



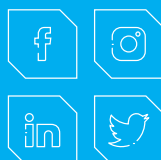
The Autumn Budget 2021

Property
Sector



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The Chancellor struck an upbeat tone in his speech with numerous spending announcements and few tax increases announced on the day (beyond the pre announced significant 1.25% increase to National Insurance and dividends from April 2022)

With few revenue raising measures announced and no magic money tree in sight, Mr Sunak is relying on the economy making a rapid return to pre covid levels and beyond to make sure the books balance.

Housing and Infrastructure
The housing sector got some attention in the form of a further £1.8bn to be invested to meet the government's commitment to unlock over 1 million new homes and a reconfirmed £11.5 billion investment through the Affordable Homes Programme.

The Spending Review set out some of the plans to fulfil the National Infrastructure Strategy that was announced last year bringing the total amount committed to over £130 billion. Part of this funding includes the Town deals of which various towns locally such as Stocksbridge, Rotherham and Doncaster will benefit.

Business Rates

A reform of business rates has been on the cards for some time and although the Chancellor has rowed back on a full reform, he did announce a package of reduction worth £7 billion over the next five years and will consult on an Online Sales Tax, the revenue from which would be used to reduce business rates for retailers with properties in

England to help level the playing field between traditional retailers and online sellers.

Retail, hospitality and leisure properties will be eligible for a new, temporary 50% reduction in their business rates relief next year, capped at £110k pa. This will provide support until the next revaluation in 2023 followed by revaluations on a 3 year basis rather than every 5 years. There is also a freeze to the business rates multiplier in 2022-23 for all ratepayers meaning bills are 3% lower than without the freeze.

From 2023, two new business rates reliefs will be introduced

- a 100% improvement relief, providing 12 months relief from higher bills for occupiers where eligible improvements to an existing property increase the rateable value.
- an exemption for eligible plant and machinery used in onsite renewable energy generation and storage, such as rooftop solar panels and battery storage used with renewables and electric vehicle charging points, from 2023 until 2035. A 100% relief will also be provided for eligible low-carbon heat networks that have their own rates bill.



Capital Allowances

The temporary £1 million level of the Annual Investment Allowance which was due to expire on 31 December 2021 has been extended to 31 March 2023. Whilst most business acquiring new plant and machinery will benefit from the Super Deduction in any case, the increase to the AIA will be useful for used plant, long life plant or fixtures within buildings that do not qualify for the Super Deduction.

Greener Buildings

The government is investing £450 million via Boiler Upgrade Grants to grow the heat pump market in England and Wales with a target of installing 600,000 heat pumps per annum by 2028. In addition, £950 million is earmarked for the Home Upgrade Grant, £800 million for the Social Housing Decarbonisation Fund and £1.4 billion to help decarbonise the public sector estate in England.



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Residential Property Developer Tax

Details of the RPDT have now been revealed, the tax will be charged at 4% on profits exceeding an annual allowance of £25 million and will take effect from 1 April 2022 for relevant profits arising on or after this date.

The tax will apply to companies with profits arising from UK residential property development but will only apply if the group's profits from that activity exceed £25 million per year. This will be achieved by providing a £25 million annual allowance for each group to use against their profits for a year. There will also be a restriction in respect of finance costs. The £25 million allowance can be allocated by the group between its companies, profits in excess of this allowance will be taxed at a rate of 4%.

Landfill Tax

As announced at Spring Budget 2021, the government will legislate in Finance Bill 2021-22 to increase the standard and lower rates of Landfill Tax in line with Retail Price Index (RPI), rounded to the nearest 5 pence. The changes will have effect from 1 April 2022.



No Changes to Capital Gains Tax or Inheritance Tax....yet

Rumours of changes to CGT and IHT have swirled every Budget for the last few years. This Budget followed in the footsteps of previous in that no changes were made and there are no indications of if or when changes may be made in the future. Both taxes are relatively small revenue raisers and would require complicated consultation to effectively implement changes so may have been put on the "too difficult" pile by Mr Sunak.

Capital Gains Tax payment on property disposal time limit extension

The deadlines for residents to report and pay Capital Gains Tax (CGT) payment after selling UK residential property, and for non-UK residents disposing of property in the UK will increase from 30 days after completion to 60 days. HMRC handed out £1.3m in penalty notices for late filed 30 day CGT returns in its first year of operation and so there was significant evidence that the 30 day time limit was impractically short. An extension is therefore welcome. When mixed-use property is disposed of by UK residents, legislation

will also clarify that the 60 day payment window will only apply to the residential element of the property gain.

Annual Tax on Enveloped Dwellings (ATED):

The ATED charges increase automatically each year in line with inflation. The ATED annual charges will rise by 3.1% from 1 April 2022 in line with the September 2021 Consumer Price Index.

Making Tax Digital (MTD) for Income Tax Self Assessment (ITSA)

As announced on 23 September 2021, the government will give sole traders and landlords with income over £10,000 an extra year to prepare for Making Tax Digital. MTD for ITSA will now be introduced from 6 April 2024 meaning that records must be kept digitally and quarterly returns filed to HMRC. General partnerships will not be required to join MTD for ITSA until 6 April 2025. Whilst the delay is welcome, we are encouraging anyone who may be affected to seek out advice sooner rather than later to ensure they have an easy transition.



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50%

reduction for retail,
hospitality and leisure
properties

100%

rates relief
for energy
generation
and storage

£11.5bn

to provide
**1m new
homes**

£7bn

of business rate cuts over
5 years

ZERO

changes to
Capital Gains
Tax rates

An extra
30 DAYS
to file CGT returns



100%

rates relief for **12 months**
Property improvements

Extension until **31 March**
2023 for **£1m Annual**
Investment Allowance

6 April 2024

deadline for landlords to
be ready for MTD

Contact Us

Start the conversation
today with one of our
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