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.

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 2021. 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 phonic 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