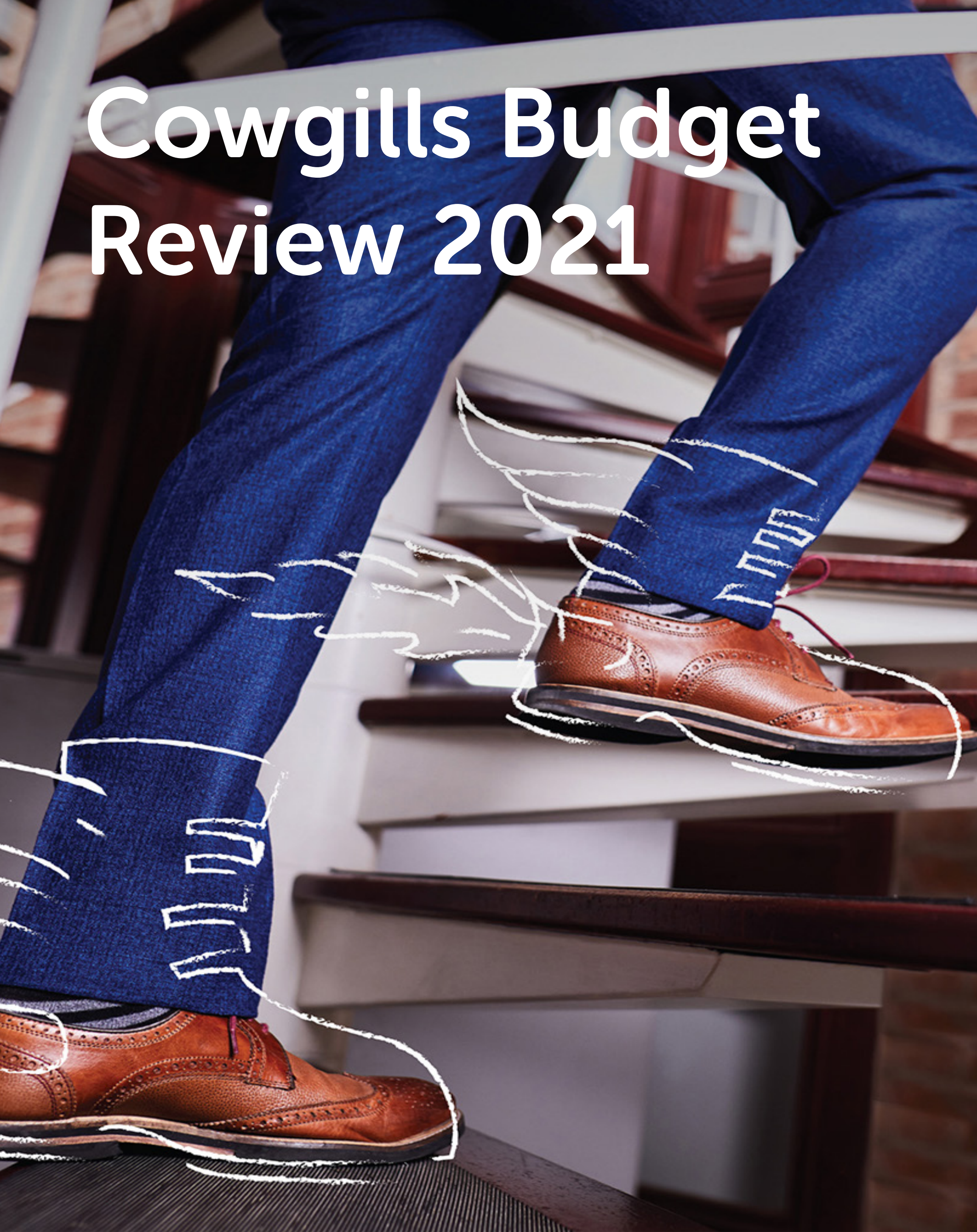
# Cowgills Budget Review 2021



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# Budget 2021

The Chancellors' budget didn't contain the swingeing tax rises that many were predicting. There had been significant speculation regarding changes to the corporation tax and the capital gains tax regime however what we actually got was a change in the corporation tax rate scheduled for two years' time and a deafening silence regarding capital gains tax.

There were a number of positives; the previously announced extension to the furlough scheme, the measures to assist the self-employed and extension to grants and loans. Business rates continue to be put on hold until the end of June 2021 with a discounted payment regime for the following six months, however what the Chancellor didn't address was the continuing rumblings of unfairness that plague business rates and the perceived advantage enjoyed by online businesses.

The hospitality and entertaining industries will have welcomed the continued reduction in VAT rates, once the country is allowed out to play again, with a staged return back to the standard rate. The extension of the reliefs, grants and loans are very much a lifeline for those businesses unable to reopen for some months to come.

There was also good news for those areas nominated as freeports and the additional benefits they will be able to offer businesses such as enhanced capital allowances, stamp duty reliefs etc, very much playing into the governments' rebalancing of the north initiatives. Our belief is that they weren't innovative enough. These measures will be great for businesses already within these regions looking to expand, but the idea that they will incentivise businesses to gravitate from the south seem fanciful. If the Chancellor had been bold and introduced reduced rates of business tax in the freeports (the benefit enjoyed by freeports across the globe) this would have been much more of an incentive for successful businesses to relocate their operations to the northern regions.

There was good news for the property sector with the extension to the stamp duty holiday which will benefit homeowners as well as investors. It was also great to see the government assisting first time buyers with a government backed mortgage guarantee arrangement. However, first time buyers will need all the financial help they can get with the fiscal drag measures that the Chancellor also introduced by freezing the personal allowance, higher rate threshold, CGT and IHT allowance.

Those who have been in business for a while will have had a 'Back to the Future' moment with the return of marginal relief and a small business threshold. The ability to carry back corporate losses for three years for those businesses that have been horrendously affected by the pandemic will be welcome.

There was also a very stark warning given by the Chancellor to those businesses who may have claimed furlough incorrectly by the recruitment of 1,000 'investigators' who will look to apply the new furlough fraud rules which can levy penalties of 100%.

All in all, a tepid budget that failed to address the elephant in the room regarding how the ballooning national debt will eventually be paid for.

lisa.

**Lisa Wilson**
Partner and Head of Tax

# COVID support

## Protecting people and businesses

### Coronavirus Job Retention Scheme (CJRS)

The CJRS or 'furlough' scheme has protected more than 11 million jobs since its inception last March and had been due to close at the end of April. Today, the Chancellor announced that the scheme will now be extended until the end of September, beyond the date in June the government says most virus restrictions are set to be lifted.

Employees will continue to receive 80% of their wages until the scheme ends, but firms will be asked to contribute 10% in July and 20% in August and September as the scheme is gradually phased out.

### Self Employed Income Support Scheme (SEISS)

This grant allows self-employed people, whose business and income have been affected by the COVID pandemic, to claim money from the government and these will also be extended until the end of September.

The fourth grant will cover February to April, worth 80% of average trading profits up to £7,500 and it will be available to claim from April.

The Chancellor announced a "fifth and final grant" to cover the period May to July with the system open for claims from late July.

But, as the economy reopens, support will be "targeted", he said. Those whose turnover has fallen by 30% or more will continue to receive the full 80% grant.

Those whose turnover has fallen by less than 30% will get a 30% grant.

More than 600,000 people - many of whom became self-employed in 2019/20 - are estimated to now be eligible for the grants. This is because the tax return data for 2019/20 is now available.

## Coronavirus Business Interruption Loans Scheme (CBILS)

CBILS, currently available for SMEs affected by COVID, will be replaced with a new recovery loan scheme.

Under the new scheme, businesses of any size can apply from £25,000 to £10,000,000 through to the end of 2021, and the government will provide a guarantee to lenders of 80%.

## Business Rates Holiday

Businesses in the retail, hospitality and leisure sectors in England were exempt from paying business rates for the 2020 to 2021 tax year. The exemption will now run until June.

For the remaining nine months of the financial year, business rates will be discounted by two thirds, up to a value of £2,000,000 for closed firms, the Chancellor said.

## £5bn 'restart' grants from April

The Chancellor has announced a new 'restart' grant to help retail, hospitality and personal care businesses reopen from April.

Retailers, which are due to reopen from April, will be eligible for grants of up to £6,000 per premises.

Pubs, restaurants and salons, which will be closed until later in the year, will be able to claim grants of up to £18,000.

# Corporation tax rates and marginal relief

## Current rate remains until 2023

Until 1 April 2023 Corporation Tax (CT) will remain at its current rate of 19% until the financial year 2023.

From 1 April 2023, the CT main rate will be increased to 25% applying to profits over £250,000.

A small profits rate (SPR) will also be introduced for companies with profits of £50,000 or less.

Companies with profits between £50,000 (lower limit) and £250,000 (upper limit) will pay tax at the main rate reduced by a marginal relief. Where a company's profits fall between £50,000 and £250,000, it will be able to claim an amount of marginal relief that bridges the gap between the lower and upper limits by providing a gradual increase in the CT rate.
The lower and upper limits will be proportionately reduced for short accounting periods and where there are associated companies.

**Cowgills' view** "This is very much 'Back to the Future' for those clients that remember marginal relief. Many were surprised that the change to the relief will not be implemented until April 2023 and that the rate for those with profits greater than £250,000 will face a 6% tax hike in just one day.
It may have been more prudent to introduce the change incrementally over a period of time rather than have such a cliff edge, however a lot can change in two years as we have seen."

# Temporary extension to loss carry back

## Companies and unincorporated businesses eligible

A temporary extension of the losses eligible to be carried back and offset against profits in previous years has been introduced.

Historically, trading losses arising in a company or unincorporated business could be carried back and offset against total profits arising in the previous 12 months. If profits are reduced to nil, the balance of any unused losses are carried forward to offset against future profits.

This measure will allow businesses with accounting periods ending between 1 April 2020 and 31 March 2022 to carry back trading losses to an extended period of the previous three years, offsetting against profits in the most recent year first.

The rules for the carry back of losses to the previous year will remain unchanged in both companies and unincorporated businesses. They will be able to carry back as much as they require to reduce profits to nil. Losses carried back to the preceding two years will have a cap equal to the lower of total profits in these years or £2 million. Any unused losses will still be available to be carried forward.

This is a cap of £2 million of losses for all relevant accounting periods ending in the period 1 April 2020 to 31 March 2021 (financial year 2020) with a separate cap of £2 million applying for all relevant accounting periods ending in the period 1 April 2021 to 31 March 2022 (financial year 2021). If a group of companies exists, the £2 million cap will be the total for available for the whole group.

The potential repayment of tax from earlier years in unincorporated businesses will depend on the tax positions of the individual, but if a company, or group of companies, is able to utilise the full £2 million allowance in both accounting periods, they stand to receive accelerated tax relief of £780,000.

**Cowgills' view** "This will be of huge benefit to clients who were profitable before the pandemic but may have suffered losses in the last year due to a drop off in profitability. The ability to carry back losses for three years will generate an immediate cashflow benefit which could be crucial to emerging 'ready for business' after the end of restrictions in June.

"If you believe that you might benefit from this relief contact you relationship partner in order to get the claims in as soon as possible."

# Qualifying capital investments

## New temporary tax reliefs available

In order to stimulate business investment, the Chancellor announced a new 'super deduction' for companies investing in plant and machinery over the course of the next two years.

From 1 April 2021, businesses will be able to claim 130% allowances on most new plant and machinery ('P&M') investments such as production plants. There will also be a first-year allowance of 50% on the construction of new fixtures within buildings such as heating, lighting, lifts and other mechanical and electrical (M&E) installations.

Capital allowances allow businesses to write off the costs of tangible capital assets, such as plant and machinery, against their taxable income effectively replacing depreciation which is not an allowable tax deduction. First year allowances enable enhanced rates of relief, providing that the claim is made in the first year that the expenditure is incurred.

Second-hand assets are excluded from the super deduction along with cars. Plant hire and property rental businesses are excluded from relief along with purchases from connected parties. Where contracts were entered into prior to 3 March 2021, these will be excluded even if the expenditure is incurred after 1 April 2021.

**Cowgills' view** "Capital allowances are a great incentive to businesses when investing in capital assets. This additional relief will hopefully stimulate investment within those businesses that have done well during the last year and who have liquidity to fund additional investment for opportunities that will arise post pandemic.

"It may also incentivise those who qualify for loans and grants to apply for funds to maximise growth when reopening for business."

# Business rates

## Business rate holiday for the retail, hospitality and leisure sectors

The business rates holiday for companies in the retail, hospitality and leisure sectors in England has been extended by an additional three months from 1 April 2021 to 30 June 2021.

This will be followed by 66% business rates relief for the period from 1 July 2021 to 31 March 2022, capped at £2 million per business for properties that were required to be closed on 5 January 2021, or £105,000 per business for other eligible properties for example nurseries.

**Cowgills' view** "This temporary measure will be a relief to businesses that have physical property and who will have struggled to keep the doors open over the last 12 months. What is it doesn't address is the fundamental need for the government to address the disparity between those businesses that require physical property and those that don't; and the perceived advantage that it gives online businesses.

"We suspect this won't be the last time the Chancellor will need to review the business rates regime to bring it into the 21st Century."

# Stamp duty holiday

## Extended until 30 June 2021

The Chancellor has extended the stamp duty holiday by three months until 30 June 2021 in an attempt to mitigate the impact of the latest Covid lockdown.

Homebuyers purchasing a property under the £500,000 threshold will continue to pay nothing in stamp duty. However, any property purchase in excess of £500,000 will be subject to Stamp Duty Land Tax (SDLT).

Property investors will continue to pay 3% more, above the standard rate (unless the purchase price is less than £40,000 in which instance no SDLT is chargeable).

| | **Stamp Duty Land Tax** | |
|---|---|---|
| Threshold | Standard Rate | Buy-to-let/second home rate |
| £0 to £500,000 | 0% | 3% |
| £500,001 to £925,000 | 5% | 8% |
| £925,001 to £1,500,000 | 10% | 13% |
| £1,500,000+ | 12% | 15% |

There will also be 'the further temporary relief period' which will run from 1 July 2021 to 30 September 2021, where the property consideration thresholds will be reduced as listed below:

| | **Stamp Duty Land Tax** | |
|---|---|---|
| Threshold | Standard Rate | Buy-to-let/second home rate |
| £0 to £250,000 | 0% | 3% |
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| £925,001 to £1,500,000 | 10% | 13% |
| £1,500,000+ | 12% | 15% |

**Cowgills' view** "The above changes will be welcomed among homebuyers and property investors alike. In all likelihood, this will sustain the current influx of buyers within the property market which is good news for vendors looking to sell this year.

"We do however expect the delays in conveyancing to continue, due to the increase in property transactions, up until the end of the Stamp Duty holiday."

# Enterprise Management Incentive Scheme

## Offering valuable tax benefits for both employer and employee

### HMRC review

The Enterprise Management Incentive Scheme (EMI) is an HMRC approved employee share scheme offering valuable tax benefits for both the employer and employee.

The EMI scheme has been available since 2000 as a tax efficient way of awarding shares to employees in order to recruit and retain key employees. However, in the 2020 budget, the government announced that it would review the EMI scheme to ensure that it is providing the support for high growth companies as intended and examine whether more companies should be able to access the scheme.

In today's budget the government published a 'call for evidence' paper seeking views and evidence from businesses and individuals on whether the scheme is fulfilling its objectives, if the scheme should be expanded or whether other forms of remuneration could provide similar benefits for retention and recruitment for businesses. The closing date for responses is 26 May 2021 and after this date, depending on the outcome of the paper, potential changes could be made to the EMI scheme.

### Impact of COVID

As an employee, one of the criteria for being granted and retaining qualifying EMI options is that the employee works at least 25 hours per week for the company (or at least 75% of their total working time). There is an exception to meeting the working time conditions if it is not satisfied due to the employee working reduced hours or being furloughed due to COVID. This exception has been extended to April 2022.

**Cowgills' view** "EMI's were specifically mentioned in the CGT review late last year. The benefit of accessing value via a capital route by selling shares (at

10/20%), as opposed to receiving a bonus (taxed at 47%) was identified by the OTS as 'distorting behaviour'. We suspect that this review will be the first stepping stone toward changes to the rules.

"At Cowgills, we implement a significant number of EMI schemes per annum as the value to owner managed businesses in motivating key individuals is immeasurable. Therefore, our advice would be if you are considering introducing an employee share scheme, now would be the time to do so whilst there is certainty regarding the benefits, as it is unlikely any changes will apply retrospectively."

# UK witholding tax on loan interest and royalty payments

## Changes from 1 June

Where a UK company pays loan interest or royalties to a related party e.g. a fellow group company resident in the EU then prior to the UK exiting the EU an application could be made under the EU Interest & Royalties Directive for the payment to be made gross i.e. with no UK withholding tax which would ordinarily be 20%.

From 1 June all existing permissions under the EU Directive will be repealed for UK tax purposes.

**Cowgills' view** It is recommended that any existing clients that operate UK companies that pay loan interest or royalties to a connected party resident in the EU to consult with us on whether a new application under the bilateral UK Double Tax Treaties is required to be made prior to June in order to mitigate the effect of these changes. Yet another consequence of Brexit which UK businesses will need to adapt to.

# Freeports

## Eight new freeports as 'tax sites' due to open

From 9 March 2021 the treasury will embark on a process of designating areas within the eight new freeports as 'tax sites' with particular tax reliefs available. The Freeports announced were as follows:

- East Midlands Airport
- Felixstowe & Harwich
- Humber
- Liverpool City Region
- Plymouth
- Solent
- Thames
- Teeside

### Enhanced Capital Allowances (ECAs)

Once a tax site is designated within a freeport then 100% ECAs will be available on all expenditure on plant and machinery incurred by a business until 30 September 2026. The initial policy document indicates that this includes fixtures within buildings as well as normal plant and equipment which differentiates this from the new ‘super deduction’ available all over the country which introduces 50% tax relief on fixtures within buildings.

As an example, if a business relocated to a qualifying area of a freeport later this year and spent £2 million on production kit and constructed a new production facility (in which £500,000 of the construction cost were fixtures/inherent in the building such as M&E installations) a deduction of £2.5million will be available from taxable profits for that year.

It also appears these ECAs will be available to commercial property investors constructing new developments for rent in the designated areas, but each freeport will have its own ‘suite’ of tax reliefs and care will be needed to understand what the rules and restrictions are in each tax site.

## Structural & Buildings Allowance (SBAs)

For all other expenditure on commercial properties in the freeport tax sites, until 30 September 2026, an enhanced rate of 10% relief per annum on the cost of constructing new developments or refurbishing existing buildings will be available. This is up from the standard 3% allowance in the rest of the country.

For example, if a new commercial building was constructed for £10 million, excluding the cost of fixtures, and the contract was entered into after the designation of a tax site within a freeport then a deduction from profits of £300,000 would be available each year for 10 years.

## Stamp Duty Land Tax (SDLT)

Acquisitions of land and buildings for non-residential use in the designated tax sites of freeports will qualify for nil SDLT, subject to a claw-back if sold within three years.

## Business Rates & Employer NIC Relief

The bidding paper published by the treasury prior to the Budget indicated that 100% business rate relief and 0% employers NIC on new jobs created in freeports would be available but no further details have been announced in the Budget so this may be something that is progressed on a site by site basis as the suite of tax reliefs is agreed between each freeport and the treasury.

**Cowgills' view:** "These new measures seemingly are the beginning of the 'levelling up' that the government has promised in respect of the North/ South divide. The measures are generous and for clients that are already thinking of setting in up in these regions the relief will be a welcome bonus.

These measures are all about businesses investing in capital assets and property at a time when some just won't have the resources to do so. For those businesses who are intending to upsize their operations however, these new reliefs could be the incentive required for them to relocate. The government could have gone further and introduced a special tax rate that would have acted as much more of an incentive for businesses to migrate North."

# Off-payroll working rules

## New rules from 1 April 2021

The off-payroll working rules have been in place since 2000 to ensure fairness between individuals who work in a similar way. They are designed to make sure that an individual, who works like an employee but through their own limited company such as a person with significant control (PSC), pays broadly the same Income Tax and National Insurance contributions (NICs) as other employees.

The rules do not apply to the self-employed.

From 1 April 2021 measures will apply to engagements with medium or large-sized client organisations in the private and voluntary sectors. It will shift responsibility for operating the off-payroll working rules from the individual's PSC, to the client organisation or business to which the individual is supplying their services. This includes responsibility for deciding whether the rules should apply and ensuring that the associated employment taxes and NICs are deducted.

Engagements with small client organisations outside the public sector are exempt, minimising administrative burdens for the vast majority of owner managed business.

A 5% allowance is currently available to PSCs to reflect the costs of administering the off-payroll working rules. Because responsibility is shifting from the PSC to the organisation receiving the individual's services, this allowance will be removed from 6 April 2021 for those engagements with medium and large-sized organisations in the private and voluntary sectors.

This measure will affect contracts entered into, or for payments made for work carried out, on or after 6 April 2021. The allowance will continue to be available to PSCs for engagements with small organisations outside the public sector.

The combined revisions will mean that where an individual works for a medium or large-sized client organisation outside of the public sector, through their own PSC and falls within the rules:

- The party paying the individual's PSC (the "fee-payer" or "deemed employer") is treated as an employer for the purposes of Income Tax and Class 1 NICs
- The amount paid to the individual's PSC for the individual's services is deemed to be a payment of employment income, or of earnings for Class 1 NICs for that individual
- The party paying the worker's intermediary (the "fee-payer") is liable for secondary Class 1 NICs and must deduct tax and NICs from the payments they make to the worker's intermediary in respect of the services of the worker
- The person deemed to be the employer for tax purposes is obliged to remit payments to HMRC and to send HMRC information about the payments using Real Time Information (RTI) returns.

Provisions to allow for the transfer of liability and the passing of information through labour supply chains will also be included. These provisions will also apply to public sector client organisations who are already responsible for deciding whether the rules apply.

The Finance Bill 2021 will also introduce a Targeted Anti-Avoidance Rule (TAAR) that will target any arrangements where the main purpose, or one of the main purposes, is to gain a tax advantage by circumventing the conditions of an intermediary and taking the engagement out of scope of the off-payroll working rules.

**Cowgills' view** "The rules regarding disguised remuneration have been a round for a long time, but these new rules are intending to shift the assessment of the relationship between sub contractor and the end user in order to make sure the right amount of tax is being paid for the services provided.

"Now there will be a requirement for the end user to assess the contactors role and decide whether or not they are an 'employee' and as such payroll taxes should be levied.

"We understand that the proposed changes have resulted in a number of sectors treating all contractors as employees and deducting tax in order to mitigate the risk of a tax charge and potentially bad publicity if caught by the new rules. This cannot be fair for those contractors who may genuinely be self employed but are being forced to pay higher rates of tax to mitigate the risk of large corporates."

# Plastic packaging tax

## Becoming more sustainable

As previously announced, the government is introducing a new plastic packaging tax from 1 April 2022.

Plastic packaging is packaging that is predominantly plastic by weight. The new tax rate has been set at £200 per tonne and will apply to plastic packaging manufactured in, or imported into the UK, that does not contain at least 30% recycled plastic. It will not apply to any plastic packaging which contains at least 30% recycled plastic, or any packaging which is not predominantly plastic by weight. Imported plastic packaging will be liable to the tax, whether the packaging is unfilled or filled.

There will be an exemption for producers and importers of small quantities of plastic packaging. The government will apply a minimum threshold of 10 tonnes to ensure that small businesses are not disproportionately impacted.

This measure is not expected to have any significant macroeconomic impacts but is intended to incentivise businesses to use recycled material in plastic packaging. This should result in increased levels of recycling, diverting plastic waste away from landfill or incineration. The tax rate and threshold will be kept under review to ensure that it remains effective in achieving these objectives.

**Cowgills' view** "As this measure has been announced previously, we know that clients are already undertaking the necessary changes to ensure that they are not going to be significantly impacted by this measure.

"In order to differentiate the UK post Brexit, the government is looking increasingly towards green initiatives to give the UK a competitive edge. We suspect measures such as the plastic packaging tax are the beginning of more environmentally conscious business taxes."

# R&D tax relief

## Update from HMRC regarding ongoing consultation

The government will carry out a review of R&D tax reliefs, with consultation published alongside the Budget. This review will consider all elements of the two R&D tax relief schemes, with the objective of ensuring the UK remains a competitive location for cutting edge research, that the reliefs continue to be fit for purpose and that taxpayer money is effectively targeted.

The government is also publishing the summary of responses to the recent consultation on the scope of qualifying expenditures for R&D tax credits across the UK. It will consider bringing data and cloud computing costs into the scope of relief, alongside a number of other policy options and priorities at the wider review.

Rewarding businesses for innovation is key if we are going to counteract some of the negative impacts of Brexit. The push by the government to encourage tech and the green economy will benefit from the availability of RnD as well as businesses that contribute to the UK becoming a 'scientific superpower'.

# Income tax

## Measures to maintain the personal allowance and basic rate limit

The government has announced measures to maintain the personal allowance and basic rate limit at their 2021/22 levels up to and including 2025/26. It will set the personal allowance at £12,570 and the basic rate limit at £37,700 for the following tax years:

- 2022/23
- 2023/24
- 2024/25
- 2025/26

The National Insurance Contributions Upper Earnings Limit and Upper Profits Limit will also remain aligned to the higher rate threshold at £50,270 for these years.

The changes to the personal allowance will apply to the whole of the UK. Changes to the National Insurance contributions Upper Earnings Limit and Upper Profits Limit will also apply to the whole of the UK.

**Cowgills view** "Although the freezing of allowances sounds reasonably benign, what it creates is fiscal drag. Fiscal drag which results in less cash in individuals' pockets as inflation and the cost of living increases."

# Capital Gains Tax

## Maintaining the annual expempt amount

This measure maintains the Capital Gains Tax (CGT) annual exemption at its current amount of £12,300 for individuals and personal representatives and £6,150 for most trustees of settlements for the tax years 2021 to 2022 up to and including 2025 to 2026.

**Cowgills' view** "It was interesting that much has been made of a proposed increase in CGT rates. This obviously didn't happen but changes to the CGT regime are coming so watch this space!"

# VAT on hospitality

## Lower VAT rates for a year

The Chancellor today announced that the hospitality and tourism sectors, which he describes as some of the "hardest hit" by COVID, will pay lower VAT rates for a year.

On 8 July 2020 a temporary 5% reduced rate of VAT was introduced on certain supplies relating to hospitality, hotel and holiday accommodation and admission to certain attractions. The reduced rate was initially introduced for a temporary period between 15 July 2020 and 12 January 2021. This period was subsequently extended to 31 March 2021.
The temporary 5% reduced rate will end on 30 September 2021 and will subsequently be replaced with a 12.5% reduced rate that will be effective until 31 March 2022: both will apply across the UK.

**Cowgills' view** "This will be welcome by the hospitality industry but a year down the line it might not be enough to ensure the survival of some businesses until the UK reopens again. The sector will need to rely on loans, grants and other interim measures provided by the Government to ensure they hang on until they are able to welcome customers back to their premises."

# VAT thresholds

## Maintained for two years from 1 April 2022

The VAT registration and deregistration thresholds will remain the same for a period of two years from 1 April 2022, in order to provide businesses with continuing certainty.

The taxable turnover threshold, which determines whether a person must be registered for VAT, will remain at £85,000 until 31 March 2024.

The taxable turnover threshold, which determines whether a person may apply for deregistration, will remain at £83,000 until 31 March 2024.

# Making tax digital

## Changes relate to VAT registered businesses

The changes announced in respect of the above relate to VAT registered businesses with taxable turnover below the £85,000 VAT threshold, who are not currently required to operate Making Tax Digital (MTD) for VAT reporting and record keeping.

Businesses in this category will now be required to transition to MTD by April 2022.

Following the April 2019 deadline for businesses with taxable turnover over the threshold. This change will mean that by April 2022 all VAT registered businesses will be using MTD for VAT reporting and record-keeping.

**Cowgills' view** "Clients have known for sometime that there was a transitional period to implement the MTD record keeping and therefore all VAT registered businesses should have been making preparations to get MTD compliant."

# Home-office equipment reimbursement

## Employees can continue to be reimbursed free of Income Tax and Class 1 NICs

Due to the continued request for employees to work from home, the government announced that those who are required to purchase their own equipment can continue to be reimbursed free from Income Tax and Class 1 NICs.

This measure will not only help the employee, but it will also ease the burden on the employer, as such reimbursements would usually be subject to income tax and Class 1 NICs. The measure has been extended until 5 April 2022, meaning that employees can continue to have access to the necessary equipment to allow them to work productively from home.

Although not directly related to the budget, it is worth noting that individuals who continue to use their home for work purposes and claim an expense for doing so, will not have the Principal Private Residence Relief (PPR) exemption on their home affected and therefore, it would be prudent for those who do qualify, to claim such an expense. A person's PPR would only be affected if a certain area in the home is used exclusively for business purposes.

**Cowgills' view** "The feedback we have received from a number of clients is that working from home is here to stay. The above measures therefore are useful for employees who undoubtedly will incur costs for equipment and the use of the home as an office."

# Setting the standard Lifetime Allowance for pension purposes

## From 2021/22 to 2025/26

This measure removes the annual link to the Consumer Price Index increase for the next five tax years and so maintains the standard lifetime allowance at £1,073,100 for tax years 2021/22 to 2025/26.

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