

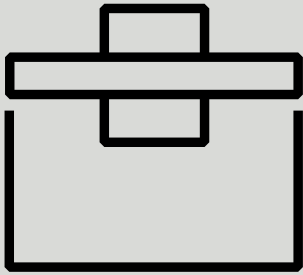


SPRING BUDGET 2021

BROOKSON
ONE

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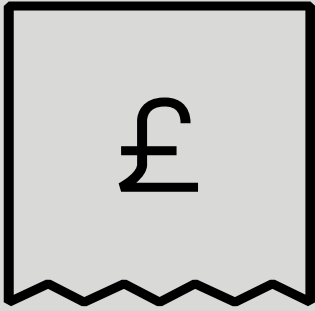
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1. INTRODUCTION

This document summarises the key changes to tax rates relevant to contractors, freelancers & self-employed professionals to come out of the Government's Budget which was delivered on 3rd March 2021.

This summary is published by Brookson, a leading provider of accountancy, tax advice and support services to freelance contractors, interims, locums and small businesses.



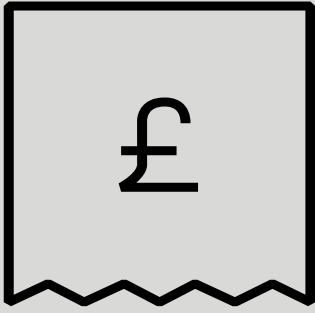
2. COMPANY & BUSINESS TAX

2.1 Corporation Tax Rate

The Chancellor announced that from 1st April 2023, companies with profits over £250,000 will be subject to corporation tax at a rate of 25%. However, companies with profits of less than £50,000 will continue to be subject to corporation tax at 19%. Tapering relief will be applied for those with profits between these thresholds so that their effective marginal rate will fall between 19 and 25%. We expect more information on this change to be made available in the next 12-24 months.

2.2 VAT Measures

The Chancellor previously confirmed that the VAT registration threshold will remain at £85,000 for a further 2 years, until April 2024, similarly the VAT de-registration threshold will remain at £83,000.



3. PERSONAL TAX

3.1 Income Tax

The Chancellor announced in the 2021 Spring Budget that following the increases on 6 April 2021 there would be no further increases to the personal allowance and the higher rate tax threshold until 6 April 2025. The revised thresholds will be:

- The personal allowance will increase to £12,570 from 6 April 2021;
- The basic rate tax band will increase to £37,700 from 6 April 2021;
- The additional tax rate threshold remains unchanged at £150,000.

As in previous years, for every £2 over £100,000 that you earn your tax-free personal allowance will be reduced by £1.

3.2 National Insurance

The lower earnings limit (the amount which you need to earn to qualify for certain state benefits) will remain at £120 per week. The Class 1 primary threshold (over which you need to pay employees National Insurance at a rate of 12%) will increase from £183 to £184 and the Class 1 secondary threshold (over which you need to pay employers National Insurance at a rate of 13.8%) will increase to £170 per week.

If you are an existing Brookson One Customer, you will shortly be receiving communication with our proposed recommended directors fee for the 2021/2022 tax year.

3.3 IR35 Changes

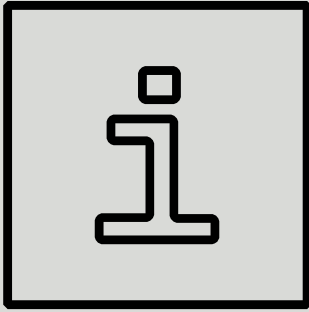
The off-payroll (IR35) changes will go ahead as expected on the 6th April 2021. This is likely to result in you working on a mix of inside and outside IR35 assignments in the future and it will be your client who determines your IR35 status from 6 April 2021.

In order to support you through these changes, Brookson has launched Flex. Flex is a solution that allows contractors to move between limited and umbrella working if they are temporarily impacted by IR35 or need a long-term solution for multiple assignments with different IR35 status outcomes.

What is Flex

Flex is a unique service built to simplify very complicated legislation and help you manage the complexities of switching between Limited and Umbrella contracts. Flex allows you to switch how you work and get paid, enabling you to control your tax situation and optimise your longer-term financial planning.

[Learn more about Flex](#)



4. OTHER

4.1 Mortgages

The Chancellor announced a new mortgage guarantee scheme from April 2021. This scheme will help people with deposits of just 5% and can fix the mortgage rate for at least 5 years. If you are considering purchasing a property or re-mortgaging, then Brookson Financial have an expert team that can assist you and can discuss your requirements.

[Learn more about Brookson Financial](#)

4.2 The Coronavirus Job Retention Scheme

The Chancellor announced that the furlough scheme will be continued until September 2021, with all terms initially staying the same as they are now (80% of income for employees out of work up to £2,500). As of July, companies will be asked for a 10% contribution, and then rising to a 20% contribution in August and September.

Whilst it is disappointing that there is no targeted support package for limited company directors, this scheme is open to you should your business be impacted by Covid-19. Brookson will support and assist you with your claims if you are eligible.



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