

# THE BRITISH CHAMBERS OF COMMERCE

## Submission to the 2021 Budget

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The priority of the 2021 budget should be to set out a comprehensive plan to support business cash flow and jobs throughout this year – alongside longer-term measures to support the restart, rebuilding and renewal of the UK economy. The British Chambers of Commerce therefore proposes action in the following areas:

### **A. LONGER TERM SUPPORT FOR BUSINESSES IMPACTED BY CORONAVIRUS**

#### **1. SUPPORTING BUSINESS CASHFLOW**

- **Extend and expand business rates relief** - The 100% business rates discount for businesses in the retail, hospitality and leisure sectors in England for 2020-21 should be extended until the end of the 2021/22 financial year. The businesses rates relief should also be extended to all businesses whose ability to generate revenues has been severely impaired, whether they are mandated to be closed or not.
- **Offer immediate and more significant cash grant support** - an immediate, further round of upfront cash grant support – at least equivalent to levels of around £25,000 available in the first national lockdown - with sufficient funds to provide for all businesses that need it in every sector.
- **Extend deferral on VAT** - extending the VAT deferral until at least the end of 2021. Extending options for the repayment plan even further, including extending the end of March 2022 deadline for paying deferred VAT instalments without interest, should also be considered.
- **Enhance the government lending schemes** - by ensuring all eligible businesses can access the government lending schemes, further support for businesses who have used government lending schemes, a replacement scheme for CBILS that sustainably supports businesses over a longer period and an exit strategy to deal with high debt burdens and support the recapitalisation of the UK's SMEs.

#### **2. PROTECTING JOBS AND LIVELIHOODS:**

- **Extend the job retention scheme** - commit to keeping the Coronavirus Job Retention Scheme in place until a full reopening of the economy is possible and at least until the end of July 2021. An equivalent extension of the Self-Employed Income Support Scheme will also be required.
- **Expand income protection support for directors of limited companies** - self-employment Income Support Scheme should be extended to cover company dividends as well as PAYE salary. Directors would need to make manual claims, clearly evidencing from formal financial accounts of declared dividends, and if necessary, any share splits.

Although these proposals form part of our 2021 budget submission, many businesses cannot afford to wait until March. We therefore urge the government to implement a broader package of support for businesses impacted by Covid-19 as soon as possible.

## **B. MEASURES TO REBUILD THE UK ECONOMY**

### **1. BOOSTING BUSINESS INVESTMENT:**

- **Expand the £1 million annual investment allowance** - to include Coronavirus-related investments, investment in training and investments that help a business achieve net-zero emissions.
- **introduce a temporary SME 'Brexit' tax credit** - a temporary tax credit for SMEs to support firms that need to undertake activity to adapt to the new post-Brexit arrangements. This relief should be available until at least the end of the 2022/23 financial year to support businesses through this period of significant change.
- **Removal of all plant and machinery from the valuation of property for business rates purposes** - removal of all plant and machinery from the valuation of property for business rates purposes from 2022/23, as it can play a vital role in helping boost business investment.
- **Moratorium on all policy measures that increase business costs** - a suspension on all policy measures that increase business costs for the remainder of this parliament, including no rise in Capital Gains Tax or reductions in pensions tax relief and excluding only evidence-based changes to the National Living Wage.

### **2. REPLACING EU FUNDING:**

- **Clarify intentions for UK Shared Prosperity Fund** - commitment to work closely with local business communities, including trusted third parties like Chambers of Commerce, on the determining key features of the new fund. This should include a commitment to maximise local autonomy, business voice and economic growth.

### **3. SUPPORT YOUNG PEOPLE AND OTHERS IN THE LABOUR MARKET:**

- **Temporary cut to employer national insurance contributions** - the threshold for payment of employers' National Insurance contributions should be increased from the current £8,788 to £12,500 for a minimum of 12 months from the closure of the Coronavirus Job retention Scheme.
- **Support to upskill and reskill to help people back into the labour market** - doubling the National Skills Fund over the remainder of the parliament from £3 billion to £6 billion and reinstate the £1.5 billion of funding that was withdrawn from the apprenticeship budget at the outset of the Levy.

### **4. ADDRESSING LONGSTANDING CHALLENGES FACING THE UK ECONOMY:**

- **Commitment to sufficiently capitalise the UK Infrastructure Bank** - a minimum investment of £20 billion (as recommended by Sir John Armitt, chair of the government's National Infrastructure Commission) over the parliament to provide the necessary capital base to help attract the private finance to deliver the infrastructure needed to drive levelling up.
- **Publish report and act on the Business Rates Review** - the publication of the final report into both tranches of HMT review of business rates, including a clear roadmap for delivery of the fundamental reform that is urgently needed.