



THE BUDGET SUMMARY 2021

BUDGET HIGHLIGHTS

- The main rate of corporation tax will be increased to 25% from April 2023 for companies with profits of at least £250,000. At the same time, a new small companies' rate of 19% will apply to companies with profits of up to £50,000.
- For the two years from April 2021, companies investing in qualifying new plant and machinery will benefit from a 130% first-year capital allowance.
- Personal allowance will rise to £12,570 and higher rate threshold will be £50,270 for 2021/22 and both will then be frozen for the next four years.
- Capital gains tax annual exemption, inheritance tax rate nil rate bands and pensions lifetime allowance will all be frozen at their current levels until April 2026.
- Stamp duty holiday on the first £500,000 of residential property value will be extended to 30 June 2021 and then replaced by a £250,000 exemption until 30 September 2021.
- The coronavirus job retention scheme will be extended in full until 30 June 2021 and will be phased out over the following three months.
- Self-employed income support scheme also extended at its current level with a fourth grant covering the period February to April. A fifth grant will cover the period May to September, but this will be at a lower level for those who have seen less than a 30% drop in turnover.
- The business rates holiday for retail, hospitality and leisure businesses will be extended for three months and will then be reduced to a 66% relief until the end of March 2022.

This summary has been prepared for general information only. The proposals are in any event subject to amendment before the Finance Act. You are recommended to seek competent professional advice before taking any action on the basis of the contents of this publication.



This Budget was Rishi Sunak’s 15th major financial announcement since his first Budget, just under a year ago. During this period, the pandemic has dominated the Chancellor’s actions and this was true of his latest Budget.

Mr Sunak extended the main employment support schemes to the end of September. The most significant of these, the coronavirus job retention scheme (CJRS – furlough scheme), was covering 4.7 million employments at the end of January with a cumulative cost of nearly £54 billion. According to the Chancellor, the government’s total pandemic-related spending during 2020/21 and 2021/22 will amount to £407 billion. To put that figure into context, it is £14 billion more than the total amount that income tax will produce over the same two years, according to the Office for Budget Responsibility (OBR).



Such spending has left a hole in the UK’s public finances that the Chancellor has regularly said must be addressed.

However, many outside bodies, from the International Monetary Fund to the Institute for Fiscal Studies, have advised him that now is not the time to raise taxes. In this Budget, Mr Sunak has largely followed that cautious advice, initially

limiting his tax rises to the old stealth option of freezing most personal tax allowances and bands until 2026. However, from 2023 he has been bolder, with no less than a 6% increase in the rate of corporation tax. More changes may be aired on 23 March 2021, so-called ‘Tax Day’.

Mortgage guarantee scheme

A new residential mortgage guarantee scheme will run from April 2021 to December 2022, aimed at increasing availability of 91% to 95% loan-to-value mortgages. The maximum property value will be £600,000 and mortgages must be arranged on a repayment basis.

Lifetime allowance

The lifetime allowance for pension savings will be frozen at £1,073,100 until April 2026.

Individual savings account (ISA)

The ISA annual subscription limit for 2021/22 will remain at £20,000 and the corresponding limit for junior ISAs (JISAs) and child trust funds (CTFs) will stay at £9,000.

Taxation of collective money purchase pensions

Legislation will ensure that collective money purchase pension schemes can operate as registered pension schemes for tax purposes. These are also known as collective defined contribution schemes (CDCs), to be introduced by the Pension Schemes Act 2021.

Green National Savings & Investments

NS&I will offer a green retail savings product in summer 2021. It will be closely linked to the UK’s sovereign green bond framework, details of which are to be published in June 2021. The first green gilt will also be issued this summer.



STAMP DUTY LAND TAX

Stamp duty land tax (SDLT) temporary rates which increased to £500,000 for residential property in England and Northern Ireland is now extended until 30 June 2021. From 1 July 2021 until 30 September 2021, the nil rate band will be £250,000 and after this time will then return to £125,000.

For non-UK residents buying residential property in England and Northern Ireland from 1 April 2021 there will be a surcharge on SDLT. The surcharge will be 2% above the existing residential rates.

Engineer your year!

Thinking about moving? Check the key dates on SDLT, it could make all the difference!

First time buyers: You'll pay 0% on the first £300,000 and 5% on the remainder up to £500,000

Non-resident purchasers: 2% surcharge on properties £40,000 or more

Residential properties bought by companies etc. over £500,000: 15% of total consideration, subject to certain exemptions

Additional Property: Anyone purchasing an 'additional' residential property will be charged a 3% surcharge on each of the threshold bands

SDLT %	To 30th June 2021	1st Jul - 30th Sept 2021	From 1st Oct 2021
0%	Up to £500,000	Up to £250,000	Up to £125,000
2%	N/A	N/A	£125,000-£250,000
5%	£500,000 - £925,000	£250,001 - £925,000	£250,001 - £925,000
10%	£925,001 - £1,500,000		
12%	Over £1,500,000		



MORTGAGE GUARANTEE SCHEME

Since the onset of coronavirus, 95% mortgages have all but disappeared from the market. The scheme is designed to encourage more lenders to re-enter the 95% market.

Under the scheme, first-time buyers, home movers and previous homeowners with a 5% deposit will once again have access to 95% loan-to-value mortgages (meaning the loan is for 95% of the property's value).

Updates on the lenders and how to apply are scheduled to be available in April.



Dates for the Diary

- Launches **April 2021**
- Set to end **31st December 2022**

Which buyers can take part in the scheme?

- Applicants must be buying a main residential home in the UK. These mortgages cannot be used for second homes or buy-to-let properties.
- The maximum property value is £600,000.
- Deposit required must be between 5% and 9%
- Mortgage must be on capital repayment. Applicants cannot apply for an interest only mortgage.
- Applicants would need to meet and pass the lenders normal affordability criteria, loan to income tests and credit checks.

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