



# R. M. Rahim & Co.

## Chartered Accountants & Business Advisers

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### March 2021 Budget: Key Points

Dear Clients,

We hope that this reaches you all in good health. The global community has gone through an extremely tough year with businesses resilience being tested to the limit. Thankfully there has been some relief by way of government grants and support, details of which we have kept you up to date with and assisted with where possible.

With that in mind the budget announced earlier this week was of paramount importance so the government could continue to try and assist businesses and individuals as best as they can. Please see below our summary of the key points from the chancellors budget. Further guidance is available on the government website. However, if after reading this through, you would like to ask any questions or have any queries, drop an email to [staff@rmrahim.com](mailto:staff@rmrahim.com). We can work with you to see what you may be eligible for and help you through the process if possible.

#### **Personal Tax**

##### ***Rates and allowances for 2021/22:***

- The personal allowance will increase £70 to £12,570 and the basic rate limit at £37,570.
- This will be frozen until 2026 so it means if incomes rise more, individuals will be pushed into the 40% tax band sooner if applicable.

#### **Furlough Scheme Extension**

- Good news on this is that the furlough scheme has been extended to September 2021. This extension of furlough is significant for millions of people. This will be at 80% of the employees wage, will include directors of their own companies and will include flexible furlough. Employers will start to contribute 10% in July and 20% in August and September.

#### **SEISS Grants For Self Employed**

- From next month, claims can be made for a fourth grant worth 80% of three months' average trading profits, up to £7,500 in total.
- This will then be followed by a fifth grant later in the year, covering May to September.
- However, the amount paid will depend on the amount of turnover lost. People whose turnover has fallen by less than 30% will receive a grant that is equivalent to 30% of average trading profits. So if you claim the grant and your profits have not decreased by more than 30% for the previous tax year, you will only receive a grant for 30%. This will be computed by HMRC directly using your tax returns.

#### **SEISS Grants Eligibility Extended For 5 April 2020 Tax Returns**

- This is fantastic news for clients who have only submitted a tax return for the 2019-20 tax year due to starting their businesses in that tax year. Previously these individuals would have been ineligible but now will become eligible for the fourth and fifth grants when released.
- The earliest dates to apply for these grants will be late April 2021
- Please [click here](#) for further guidance and eligibility.
- You can check your eligibility and start your application when open here: <https://www.tax.service.gov.uk/self-employment-support/enter-unique-taxpayer-reference>
- You will need your UTR number and your NI number. You can find your UTR number on your tax return, SA302 (Tax Calculation) or on the reference section on letters from HMRC self assessment (you may have received one recently asking you to prepare your tax return for 5 April 2020). If you are still unable to locate your UTR number drop us an email and we can give this to you.

*Continued...*

### **Corporation Tax Rises**

- In April 2023, the rate of corporation tax will increase to 25%.
- The rate will be tapered so that only businesses with profits of more than £250,000 will be taxed at the full 25% rate.
- Companies with profits of less than £50,000 will remain at 19%.
- Companies with profits between £50,000 and £250,000 will be taxed at the main rate of 25% but will be able to claim marginal relief. These thresholds are proportionately reduced for the number of associated companies and for short accounting periods

### **Super Deduction Scheme For Companies**

- A new "super deduction" scheme to allow companies to reduce their tax bill by 130% of the cost of new investments as follows:
  - Super-deduction providing allowances of 130% on most new plant and machinery investments that ordinarily qualify for 18% main rate writing down allowances.
  - First year allowance of 50% on most new plant and machinery investments that ordinarily qualify for 6% special rate writing down allowances

### **Business Rates Relief and Grants**

- Businesses in the retail, hospitality and leisure sectors in England will benefit from a three month extension to the business rates holiday until the end of June 2021.
- The following six-month period rates will be discounted to one third of the normal charge.

### **Restart Grants**

- Non-essential retail businesses will get up to £6,000 per premises through the Restart Grant scheme to help them reopen. This will be distributed by your local councils as the previous grants have been. Please refer to your local council website for further details, eligibility and application details.
- More Restart Grant money will be available for any small business in hospitality, accommodation, leisure, personal care and gyms, which will reopen later and will be more affected by restrictions. They can receive up to £18,000, depending on their rateable value.

### **VAT Cuts Extended**

- Extension have been made 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.

### **Recovery Loan Scheme**

- The Recovery Loan Scheme ensures businesses of any size can continue to access loans and other kinds of finance up to £10 million per business once the existing COVID-19 loan schemes close.
- 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.
- Further details can be found here: <https://www.gov.uk/guidance/recovery-loan-scheme>

### **Help To Grow Scheme**

- A new Help to Grow scheme will be in place to offer up to 130,000 companies across the UK a digital and management boost. This will be an online development programme to help small and medium sized businesses across the UK learn new skills, reach new customers and boost profits. You can register your interest here: <https://helptogrow.campaign.gov.uk/>
- We urge clients to sign up to this as an opportunity to further develop your skills.

**If you would like to discuss any of the above points and see how they may apply to you please do get in touch with us by email to [staff@rmrahim.com](mailto:staff@rmrahim.com).**

**Don't forget to ask us about our referral scheme where you can get up to 20% discount on your fees!**