



# Budget 2021

**Ann Bibby – Tax Partner**

**Chris Slatter – Independent Financial Adviser**



**Ann Bibby**

Tax Partner

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Ann is a Chartered Tax Adviser, a qualified accountant and a member of the Society of Trust and Estate Practitioners (STEP) and has over 25 years' experience advising on a range of business and personal tax issues.

Ann specialises in the areas of corporate, employment and business tax along with associated tax solutions and advises on all areas of business taxation, including Corporate Tax, Transaction Tax, R & D Tax Relief, Management Equity and Share Options, Restructuring, Capital Allowances and Employment tax issues.

Ann joined Ellacotts to lead and enhance the tax services provided by the firm and to provide support to the rest of the firm. Ann is a member of the UK200 Group Tax Panel.

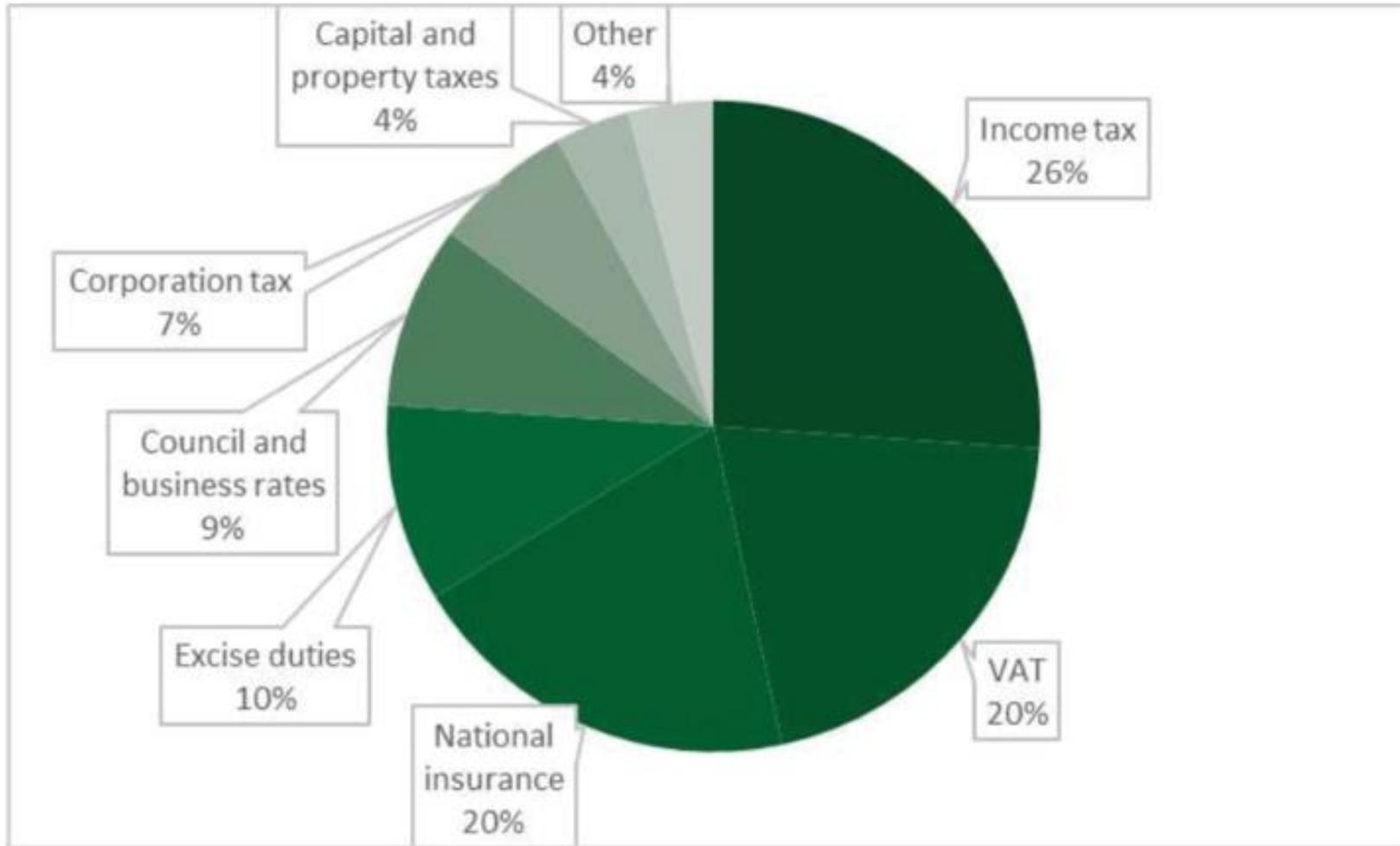
**Chris Slatter**

Ellacotts Wealth Planning

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Chris joined Ellacotts Wealth Planning in June 2016 with over 20 years' experience of providing independent financial advice to both personal and corporate clients. As an Independent Financial Adviser (IFA) he looks to build long term relationships with clients and have a number of clients he still deals with now that came to him when he first started his career.

Chris's role involves all aspects of financial planning except for mortgages. He enjoys being an IFA because every person he meets has a different advice need, which means every day brings a different challenge. Over the years he has gained extensive knowledge of pre and post retirement planning, including using both pensions and investments to achieve the desired results.





- Lifetime allowance to remain at £1,073,100 until 2026.
- No changes to annual allowance – remains at £40,000 or 100% of net relevant earnings, whichever is lower – Net relevant earnings is PAYE income or net profits, remember investment income is not pensionable.
- Reduced annual allowance for earnings over £240,000 unchanged – remember although investment income is not pensionable, it is counted in the calculations for the reduced annual allowance.



## Tapering relief summary

Income	Tapered Annual Allowance
Up to £240,000	No tapering
£250,000	£35,000
£260,000	£30,000
£270,000	£25,000
£280,000	£20,000
£290,000	£15,000
£300,000	£10,000
£310,000	£ 5,000
£312,000 +	£ 4,000



- ISA limit remains at £20,000
- Junior ISA remains at £9,000
- Lifetime ISAs – no changes announced
- Lifetime ISAs only available for under 40s and can be used towards purchase of first home or towards retirement. If the latter, they can only be accessed at age 60 without penalty
- Government will contribute up to 25% of your contribution to a maximum of £1,000 if you invest £4,000



- Remember pensions are free of tax on death before age 75 within the lifetime allowance
- Benefits can be passed down the generations
- If you inherit a pension, this does not count towards your lifetime allowance
- Tax relief is still available at the contributors highest marginal rate
- Child does not have to be a minor, so if they have earned income, contribution can be up to 100% of earnings, less existing contributions, capped at 40%
- Carry forward still available – must have sufficient earnings in year of contribution to justify contribution and must maximise current years contributions before using earlier years

## Stamp Duty Land Tax

- Holiday extended:
  - £500,000 to 30 June 2021
  - £250,000 to 30 September 2021
  - £125,000 from 1 October 2021



- Off payroll rules
- Changes in Corporation Tax rates from 2023
- Super deduction
- Loss carry back



Rate increase from 2023 up to 25%.

- £50,000 or less = 19%
- Up to £250,000 = marginal
- £250,000 plus = 25%

**BEWARE** – Close Investment Holding Co!

6% less reserves for dividends

Keep taxable profits low? **Pensions**



From 1 April 2021 until 31 March 2023, companies investing in qualifying new plant and machinery assets will be able to claim:

- 130% super-deduction capital allowance on qualifying plant and machinery investments
- 50% first-year allowance for qualifying special rate assets

Cutting tax by up to 25p for every £1 invested



Company A has current year trading (“CY”) losses of £3,330,000

Profits for previous years of :

Year 1 - £1,100,000

Year 2 - £1,750,000

Year 3 - £1,250,000



Current rules which allow £1,100,000 of CY trading loss to be carried back to CY-1 remain unaffected and therefore uncapped.

Changes allow Company A to carry back £1,750,000 (limited to the profits of the period) of trading loss to year 2 and £250,000 (limited to unused amount of the £2,000,000 losses available for carry back) of loss to year 3.

The remaining £200,000 trade loss will be carried forward.

# Any questions?

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