:<ol style="list-style-type: none"><li>1. Help to Grow – Management</li><li>2. Help to Grow – Digital</li></ol></li></ul>	<p><b>Help to Grow – Management</b></p> <ul style="list-style-type: none"><li>• Offering a new UK-wide management programme to upskill 30,000 SMEs in the UK over three years. It is subsidised at 90% by the government.</li></ul> <p><b>Help to Grow – Digital</b></p> <ul style="list-style-type: none"><li>• Launching a new UK-wide scheme in the autumn to help 100,000 SMEs save time and money by adopting productivity-enhancing software, transforming the way they do business.</li><li>• This will combine a voucher covering up to half of the costs of approved software up to a maximum of £5,000, and free impartial advice, delivered through an online platform.</li></ul>



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<p><b>Introduce a Digital Voucher Scheme for SMEs.</b></p>	<ul style="list-style-type: none"> <li>• Help to Grow Digital Scheme announced with digital voucher element for SMEs.</li> </ul>	<p>.</p>
<p><b>Focus on productivity and upskilling.</b></p>	<ul style="list-style-type: none"> <li>• The Chancellor announced a series of measures focused on increasing productivity and upskilling.</li> </ul>	<p><b>Measures focusing on productivity</b></p> <ul style="list-style-type: none"> <li>• New Super Deduction Scheme.</li> <li>• New National Infrastructure Bank.</li> <li>• Help to Grow – Management.</li> <li>• Help to Grow – Digital.</li> <li>• New review of R&amp;D Tax Relief.</li> </ul>
<p><b>Investing in skills development and re-training to plug the UK skills gap.</b></p>	<ul style="list-style-type: none"> <li>• The Chancellor announced a series of measures focused on skills and upskilling.</li> </ul>	<p><b>Measures focusing on skills</b></p> <ul style="list-style-type: none"> <li>• An additional £126m in England for high quality work placements and training for 16-24-year olds in the 2021/22 academic year.</li> <li>• The government will extend and increase the payments made to employers in England who hire new apprentices.</li> </ul>

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<p><b>Investing in skills development and re-training to plug the UK skills gap.</b></p>	<ul style="list-style-type: none"> <li>The Chancellor announced a series of measures focussed on skills and upskilling</li> </ul>	<p><b>Measures focusing on skills</b></p> <ul style="list-style-type: none"> <li>Employers who hire a new apprentice between 1 April 2021 and 30 September 2021 will receive £3,000 per new hire, compared with £1,500 per new apprentice hire (or £2,000 for those aged 24 and under) under the previous scheme.</li> <li>The government will introduce a £7m fund from July 2021 to help employers in England set up and expand portable apprenticeships.</li> <li>£2bn announced for the Kickstart Scheme.</li> </ul> <p><b>Help to grow – Management</b></p> <ul style="list-style-type: none"> <li>Offering a new UK-wide management programme to upskill 30,000 SMEs in the UK over three years. It is subsidised at 90% by the government.</li> </ul>

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<p><b>Review R&amp;D incentives against rest of the world to enhance productivity.</b></p>	<ul style="list-style-type: none"> <li>• New review of R&amp;D tax reliefs announced.</li> </ul>	<ul style="list-style-type: none"> <li>• New review of R&amp;D tax reliefs, with a consultation published alongside the Budget.</li> <li>• Review to consider all elements of the two R&amp;D tax relief schemes, with the objective of ensuring the UK remains a competitive location for cutting edge research, that the reliefs continue to be fit for purpose and that taxpayer money is effectively targeted.</li> </ul>
<p><b>Create a new National Infrastructure Bank based outside London.</b></p>	<ul style="list-style-type: none"> <li>• A new National Infrastructure Bank was announced. It will be based in Leeds.</li> </ul>	<ul style="list-style-type: none"> <li>• The bank will provide financing support to private sector and Local Authority infrastructure projects across the UK to help meet government objectives on climate change and regional economic growth.</li> <li>• The bank will be able to deploy £12bn of equity and debt capital and be able to issue up to £10bn of guarantees.</li> </ul>

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<p><b>Create a new National Infrastructure Bank based outside London.</b></p>	<ul style="list-style-type: none"> <li>A new National Infrastructure Bank was announced. It will be based in Leeds.</li> </ul>	<ul style="list-style-type: none"> <li>The bank will offer a range of financing tools including debt, hybrid products, equity and guarantees to support private infrastructure projects.</li> <li>From the summer, offer loans to local authorities at a rate of gilts + 60 basis points for strategic infrastructure projects.</li> <li>Establish an advisory function to help with the development and delivery of projects.</li> <li>The institution will begin operating in an interim form later in spring 2021.</li> </ul>
<p><b>Investing in green infrastructure and technology to support growth and job creation.</b></p>	<ul style="list-style-type: none"> <li>New funding announced for green infrastructure and technology.</li> </ul>	<p><b>Renewable investment</b></p> <ul style="list-style-type: none"> <li>£20m programme to support the development of floating offshore wind technology across the UK.</li> <li>A new £68m UK-wide competition to implement several first-of-a-kind energy storage prototypes or technology demonstrators.</li> <li>A £4m UK-wide competition for the first phase of a biomass feedstocks programme, to support the rural economy in making improvements to the production of green energy crops and forestry products.</li> </ul>

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<p><b>Investing in green infrastructure and technology to support growth and job creation.</b></p>	<ul style="list-style-type: none"> <li>• New funding announced for green infrastructure and technology.</li> </ul>	<p><b>National Infrastructure Bank</b></p> <ul style="list-style-type: none"> <li>• New National Infrastructure Bank.</li> <li>• Located in Leeds, the bank will invest in public and private projects to finance the Green Industrial Revolution.</li> <li>• The bank will be able to deploy £12bn of equity and debt capital and be able to issue up to £10bn of guarantees.</li> </ul>
<p><b>Review Development Corporations and whether schemes like these can help generate economic growth.</b></p>	<ul style="list-style-type: none"> <li>• The Chancellor announced eight new freeport areas based on previous Development Corporations.</li> </ul>	<ul style="list-style-type: none"> <li>• Eight locations in England: East Midlands Airport, Felixstowe and Harwich, Humber, Liverpool City Region, Plymouth and South Devon, Solent, Teesside, and Thames.</li> <li>• These freeports will begin to operate from late 2021.</li> <li>• Discussions continue with the devolved administrations to ensure the delivery of freeports in Scotland, Wales, and Northern Ireland as soon as possible.</li> </ul>

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<p><b>Review Development Corporations and whether schemes like these can help generate economic growth.</b></p>	<ul style="list-style-type: none"> <li>The Chancellor announced eight new freeport areas based on previous Development Corporations.</li> </ul>	<ul style="list-style-type: none"> <li>The ports will benefit from infrastructure investment, easier planning, simplified customs, and lower taxes, including:             <ul style="list-style-type: none"> <li>An enhanced 10% rate of Structures and Buildings Allowance for constructing or renovating non-residential structures and buildings within freeport tax sites.</li> <li>An enhanced capital allowance of 100% for companies investing in plant and machinery for use in freeport tax sites in Great Britain, once designated. This will apply to both main and special rate assets, allowing firms to reduce their taxable profits by the full cost of the qualifying investment in the year it is made, and will remain available until 30 September 2026.</li> <li>Full relief from Stamp Duty Land Tax on the purchase of land or property within freeport tax sites in England, used for a qualifying commercial purpose. The relief will be available until 30 September 2026.</li> <li>Full business rates relief in freeport tax sites in England, once designated. Relief will be available to all new businesses, and certain existing businesses where they expand, until 30 September 2026. Relief will apply for five years from the point at which each beneficiary first receives relief.</li> <li>Subject to Parliamentary process and approval, the government intends to make an employer's National Insurance contributions relief available for eligible employees in all freeport tax sites from April 2022 or when a tax site is designated if after this date.</li> </ul> </li> </ul>