

Summer Economic Statement

Unprecedented times

The Chancellor of the Exchequer has announced a series of measures this week to try to aid the UK economic recovery by protecting jobs and to support struggling businesses. The Chancellor sees this as Phase 2 of 3 phases to deal with the economic fallout from the pandemic. Phase 1 being the various support packages such as the Job Retention Scheme and the Self-Employed Income Support Scheme to name but a few. Phase 3 will be in the autumn focused on rebuilding through a Budget and a Spending Review.

Please note that some of announcements here may only affect England and Northern Ireland due to the devolved powers being transferred to both Scotland and Wales.

The Job Retention Bonus

- Employers who retain furloughed workers as employees up to 31st January 2021 will receive a one-off bonus of £1,000 per retained employee.
- Employees must remain continuously employed during this period.
- Employees must earn on average above the Lower Earnings Limit (£520 per month) between the end of the Coronavirus Job Retention Scheme and 31st January 2021.
- Payments will be made in February 2021.

The Kickstart Scheme

- Employers will receive funding of up to 100% of the National Minimum Wage from the Government for each employee (aged 16-24) covering a maximum of 25 hours a week.
- The Government will also cover the relevant employers National Insurance costs.
- The Government will also cover the relevant employer automatic enrolment pension scheme contributions.
- The individual must be on Universal Credit and deemed to be at risk of long-term unemployment.
- The funding will be for each 6-month job placement.
- The employer can top up the wages if they so wish.

Employment Support Schemes, Training and Apprenticeships

- Businesses will be given £2,000 for each new apprentice hired under the age of 25 and £1,500 for those 25 years old and over.
- This covers the period from 1st August 2020 to 31st January 2021.
- This is in addition to the £1,000 Government payments already provided under the Education, Health and Care Plan.
- Extra investment to go into traineeships, sector-based work academy placements,

Tourism and Hospitality Sectors

- VAT rate cut from 20% to 5% on most tourism and hospitality related activities.
- This will apply from 15th July 2020 to 12th January 2021.
- The 5% VAT rate will apply to supplies of food and non-alcoholic drinks from restaurants, pubs, bars, cafés and similar premises across the UK.
- The reduced (5%) rate of VAT will apply to supplies of accommodation and admission to attractions across the UK.
- 'Eat out to help' (EOH) discount scheme will cover days Monday to Wednesday in August.
- The EOH scheme will provide a 50% discount for sit down meals up to £10 per head.
- Cafes, pubs and restaurants and other eligible food service establishments will need to register for the EOH Scheme in order to make a claim.

Stamp Duty Land Tax (SDLT)

- There is a temporary increase to the Residential SDLT nil rate band from £125,000 to £500,000 in respect of residential property purchases in England and Northern Ireland.
- This runs from 8th July up to and including 31st March 2021.

A Green Recovery Package

- A Green Homes Grant (GHG) providing at least £2 for every £1 homeowners and landlords spend to make their homes more energy efficient, up to £5,000 per household.
- For those on the lowest incomes, the GHG scheme will fully fund energy efficiency measures of up to £10,000 per household.
- The government will invest up to £40 million in a Green Jobs Challenge Fund for environmental charities and public authorities.

Additional Funding

- £1.5 billion for hospital maintenance and upgrades.
- £100 million for our local roads network
- over £1 billion to start to rebuild schools in the worst condition in England, plus £760 million this year for key maintenance work on schools and FE colleges
- £1 billion for local projects to boost local economic recovery in the places that need it most
- £142 million for court maintenance to repair around 100 courts across England.

Contact us to discuss any of these changes or other ways we can help you save tax.