# INSIDER

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## DEADLINE APPROACHES FOR FIFTH AND FINAL SELF-EMPLOYED GRANT

**The self-employed have until the end of the month to apply for the final grant available via the self-employed income support scheme (SEISS).**

Everyone who is eligible for the last SEISS grant should have received a personal start date from HMRC in recent months.

These gave self-employed taxpayers a date from which they can apply for the support, with the first applications being accepted from 29 July 2021.

HMRC has warned it won't process claims submitted before an individual's personal start date.

This staggered start aims to give HMRC enough time to assess each claim before the window closes on 30 September 2021.

Chancellor Rishi Sunak said earlier this year that the fifth round of grants will "support those most affected by the pandemic".

There are two levels of grant available. Those whose turnover fell by 30% or more will continue to receive the full 80% grant of up to £7,500.

Those whose turnover has fallen by less than 30% will receive a reduced 30% grant of up to £2,850.

HMRC is using a turnover test to determine which level of grant taxpayers qualify for (either 30% or 80% of three months' average monthly profits).

Just like the previous four SEISS grants, the latest grant is also subject to income tax and self-employed National Insurance contributions for 2021/22.

**Speak to us for clarity on your business's turnover.**

## NATIONAL INSURANCE CONTRIBUTION RATES 'POISED TO INCREASE'

**The Government could be set to raise National Insurance contributions (NICs) by 1% for both employers and employees, a report has claimed.**

*The Times* claimed ministers have agreed to increase rates to raise an extra £10 billion a year for the National Insurance Fund.

This would initially be used to reduce NHS waiting lists, before helping to fund longer-term social care reforms.

Most employers pay NICs at a rate of 13.8%, while the majority of employees pay NICs at 12% on their earnings in 2021/22.

The move, which would go against a Conservative manifesto pledge not to raise NICs rates, has been greeted with dismay.

The Federation of Small Businesses (FSB) slammed the idea of raising the 'jobs tax', with many firms still reeling from COVID-19.

Mike Cherry, chairman at the FSB, said:

"A lot of business owners have had the worst 16 months of their professional lives.

"Many firms are now struggling with staff being pinged, emergency loans and late payments.

"NICs essentially serve as a jobs tax, making it harder for them to create opportunities.

"To hike them as the furlough scheme and wider support measures end would stop our economic recovery in its tracks before it's even started."

Any move could potentially take effect from April 2022.

**Contact us about National Insurance planning.**

## 1 IN 5 UK EMPLOYERS CONSIDER MAKING REDUNDANCIES

**A minority of UK employers could be about to cut jobs, due to the withdrawal of the furlough scheme and rising costs.**

The scheme, which has protected around 11.6 million jobs since the start of the pandemic, will close on 30 September 2021.

The Government currently pays 60% of a furloughed worker's wages and employers will pay 20%, plus workplace pension and National Insurance contributions.

By making furlough more expensive for employers, the Government hopes to encourage them to take workers back full-time, if they can.

Some employers with workers on furlough might find that they cannot afford to keep them on as business returns to normal from 1 October 2021.

As a result, research from the British Chambers of Commerce (BCC) found that 18% of UK employers plan to make redundancies before the end of the year.

Jane Gratton, head of people policy at the BCC, said:

"This will likely result in employers who are still struggling to recover from the recession being forced to make redundancies and cuts to working hours.

"Whether furloughed workers are returning to the workplace or the wider labour market, it is crucial that employers and the Government give the support and training they need to be re-engaged and productive.

"Alongside rapid retraining opportunities, the Government should extend the kickstart scheme into 2022, and expand it to enable older workers to gain new skills and experience."

The kickstart scheme was launched in September 2020 and pays the wages and associated employment costs for businesses taking on 16 to 24-year-olds in receipt of universal credit for up to six months.

While that scheme has yet to be extended at the time of writing, the Government has launched a new flexible apprenticeship scheme for the agricultural, construction, and creative sectors.

Organisations in these industries can apply for grants of between £100,000 and £1 million to set up new flexi-job apprenticeship agencies before the end of 2023/24.

**Talk to us about managing costs in your business.**

## CAPITAL GAINS TAX RECEIPTS CLIMB 3% TO RECORD-HIGH

**HMRC collected a record of £9.9 billion from capital gains tax receipts in 2019/20, according to official statistics published last month.**

The tax authority said this was 3% up on the previous tax year's receipts, but the number of taxpayers paying tax on their gains fell 6% to around 265,000.

Most of the liabilities collected came from 1% of taxpayers who made the biggest gains in 2019/20, with 41% of the receipts coming from those who made gains of £5 million or more.

More than a quarter (28%) of these revenues (£2.8bn) came from business assets that qualified for entrepreneurs' relief, which saw its lifetime limit slashed from £10m to £1m with effect from 11 March 2020.

Basic-rate taxpayers pay tax at 10% on gains above the annual exemption in 2021/22, while those in the higher-rate and additional-rate income tax bands pay 20% on disposal of most assets.

Higher capital gains tax rates – of 18% and 28%, respectively – can apply when selling certain assets, such as investment properties or second homes that have significantly increased in value over time.

Earlier this year, Chancellor Rishi Sunak froze the capital gains tax annual exemptions at £12,300 for individuals and £6,150 for trusts up to and including April 2026.

With asset prices increasing and the annual exemptions frozen, it stands to reason that more taxpayers could be impacted by paying capital gains tax over the coming years.

An increase in capital gains tax rates also appears more likely than any other fiscal policy tweak, after the Office for Tax Simplification (OTS) published two capital gains tax reports containing a raft of recommendations.

Last year, the OTS suggested the Government should align capital gains tax with income tax, and reduce the annual exemptions because its current structure "distorts behaviour" and creates "odd incentives".

Speculation of rate hikes is prompting some taxpayers to plan disposals in 2021/22, to beat any kind of reform that could potentially kick in from next April.

**Get in touch to discuss tax-efficient disposals.**