



Property Budget

March 2021



Briefing Note

One of the most eagerly awaited Budget announcements was whether the SDLT (Stamp Duty Land Tax) holiday would be extended and Rishi did not disappoint, with the nil rate band remaining at £500k for another three months beyond the original deadline to 30 June 2021 and then tapering of the nil rate band down to £250k for a further three months to 30 September 2021 before returning to its previous level of £125k from 1 October 2021 onwards.

The draft provisions also make sure that no additional tax will be due when a contract is completed after the June and Sept dates as long as there has been "substantial performance" before these key dates.

This will be welcome news for the leagues of conveyancers and anxious home buyers who were trying to speed their transactions through before the holiday expired and will no doubt give a renewed energy to the housing market over the next six months.



Government-backed
95%
mortgages



Stamp duty exemption
on properties up to
£500K
extended to 30 June

This combined with the announcement of the mortgage guarantee scheme should encourage lenders to provide more 95% mortgages and get the first time buyers moving which will be good news too for housebuilders.

In terms of other positive announcements, the Chancellor unveiled a new "Super Deduction" to encourage businesses to spend their cash on plant and machinery during the period from 1 April 2021 to 1 April 2023 (excluding Capex contracted for before Budget Day). Plant that would typically fall within the main pool - such as machinery, commercial vehicles etc. will get a 130% deduction in the period whilst plant that would typically given the special rate pool (eg long-life assets, electrical, heating, water systems) will qualify for a 50% first-year allowance. There is no limit to these enhanced allowances and whilst they won't apply to building themselves, they can be claimed on fixtures within commercial properties acquired in the period.

The rumoured Corporation Tax rise increase was announced but will not apply until 2023 so you have some time to plan for it. For example, property developers with sites to sell may wish to make sure these happen before the rise comes in. The rate changes will also alter the overall tax position on profit extraction and so owner-managers may need to revisit their remuneration strategies in 2023.

For companies who have made or make losses in 2020 to 2022, a welcome extension to the carry back rules was made so that losses can be carried back for up to three years as opposed to the usual one year carry back. This means that previously profitable businesses can use their losses sooner and get a cash repayment.

More good news for certain property owners in that the Business rates holiday for retail, hospitality and leisure businesses has been extended for three months and reduced by 66% for the rest of the year meaning a 75% discount for those businesses.

Business rate holiday extended
by three months and reduced by

66%

for the rest of the year



No mention of changes to empty property rates but Autumn will see the outcome of a review into Business rates generally so there may be changes to come.

For the self-employed, Mr Sunak confirmed that the Self-employed grants would be extended with a fourth and fifth-round although the fifth grant would be more generous to those who could show a significant dip in turnover.

The Chancellor has also boosted the incentives for employers who take on apprentices increasing the payment to £3k for each apprentice taken on between 1 April and 30 September this year.

The biggest surprise to some may have been in what was not mentioned. It had been

widely tipped that the rate of Capital Gains Tax was to be increased following Office of Tax simplification reports issued last year, however, the Chancellor was entirely silent on the topic.

Further announcements will be made on Consultation Day on 23 March and so it is likely that consultations on this topic will

be issued then and will give an indication of the changes that may be to come on these.

In summary, the Budget has done what's needed in terms of supporting businesses and homebuyers through this difficult time but its likely more changes are still to come later this year.

Our team are on-hand to help with any questions that you may have following this year's budget, contact us today!

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Conversation
Today...**

Contact your BHP account manager
or one of our tax specialists.



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