

Budget review March 2021

All extracts from the [2021 Red Budget book](#)

Additional documents and consultation realised alongside the budget are at

<https://www.gov.uk/government/publications/budget-2021-documents>

Innovation

Very little direct innovation support in the budget, but the accompanying [Build Back Better](#) document, indicates a new Innovation strategy will be published the Summer and reference a new defence and security industry strategy and a new R&D Places Strategy.¹

Corporation tax

Corporation tax To be raised to 25% from 19% from April 2023. But only for companies with profits >£250k. Those making less will be taxed at a rate tapering down to 19% for those making less the £50k

2.81 Corporation tax – To balance the need to raise revenue with the objective of having an internationally competitive tax system, the rate of corporation tax will increase from April 2023 to 25% on profits over £250,000. The rate for small profits under £50,000 will remain at 19% and there will be relief for businesses with profits under £250,000 so that they pay less than the main rate

Loss carry back extended from 1 to 3 years.

2.51 Unincorporated businesses and companies that are not members of a corporate group will be able to obtain relief for up to £2 million of losses in each of 2020-21 and 202. Companies that are members of a corporate group will be able to obtain relief for up to £200,000 of losses in each of 2020-21 and 2021-22 without any group limitations.....

The Super-deduction

A 25% discount on all capex and equipment purchases in the next 2 years for profit making companies.

'2.111 Super-deduction – From 1 April 2021 until 31 March 2023, companies investing in qualifying new plant and machinery assets will benefit from a 130% first-year capital allowance. This upfront super-deduction will allow companies to cut their tax bill by up to 25p for every £1 they invest'

This is specifically designed to get companies spending and could drive significant investment in photonics based manufacturing tools and equipment.

R&D tax credits

Ever popular with the photonics community, but also a source of niggles around processing, negotiating down by HMRC etc. Make sure to make your view known by 2 June at

<https://www.gov.uk/government/consultations/rd-tax-reliefs-consultation>

But, for SME a new restriction – *2.103 For accounting periods beginning on or after 1 April 2021, the amount of SME payable R&D tax credit that a business can receive in any one year will be capped at £20,000 plus three times the company's total PAYE and NICs liability*

Visas and high skilled immigration

Streamlining and support for business looking to use via system for first time, a fast-track visa for those with job offer from recognised scale-up companies (no detail on how one become recognised

¹ Fintech annoyingly get flagged in sectors and technologies that will shape the UK's future. Cited as having £11bn output and employing 76,500 fintech makes a smaller contribution to the UK than photonics and one suspect is much more SE focused.

as such). Noted in speech (but not obviously in the red book) a new unsponsored point based visa for highly skilled

2.140 High-skilled migration – The government is modernising the immigration system to help the UK attract and retain the most highly skilled, globally mobile talent – particularly in academia, science, research and technology – from around the world

Capital investment

A new large scale co-investment fund if you are thinking of raising a large VC round

2.142...The British Business Bank will take equity in funding rounds of over £20 million led by private investors

A new infrastructure bank (described as a green bank) with £12bn to invest in *private sector and local authority infrastructure projects across the UK, to help meet government objectives on climate change and regional economic growth....including debt, hybrid products, equity and guarantees*

Consultation on ways of supporting pension funds to invest in broaden range of assets e.g. VC funds and scale-up

Freeports

Coming to a location near you. East Midlands Airport, Felixstowe & Harwich, Humber, Liverpool City Region, Plymouth and South Devon, Solent, Teesside and Thames announced more to come in Scotland, Wales and Northern Ireland. There will be associated with a number of tax reliefs on capital, buildings, rates and employer national insurance contributions!

Levelling-up

The new 4.8bn [Levelling Up fund](#) launches for applications with the budget, including a [list of 124 priority local authorities](#) – check to see if your location is in.

Management and digital support

2.138 a new UK-wide management programme to upskill 30,000 SMEs...delivered through business schools...over 12 weeks....90% gov subsidised

2.139 voucher covering up to half of the costs of approved productivity enhancing software up to a maximum of £5,000. – get your CRM orders in now