

March 2021 Budget



Personal and Corporate Financial Planning



Retirement



Investments
& Pensions



Personal &
Business
Protection



Mortgages



Equity
Release

The Chancellor Rishi Sunak announced the 2021 Budget on Wednesday 3rd March.

This is our summary of some of the main points of the Budget relevant to financial planning:

- **Income Tax:** For 2021/22 Personal Allowance increasing to £12,570, Basic Rate Band to £37,700 meaning a higher rate threshold of £50,270 – but then these figures will be frozen until April 2026.
No changes to dividend allowance, personal savings allowance, starting rate band for savings.
- **Pensions:** Lifetime Allowance for pensions frozen at £1,073,100 until April 2026.
No changes to Annual Allowance, Money Purchase Annual Allowance or Tapered Annual Allowance figures or rules.
- **Capital Gains Tax** annual exempt amount frozen at £12,300 until April 2026.
No change to the tax rates for CGT.
- **Inheritance Nil Rate Band** frozen at £325,000 and **Residence Nil Rate Band** at £175,000 until April 2026 (and the Residence Nil Rate Band taper threshold remains at £2 million until April 2026).
- **ISA** subscription limit remains at £20,000 in 2021/22 and the Junior ISA and Child Trust Fund subscription limits remain at £9,000.
- **Corporation Tax:** In 2023 the main Corporation Tax Rate will increase to 25% but for companies with profits of no more than £50,000 the rate will remain at 19%. There will be a tapering of the rate for companies with profits over £50,000 but less than £250,000 so only companies with profits above £250,000 will suffer the full 25% rate.

- Fuel duty and alcohol duties are frozen.
- Coronavirus Job Support Scheme extended to September 2021 across the UK (employer contribution of 10% required in July and 20% in August and September).
- Self-Employment Income Support Scheme (SEISS) extended to September 2021 across UK, with those who filed a tax return in 2019/20 now being able to claim for the first time.
- Stamp Duty Land Tax (SDLT) temporary cut in England and Northern Ireland extended until September 2021.
The £500,000 Nil Rate Band will be extended until 30 June 2021 then it will be set at £250,000 until 30 September 2021 returning to its standard level of £125,000 on 1 October 2021.
- New Mortgage Guarantee Scheme to enable all UK homebuyers to secure a 95% mortgage on properties up to £600,000 – only a 5% deposit needed.

Further details on the budget can be found here:

<https://www.gov.uk/government/news/budget-2021-what-you-need-to-know>

Source: Threesixty Services, 3rd March 2021