

# Budget 2021

## Budget Day – Wednesday 3 March

Rishi Sunak, Chancellor of the Exchequer, delivered the government's Budget for 2021. Key measures for employers are summarised below and more information about [Budget 2021 measures can be found here](#).

### COVID-19 support

#### Coronavirus Job Retention Scheme (CJRS) extension:

- 80% of employees' usual wages will be paid (capped at £2,500 p/m) for hours not worked, until 30 June 2021
- In July, 70% of usual wages for the hours not worked will be paid (£2,187.50 p/m cap)
- In August and September, 60% of usual wages (£1,875 p/m cap) will be paid
- Employers to pay furloughed employees at least 80% of their usual wages for the hours they do not work, capped at £2,500 p/m, plus all National Insurance and pension contributions
- [Find out more about CJRS](#)

#### VAT deferral payment scheme:

- Deferred VAT can be paid in smaller, interest-free monthly instalments from now
- Make between 2 and 11 monthly payments, depending on the joining date, which must be before 30 June 2021
- [Find out more about VAT deferral scheme](#)

#### VAT reduction for UK tourism & hospitality:

- The temporary reduced 5% VAT rate for goods and services supplied is extended to 30 September 2021
- From 1 October 2021 to 31 March 2022, the rate will be 12.5% before returning to 20%

#### Income Tax exemption for coronavirus tests:

- For the tax years 2020-21 & 2021-22, the Income Tax exemption for reimbursement made by employers to employees for relevant coronavirus antigen tests will continue

#### Home office equipment:

- The Income Tax and NICs free reimbursement of employee costs for home working equipment will continue to 5 April 2022

#### Trading loss carry back:

- The trading loss carry back rule for incorporated and unincorporated businesses will be temporarily extended from one year to three
- [Find out more about Trading Loss Carry Back](#)

## Tax rate changes

### Personal Allowance and Higher Rate Threshold (HRT):

- UK Income Tax Personal Allowance will rise to £12,570 from April 2021 until April 2026
- UK HRT will rise to £50,270 from April 2021 until April 2026 for savings and dividend income with non-savings and non-dividend HRT income applicable in England, Wales, and Northern Ireland

### Corporation Tax:

- Will increase to 25% from April 2023 on profits over £250,000, remaining at 19% on profits under £50,000
- Businesses with profits under £250,000 will pay less than the main rate
- Diverted Profits Tax rate will rise to 31% from April 2023 as an effective deterrent

### Pensions Lifetime Allowance:

- Remains at £1,073,100 until April 2026

### Annual Tax on Enveloped Dwellings (ATED) & Stamp Duty Land Tax (SDLT) reliefs:

- New reliefs from ATED and 15% SDLT will be introduced for qualifying housing co-operatives
- SDLT relief can be claimed on land transactions on or after 3 March 2021
- ATED relief applies to chargeable periods on or after 1 April 2020 so eligible housing co-operatives can claim a refund
- [Find out more about ATED and SDLT](#)

## Other HMRC related measures

### Van Benefit and Car & Van Fuel Benefit:

- These will be uprated in line with the Consumer Price Index from 6 April 2021
- [Find out more about Van Benefit & Car and Van Fuel Benefit](#)

### Interest harmonisation and late submission reforms:

- Late submission penalties will be points-based and proportionate upon reaching the relevant threshold
- Interest charges and repayment interest will align VAT with other tax regimes for VAT payers starting on or after 1 April 2022, for ITSA taxpayers with business or property income over £10,000 per year on or after 6 April 2023 and for all other taxpayers in ITSA, on or after 6 April 2024

For details on all these and other measures, please visit [GOV.UK](#)