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Summer Statement 2020

The recent Summer Statement contained a number of interventions designed to kickstart an economy that has contracted by 25% in two months. The main focus is on job creation: Rishi Sunak's 'Plan for Jobs'.

Here is a summary of the main announcements:

Job Retention Bonus

As an incentive to employers to bring back staff who have been furloughed, the Government will make a one-off payment of £1,000 to employers for every previously furloughed employee who remains continuously employed to 31 January 2021. To be eligible, employees must earn over £520 per month on average between the end of the Coronavirus Job Retention Scheme on 31 October 2020 and 31 January 2021. Payments will be made from February 2021.

Guidance is expected to follow towards the end of July.

Kickstart Scheme

A new Kickstart Scheme will be introduced, a £2 billion fund to create 6 month work placements aimed at those aged 16-24 who are on Universal Credit and are deemed to be at risk of long term unemployment. The funding available for each job will cover 100% of the National Minimum Wage for 25 hours a week, together with employer National Insurance contributions and employer minimum automatic enrolment contributions.

Guidance is expected to follow towards the end of July.

Temporary Stamp Duty Land Tax (SDLT) Cut

The Government will temporarily increase the Nil Rate Band of Residential SDLT, in England and Northern Ireland, from £125,000 to £500,000. This will apply to property acquisitions completed from 8 July 2020 until 31 March 2021. The maximum SDLT saving as a result of this change is £15,000.

The 3% higher rate for purchases of additional dwellings continues to apply.

Green Homes Grant

A £2 billion Green Homes Grant will be introduced, providing at least £2 for every £1 homeowners and landlords spend to make their homes more energy efficient, up to £5,000 per household.

Support for Hospitality Sector

From 15 July 2020 to 12 January 2021, to support businesses and jobs in the hospitality sector, the reduced 5% rate of VAT will apply to supplies of food and non-alcoholic drinks from restaurants, pubs, bars, cafés and similar premises across the UK.

In addition, the reduced 5% rate of VAT will apply to supplies of accommodation (such as hotels, B&Bs and caravan sites) and admission to certain attractions (such as theatres, circuses, museums, zoos, cinemas and exhibitions) across the UK. The reduced rate does not apply to admission to sporting events.

The links below provide guidance on these changes:

<https://www.gov.uk/guidance/vat-reduced-rate-for-hospitality-holiday-accommodation-and-attractions>

<https://www.gov.uk/guidance/vat-on-admission-charges-to-attractions>

The Government will also introduce an 'Eat Out to Help Out' scheme to encourage people to return to eating out. This will entitle every diner to a 50% discount of up to £10 per head on their meal at any participating restaurant, café, pub or other eligible food service establishment. The discount can be used unlimited times and will be valid Monday to Wednesday on any meal eaten on the premises (including on non-alcoholic drinks) for the entire month of August 2020 across the UK. Participating establishments will be fully reimbursed for the 50% discount.

Eligible businesses can register for the scheme from 13 July 2020. The service used to claim reimbursements will be available on 7 August 2020.

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