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THE FINANCIAL
PLANNING COMPANY

Helping you to access the Government's
Information during Covid-19
January 2021 Update

“Turning Complexity Into Simplicity”

KBA The Financial Planning Company

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Budget March 2021 - UK Government financial support for business, employees and self-employed

4 March 2021

In the Budget on Wednesday 3 March 2021, the Chancellor set out plans for what we all hope will be the last phase of the financial support to help businesses, employees and self-employed financially survive the impact of the coronavirus pandemic.

The key points of the latest announcement are:

- Extend the Coronavirus Job Retention Scheme further, until the end of September 2021.
- Details about the fourth Self-employed Income Support Scheme grant covering February 2021 to April 2021 and confirmation that there will be a fifth grant.
- The launch of a new Recovery Loan Scheme to replace the existing business loan schemes which close at the end of March 2021.

You can find more details of all the economic support below.

Please note this guide is intended to inform you and your clients about the financial support packages available. We know that some businesses may not qualify for some of the support and you should check with the relevant authorities for your own business and your clients individually.

Extended Coronavirus Job Retention Scheme

- The Scheme, which was originally extended to the end of April 2021 for all parts of the United Kingdom, will be extended for a further five months from May until the end of September 2021.
- Eligible employees will receive 80% of their usual salary for hours not worked, up to a maximum of £2,500 per month.
- 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.

	May	June	July	August	September
Government contribution – wages for hours not worked	80% up to £2,500	80% up to £2,500	70% up to £2,187.50	60% up to £1,875	60% up to £1,875
Employer contribution – employer National Insurance contributions and pension contributions	Yes	Yes	Yes	Yes	Yes
Employer contribution wages for hours not worked	No	No	10% up to £312.50	20% up to £625	20% up to £625
For hours not worked employee receives	80% up to £2,500 per month	80% up to £2,500 per month	80% up to £2,500 per month	80% up to £2,500 per month	80% up to £2,500 per month

SEISS Fourth Grant

- The 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 2021 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.
- To work out eligibility, HMRC will first look at the 2019 to 2020 Self-Assessment tax return. If an individual is not eligible based on the 2019 to 2020 Self-Assessment tax return, they will look at the tax years 2016 to 2017, 2017 to 2018, 2018 to 2019 and 2019 to 2020.
- An individual must have traded in both the 2019 to 2020 and 2020 to 2021 tax years.
- All other eligibility criteria remain the same as the third grant.

SEISS Fifth Grant

- There will be a fifth and final SEISS grant covering May to September 2021.
- The value of the grant will be determined by a turnover test. 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.
- Further details will be published in due course.

Recovery Loan Scheme

- The new Recovery Loan Scheme will enable businesses of any size to continue to access loans and other kinds of finance up to £10 million per business.
- The government guarantees 80% of the finance to the lender.
- The scheme launches on 6 April and is open until 31 December, subject to review.
- Loans will be available through a network of accredited lenders, whose names will be made public in due course.
- Term loans and overdrafts will be available between £25,001 and £10 million per business.
- Invoice finance and asset finance will be available between £1,000 and £10 million per business.
- Finance terms are up to six years for term loans and asset finance facilities.
- For overdrafts and invoice finance facilities, terms will be up to three years.
- No personal guarantees will be taken on facilities up to £250,000, and a borrower's principal private residence cannot be taken as security.
- The business will need to be trading in the UK and proof will be required that the business:
 - is viable or would be viable were it not for the pandemic
 - has been impacted by the coronavirus pandemic
 - is not in collective insolvency proceedings - further details will be provided in due course
- Businesses that have received support under the existing loan schemes will still be eligible to access finance under this scheme, if they meet all other eligibility criteria.

Business Rates Reliefs

- The government will continue to provide eligible retail, hospitality and leisure properties in England with 100% business rates relief from 1 April 2021 to 30 June 2021.
- This will be followed by 66% business rates relief for the period from 1 July 2021 to 31 March 2022, capped at £2 million per business for properties that were required to be closed on 5 January 2021, or £105,000 per business for other eligible properties.

Statutory Sick Pay (SSP) Rebate Scheme

- Small and medium-sized employers across the UK will continue to be able to reclaim up to two weeks of eligible SSP costs per employee.

VAT Deferral New Payment Scheme

- Any business that took advantage of the original VAT deferral on VAT returns from 20 March through to the end of June 2020 can now opt to use the VAT Deferral New Payment Scheme to pay that deferred VAT in up to eleven equal payments from March 2021, rather than one larger payment due by 31 March 2021, as originally announced.

Restart Grants (England only)

- The government will provide 'Restart Grants' in England of up to £6,000 per premises for non-essential retail businesses and up to £18,000 per premises for hospitality, accommodation, leisure, personal care and gym businesses

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, on top of the planned uprating. This measure will apply to all new and existing Universal Credit claimants.
- 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.

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.

Payments for Employers Who Hire New Apprentices (England only)

- The government will extend and increase the payments made to employers in England who hire new apprentices.
- 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.
- This is in addition to the existing £1,000 payment the government provides for all new 16 to 18 year-old apprentices and those aged under 25 with an Education, Health and Care Plan, where that applies.

Extended Loss Carry Back for Businesses

- To help otherwise-viable UK businesses which have been pushed into a loss-making position, the trading loss carry-back rule will be temporarily extended from the existing one year to three years.
- This will be available for both incorporated and unincorporated businesses.
- Unincorporated businesses and companies that are not members of a corporate group will be able to obtain relief for up to £2 million of losses in each of 2020-21 and 2021-22.
- Companies that are members of a corporate group will be able to obtain relief for up to £200,000 of losses in each of 2020-21 and 2021-22 without any group limitations.
- Companies that are members of a corporate group will be able to obtain relief for up to £2 million of losses in each of 2020-21 and 2021-22, but subject to a £2 million cap across the group as a whole.

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