



Budget – 14 March 2021

1. Personal Tax
2. Covid-19 Support for the Self-Employed – SEISS
3. Corona Virus Job Retention Scheme - CJRS

Personal Tax

Personal Tax

Personal Tax - 2021-2022 (frozen till April 2026)

- Personal allowance £12,570. (£12,500 – 2020/2021)
- Basic rate (20%) £12,570 - £50,270.
- Higher rate (40%) £50,271 - £150,000
- Additional rate (45%) – more than £150,000

Note:

The personal allowance increased by 93% since 2010, when it was £6,475. (Conservative & Lib Dem government has committed to increase the personal allowance to £12,000 by the end of the parliament term!)

National Insurance

Class 1 Rate – Employee

- Less than £9,568 (Primary threshold) – 0% (£9,500 – 2020/2021)
- **£9,569** to £50,270 (Upper earning limit) – 12% (£9,501 to £50,000 – 2020/2021)
- More than £50,270 – 2% (£50,000 – 2020/2021)

Employer (secondary) contribution rate

- 13.8% Earning above Secondary threshold **£8,840** (£8,788 – 2020/2021)

Note:

The tax and NI rate raised in line with the CPI inflation 0.5%

Class 1A NIC (benefit in kind) – don't think rate has changed (panel)!

National Insurance

Self-employed (Class 2 & Class 4) rate

- Earnings less than £6,515 – 0% (£6,475 – 2020/2021)
- Earnings £6,515 - £9,658 - £3.05 per week (Class 2 only) (£6,745 to £9,500 – 2020/2021)
- Earnings £9,658 - £50,270 – 9% + £3.05 per week (£9,500 to £50,000 – 2020/2021)
- Earning above £50,270 – 2% + £3.05 per week
- **Class 2 rate of £3.05 per week froze to 2020/2021**

Class 3 Voluntary contribution £15.40 per week (£15.30 – 2020/2021)

Note:

State pension age (currently 65 years)- no need to pay Class 1, Class 2 & 4 but in the year you reach pension age need to pay Class 4)

Self-assessment tax deferral

- Time to Pay arrangement extended till January 2022 (Tax year 2018/2019)
- Must apply for the arrangement by 1 April 2021
- Tax year 2019/2020 can apply but need to pay interest 2.6% on outstanding tax after 31/01/2021.
- To be eligible, you must:
 - Owe less than £30,000 (was £10,000 when first announced)
 - Have a Government Gateway ID
 - Have filed your 2019-20 tax return and know how much tax you owe
 - Not have any other outstanding tax returns, or owe any other money to HMRC.
 - If you owe more than £30,000, or need more than 12 months to pay, you may be able to get a different instalment plan by calling the Payment Support Service on 0300 200 3835.

Personal Tax planning coming soon!

Back in late 1990 until mid of 2020 the then Government (Mr Brown chancellor!) has introduced nil tax for small companies profit up to £10,000. And the dividends used to carry 10% tax at source. That was the reason lots of self employed/partnership business started to incorporate as a limited company.

The current budget has kept 19% corporation tax for companies making profit up to £50,000 and *marginal tax relief* for profit between £50,000 to £250,000 we can assume lots of our client will be juggling and asking us lots of questions either to incorporate or remain self employed/partnership!

COVID – 19 support for Self Employed - SEISS

SEISS – Fourth grant.

- Fourth grant is 80% of average profit to cover the period of Feb 2021 to April 2021 - £7,500 maximum grant! Application will open in late **April 2021 until 31 May 2021**. Grant based on SATR 2019/2020.

How much will my grant be?

- If you started self-employment for the first time in 2019/20, then your trading profits will be divided by 12 (irrespective of when you started trading) and then multiplied by 3 and then 80%. The figure is capped at £7,500.

Example: Shyam

- *Shyam started self-employment for the first time in September 2019. His trading profits for 2019/20 were £12,000. He did not have any other income in 2019/20.*
- *In order to calculate the grant the year are divided by 12, giving £1,000. This is then multiplied by 3, giving £3,000, and then 80%, giving £2,400.*
- *Provided Shyam meets the other conditions relating to the grant, Shyam should be eligible for a grant of £2,400. This is paid out in a single instalment.*

SEISS – Fifth grant.

- Fifth grant available and support extended to the end of September 2021. Application open from late July 2021 (date not known yet). **Around 60,000 new self employed might be eligible for the fifth grant!**
- Fifth grant cover May 2021 to September 2021
 - 80% of the three months' worth of average trading profits if the **turnover drop by 30% or more**
 - 30% of the three months' worth of average trading profits if the **turnover drop by less than 30% - £2,850 maximum grant!**
 - Turnover period is **6th April 2020 to 5th April 2021.**
 - **Fifth grant is only for 3 months average profit even it cover period from May 2021 to September 2021**
 - **More details of the fifth grant will be published by HMR&C soon!**
- To apply for the fourth and fifth grants:
 - All other eligibility criteria remain the same as for the previous grants
 - you must be a self-employed individual or a member of a partnership
 - traded in the 2019-20 and intend to **continue trading in 2020-21**
 - reasonably believe there will be a significant reduction in your trading profits
 - have trading profits of less than £50,000 a year
 - Earn the majority of your income (ie 50% or more) through self-employment
 - Have filed a tax return for the **2019-20 tax year by midnight on 2 March 2021.**

Overpaid grant

- You should notify HMRC within 90 days of receiving the money and pay it back. Failing to do so may result in being charged a penalty. (Penalty rate?)
- If you notify overpaid but didn't repay, the HMR&C may recover the overpaid value of the grant by making a tax assessment.
- The extra tax payment will be due 30 days after the assessment has been made. If the assessment hasn't been made by the time you file your 2020-21 tax return, you should include details of the overpaid grant as part of your self-assessment return.
- HMRC will charge penalties to those who knew they were not entitled to the grant, based on how much they weren't entitled to receive and the amount left outstanding 30 days after the assessment.
- If you didn't know you were overpaid or ineligible, you'll only receive a penalty if you haven't repaid what you owe by 31 January 2022.

Other help available for self-employed workers In the Budget on 3 March 2021

New Restart Grant will be given to the non-essential retail businesses up to £6,000 when they're allowed to reopen, and up to £18,000 to businesses in the hospitality and leisure sectors, including personal care.

Self-employment support grants taxable in year of receipt

The first three grants will be taxable in 2020/21, and the fifth grants taxable in 2021/22. The fourth grant covers the period from 1 February 2021 to 30 April 2021 thus is taxable in 2021/22

Coronavirus Job Retention Scheme - CJRS

CJRS

- The Coronavirus Job Retention Scheme (CJRS) is being extended until 30 September 2021.
- The operation of the CJRS will not change for the months of May and June. Employers will receive 80% of furloughed employees' remuneration for the hours they do not work.
- For the month of July, employers will only receive 70% of furloughed employees' remuneration. For August and September, the figure will be reduced to 60%.
- For the month of July, the Government will introduce an employer contribution of 10% towards the pay for unworked hours, up to a monthly cap. For August and September this will be 20%.
- You don't need to have used the scheme before to claim.
- If you have staff costs that are publicly funded you should use that money to pay staff and not furlough them. Organisations can use the furlough scheme if they're not fully funded by public grants.

CJRS

Furlough claims on or before **30 April 2021**

- Employee must be on PAYE payroll on **30 October 2020**
- PAYE RTI submission must have made between 20 March 2020 and 30 October 2020

Furlough claim from **1 May 2021 onwards**

- Employee must be on PAYE payroll on **2 March 2021**
- PAYE RTI submission must have made between 20 March 2020 and 2 March 2021

Employee can be in any type of contract, including a director, a zero-hours, fixed-term or temporary. No maximum limit on number of employee. But agreement must be in writing to furlough employee. Foreign nationals are eligible to be furloughed because the grants under the scheme are not counted as 'access to public funds'.

When will the Furlough payment be available?

- 15 March – last date to claim for periods 1/2/2021 to 28/2/2021
- 14 April – last date to claim for period 1/3/2021 to 31/3/2021
- 14 May – last date to claim for period 1/4/2021 to 30/4/2021
- 30 September – CJRS closed

CJRS

If you have not claimed enough

You should contact HMR&C to amend your claim. You still need to make sure you pay your employees the correct amount. You can only amend the claim if you are less than 28 calendar days after the month the claim relates to (unless it falls on a weekend and then it is the next working day). Claims for period ending on or before **31 January 2021 can no longer be amended! Unless you have reasonable excuse (contact HMR&C for detail) to delay claim submission, the following are the standard deadline:**

To amend furlough days in	Amends to the claim must be submitted by 23:59 on:
February 2021	29 March 2021
March 2021	28 April 2021
April 2021	28 May 2021
May 2021	28 June 2021
June 2021	28 July 2021
July 2021	31 August 2021
August 2021	28 September 2021
September 2021	28 October 2021

CJRS

If you have claimed too much

If you've claimed too much and haven't already repaid it, you must notify HMRC and repay the money by the latest of the following:

- 90 days from receiving the CJRS money you're not entitled to
- 90 days from the point circumstances changed and you were no longer entitled to keep the grant.

If you don't do this, you may have to pay interest and a penalty as well as repaying the excess grant.

If you've claimed too much, or want to make a voluntary repayment because you don't want/need the grant to pay your employees' wages, you can either:

- Correct it in your next claim (your new claim will be reduced)
- Get a payment reference number and pay HMRC back within 30 days (only if you're not making another claim)

CJRS...

Record keeping

You must keep a copy of all records for **6 years**, including:

- Amount claimed and period for each employee
- Claim reference number
- Your calculation
- You must also tell your employee about the claim made.

For flexibly furloughed employees you must:

- Keep a written record of the agreement for **5 years**.
- Keep records of how many hours your employees work and the number of hours they are furloughed.

We have cover:

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I know we all have lots of question such as:

- I started self employment in 2019/20 would I get grant?
- My employee furlough from (this date), only furlough(hours a week) etc, How do I calculate furlough grant claim amount?
- I made a mistake in my claim how do I rectify it?
- Furlough/Redundancy, Furlough/Sick leave, Furlough/Annual leave etc.

I suggest please visit HMR&C website as there are lots of example that will definitely help you!

This does not mean you can not ask question here that you may have. I will try my best to answer. If I can not answer I will pass on to the PANEL. You can email me at shaileshojha@msn.com and I will try to response ASAP!

Please give us a feedback as this will help the organisation (NAUK) and the presenter to improve!

Thank you for your time and thanks for having me!