

## Measures Announced in the 3 March Budget

At today's Budget the Chancellor announced a further extension to the Job Retention Scheme (the "CJRS"), the introduction of a Recovery Loan Scheme, changes to the Kickstarter scheme and cooperation tax changes.

### Extension to the Coronavirus Job Retention Scheme (Furlough)

- The Job Retention Scheme has now been extended until 30 September 2021.
- The scheme applies to all nations of the United Kingdom.
- Employers do not need to have used the CJRS previously.

### How the scheme works

- Employers will be required to pay employees' normal wages while they are working. The government subsidy will only apply to hours when the employee is not working.
- The CJRS grant will amount to 80% of the pay for hours that the employee is not working, subject to the £2,500 cap.
- Employers will pay employer NICs and pension contributions, and should continue to pay the employee for hours worked in the normal way.
- Employers can choose to top up employee wages above the scheme grant at their own expense if they want to.

### Changes to the scheme

The following changes to the scheme were announced at the Budget:

- From 1 July 2021, the level of grant will be reduced and you will be asked to contribute towards the cost of your furloughed employees' wages.
- The table below shows the level of government contribution available in the coming months, the required employer contribution and the amount that the employee receives per month where the employee is furloughed 100% of the time.

	May	June	July	August	September
<b>Government contribution: wages for hours not worked</b>	80% up to £2,500	80% up to £2,500	70% up to £2,187.50	60% up to £1,875	60% up to £1,875
<b>Employer contribution wages for hours not worked</b>	No	No	10% up to £312.50	20% up to £625	20% up to £625
<b>For hours not worked employee receives</b>	80% up to £2,500 per month	80% up to £2,500 per month	80% up to £2,500 per month	80% up to £2,500 per month	80% up to £2,500 per month

## Eligibility

- All employers with a UK bank account and UK PAYE schemes can claim the grant. Neither the employer nor the employee needs to have previously used the CJRS.
- For periods ending on or before 30 April 2021, you can claim for employees who were employed on 30 October 2020, as long as you have made a PAYE RTI submission to HMRC between the 20 March 2020 and 30 October 2020.
- For periods starting on or after 1 May 2021, you can claim for employees who were employed on 2 March 2021, as long as you have made a PAYE Real Time Information (RTI) submission to HMRC between 20 March 2020 and 2 March 2021.
- Employees that were employed and on the payroll on 23 September 2020 who were made redundant or stopped working for their employer afterwards can be re-employed and claimed for.

## How to access the scheme

- In order to apply you will need to be registered for [PAYE online](#).
- Employers must obtain a written record of the agreed flexible furlough working arrangements. This must be kept for at least five years.
- Employers must also keep records of how many hours the worker works and the number of hours they are furloughed. Records of all claims and calculations must be kept for at least six years and must include:
  - amounts claimed and the claim periods for each employee;
  - claim reference number;
  - calculations used when preparing the claims;
  - usual hours worked by flexibly furloughed employees (including the calculations used to reach those figures);
  - actual hours worked by flexibly furloughed employees.
- Claims should be made through the [HMRC portal](#):
  - You'll need the Government Gateway user ID and password you got when you registered for PAYE online.
  - You must complete your claim within 7 days of starting it.

## Recovery Loan Scheme

### Details

The Recovery Loan Scheme ensures businesses of any size can continue to access loans and other kinds of finance up to £10 million per business once the existing COVID-19 loan schemes close, providing support as businesses recover and grow following the disruption of the pandemic and the end of the transition period.

Once received, the finance can be used for any legitimate business purpose, including growth and investment.

The government will guarantee 80% of the finance to the lender.

The scheme will launch on 6 April and will be open until 31 December, subject to review. Loans will be available through a network of accredited lenders, whose names will be made public in due course.

### **Type of finance is available**

- Term loans and overdrafts will be available between £25,001 and £10 million per business.
- Invoice finance and asset finance will be available between £1,000 and £10 million per business.

Finance terms are up to six years for term loans and asset finance facilities. For overdrafts and invoice finance facilities, terms will be up to three years.

No personal guarantees will be taken on facilities up to £250,000, and a borrower's principal private residence cannot be taken as security.

### **Eligibility**

In order to be eligible you must be able to prove your business:

- is trading in the UK;
- is viable or would be viable were it not for the pandemic;
- has been impacted by the coronavirus pandemic; and
- is not in collective insolvency proceedings.

Business that have received support under the existing COVID-19 guaranteed loan schemes will still be eligible to access finance under this scheme, if they meet all other eligibility criteria.

### **Who cannot apply**

Businesses from any sector will be eligible to apply, except:

- banks, building societies, insurers and reinsurers (but not insurance brokers);
- public-sector bodies;
- state-funded primary and secondary schools.

### **How to apply**

The scheme will launch on 6 April 2021. Further details on how to apply and details of accredited lenders will be released on the [HM Treasury's website](#) in due course.

### **Kickstart Scheme grant**

The Kickstart Scheme provides funding to create new job placements for 16 to 24 year olds on Universal Credit who are at risk of long term unemployment. Employers of all sizes can apply for funding which covers:

- 100% of the National Minimum Wage (or the National Living Wage depending on the age of the participant) for 25 hours per week for a total of 6 months;
- associated employer National Insurance contributions; and

- employer minimum automatic enrolment contributions.

You will also get £1,500 funding per job placement for setup costs and support.

Employers can spread the start date of the job placements up until the end of December 2021.

### **Job placement criteria**

The job placements created with Kickstart Scheme funding must be new jobs. They must not:

- replace existing or planned vacancies cause existing employees, apprentices or contractors to lose work or reduce their working hours

The job placements must:

- be a minimum of 25 hours per week, for 6 months;
- pay at least the National Minimum Wage or the National Living Wage for the employee's age group; and
- only require basic training.

### **How to apply**

You can apply for a Kickstart Scheme grant by either:

- applying [online yourself](#); or
- applying through a [Kickstart gateway](#) who is already working with the Kickstart Scheme.

If you apply directly, the £1,500 funding for setup costs will be paid when the young person has started the job placement.

If you apply through a Kickstart gateway, you need to tell them when the young person starts their job placement. They can then send you the £1,500 funding once they've received it from DWP.

### **Corporation Tax Rises from 2023**

Corporation tax will rise to 25% for companies with over £250,000 in profits from 2023.

Businesses with less than £50,000 profit will continue to pay 19% corporation tax rates. From there, rates will gradually increase until they reach the maximum rate of 25% at £250,000.

Businesses will be able to carry back losses of up to £2m to three years, extending the tax refund to up to £760,000 per company.