

Insurtech UK

2021 Spring Budget Summary



COVID-19 Support

The Chancellor reiterated that he has done and will continue to do “whatever it takes” to support businesses and the public through the coronavirus pandemic, with fiscal support of the measures announced throughout 2020 and today totalling **£407 billion**. Key measures include:

- **Extension of the furlough scheme until September** with no change of terms for employees but employer contribution from July onwards.
- **£126 million for high quality work placements** and training for 16-24 year olds. Employers who provide trainees with work experience will be funded at **£1,000 per trainee**.
- Employers who hire a new apprentice between April and September will receive **£3,000 per new hire**.
- Government will invest **£1.3 million** until 2023 to pilot the use of new technology to support individuals to find new job opportunities.
- **Recovery Loan Scheme** will give businesses loans between £25,000 and **£10 million** with an **80%** guarantee from the Government.
- Small and medium-sized employers can continue to **reclaim Statutory Sick Pay** up to two weeks per employee.



Tax

The Chancellor stated that now was not the time to set detailed fiscal rules but wanted to outline what he means by sustainable public finances and that fiscal decisions are guided by three principles:

1. The state should not be borrowing for everyday public spending.
2. The state cannot allow for debt to keep rising (with UK borrowing at its highest level since WW2)
3. It is sensible to take advantage of low interest rates to invest in capital projects to drive growth.

Tax announcements featured in the Budget include:

- Capital Gains Tax will be **maintained** at the present level until April 2026.
- National Insurance Contributions Primary thresholds will rise to **£9,568** and the Upper thresholds to **£50,270**.
- Personal Tax Allowance will rise to £12,750 from April 2021, then frozen until 2026. The higher rate threshold will reach £50,270 next year and then be frozen until 2026.
- VAT registration and deregistration thresholds will **not change until April 2022**.
- Corporation tax will **increase to 25% on profits over £250,000 from April 2023**. The rate for small profits under **£50,000** will remain at 19% and there will be relief for businesses with profits under **£250,000**.
- Government will **invest a further £180 million in 2021-22 in additional resources** and new technology for HMRC.

Investment

The Chancellor announced a series of measures to kickstart the future economy:

- **£375 million Future Fund: Breakthrough** package to scale up of innovative, R&D intensive businesses. British Business Bank will take equity of funding rounds over £20 million.
- **Pension Charge Cap Review** – consulting on measures to make it easier for Pension funds to invest in innovative scale up businesses.
- **R&D Tax Credit Expansion** – bringing data and cloud computing costs into scope of cover – something Insurtech UK recommended in our response to the Call for Evidence
- **New rules to make Public Listings easier**, following the Lord Hill Review.
- **Creation of UK Infrastructure Bank** to finance green industrial revolution. An initial £12bn package committed with the objective to invest a total of £40bn into green infrastructure
- **£1bn** Green Net Zero Innovation Portfolio
- **Creation of 8 Free Ports** across English regions
- **£15bn** in Green Gilt Issuance
- **130% Super Deduction on tax bill** for companies that invest in capital expenditure to grow their businesses. The OBR says this will boost business investment by **10%**.



Business Support

- **New visa 'Scale up' scheme** offering fast tracked visas to support startups, reducing barriers to attract talent in science and technology from overseas.
- **R&D Tax Relief Consultation** to ensure that the UK remains internationally competitive for research.
- **EMI Consultation** on how more companies can access EMI to recruit and retain the talent they need to scale up
- **Help to Grow schemes** in:
 - **Management:** Programme to upskill **30,000** SMEs over three years to provide managerial skills through partnership with business schools and mentoring.
 - **Digital:** Helping **100,000** SMEs adopt productivity enhancing software. Includes a voucher covering half of costs on software up to **£5,000** and free impartial advice.
- **R&D cap** – total amount of SME payable R&D Tax Credit that a business can receive in one year is capped at £20,000 + three times the company's total PAYE and NICs liability, to prevent abuse.
- **Restart Grants** of **£6,000** for non-essential retail businesses and up to **£18,000** for hospitality and other sectors which are opening later.
- **£425 million** of business grant funding for local authorities to distribute.
- **VAT deferral New Payment Scheme** to pay deferred VAT in up to eleven equal payments from March 2021, rather than in full.
- **100% Business Rates relief** until June 2021. Following this there will be a 66% relief until March 2022.
- **Trade Credit Reinsurance Scheme** will continue, providing up to £190bn of cover.

