

# Budget 2021: Key points at-a-glance

## **Chancellor Rishi Sunak has unveiled the contents of his Budget in the House of Commons.**

Setting out the government's tax and spending plans for the year ahead, he announced new measures to help business and jobs through the pandemic and to support the UK's long-term economic recovery and a series of tax-raising plans to help rebalance the public finances.

Here is a summary of the main points.

## **Coronavirus support**

- Furlough to be extended until the end of September
- Government to continue paying 80% of employees' wages for hours they cannot work
- Employers to be asked to contribute 10% in July and 20% in August and September
- Support for the self-employed also to be extended until September
- 600,000 more self-employed people will be eligible for help as access to grants is widened
- £20 weekly uplift in Universal Credit worth £1,000 a year to be extended for another six months
- Working Tax Credit claimants will get £500 one-off payment
- Minimum wage to increase to £8.91 an hour from April

## **State of the economy and public finances**

- UK economy shrank by 10% in 2020
- Economy forecast to rebound in 2021, with predicted annual growth of 4% this year
- Economy forecast to return to pre-Covid levels by middle of 2022, with growth of 7.3% next year
- 700,000 people have lost their jobs since pandemic began
- Unemployment expected to peak at 6.5% next year, lower than 11.9% previously predicted
- UK to borrow a peacetime record of £355bn this year.
- Borrowing to total £234bn in 2021-22

## **Taxation**

- No changes to rates of income tax, national insurance or VAT
- Tax-free personal allowance to be frozen at £12,570 from April 2021 levels to 2026
- Higher rate income tax threshold to be frozen at £50,270 from April 2021 levels to 2026
- Corporation tax on company profits above £250,000 to rise from 19% to 25% in April 2023
- Rate to be kept at 19% for about 1.5 million smaller companies with profits of less than £50,000
- Stamp duty holiday on house purchases in England and Northern Ireland extended to 30 June
- No tax charged on sales of less than £500,000
- Inheritance tax thresholds, pensions life time allowances and annual capital gains tax exemptions to be frozen at 2020-2021 levels until 2025-26

## **Health and education**

- £1.65bn to support the UK's vaccination rollout and £50m to boost the UK's vaccine testing capability
- £19m for domestic violence programmes, funding network of respite rooms for homeless women
- £40m of new funding for victims of 1960s Thalidomide scandal and lifetime support guarantee
- £10m to support armed forces veterans with mental health needs

## **The arts and sport**

- Nearly £400m to help arts venues in England, including museums and galleries, re-open
- £300m recovery package for professional sport and £25m for grassroots football
- £1.2m to help stage delayed Women's Euros football tournament in England in 2022

## **Business, digital and science**

- Tax breaks for firms to "unlock" £20bn worth of business investment
- Firms will be able "deduct" investment costs from tax bills, reducing taxable profits by 130%
- Incentives for firms to take on apprentices to rise to £3,000 and £126m for traineeships
- Lower VAT rate for hospitality firms to be maintained at 5% rate until September
- Interim 12.5% rate will then apply for the following six months
- Business rates holiday for firms in England to continue until June with 75% discount after that
- £5bn in Restart grants for shops and other businesses in England forced to close
- £6,000 per premises for non-essential outlets due to re-open in April and £18,000 for gyms, personal care providers and other hospitality and leisure businesses
- New visa scheme to help start-ups and rapidly growing tech firms source talent from overseas
- Contactless payment limit will rise to £100 later this year

## **Alcohol, tobacco and fuel**

- All alcohol duties to be frozen for second year running
- No extra tax on spirits, wine, cider or beer
- Fuel duty to be frozen for eleventh consecutive year
- Tobacco duties to rise by inflation plus 2%

## **Environment, transport, infrastructure and housing**

- New UK Infrastructure Bank to be set up in Leeds
- It will have £12bn in capital, with aim of funding £40bn worth of public and private projects
- £15bn in green bonds, including for retail investors, to help finance the transition to net zero by 2050

## **Nations and regions**

- £1.2bn in funding for the Scottish government, £740m for the Welsh government and £410m for the Northern Ireland executive
- 750 UK civil servants to be relocated to new Treasury campus in Darlington
- £1bn fund to promote regeneration in a further 45 English towns, including Middlesbrough, Preston, Swindon, Bournemouth, Newark, West Bromwich and Ipswich
- £150m for community groups to take over pubs at risk of closure
- First eight sites announced for freeports in England: East Midlands Airport, Felixstowe and Harwich, Humber, Liverpool City Region, Plymouth, Solent, Thames and Teesside