



SUMMARY OF THE CHANCELLORS SUMMER ECONOMIC UPDATE – 8TH July 2020

On Wednesday 8th July 2020, the Chancellor Rishi Sunak made a speech entitled “Summer Economic Update” where he unveiled further Government supports and he unveiled the Government’s plan for jobs which he described as the “Second phase in in the Government’s economic response to the crisis.”

Here are the highlights and we will update you on the details in the next few days as the Government publishes the specifics of the supports.

The “Plan for Jobs” PDF can be seen:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/898421/A_Plan_for_Jobs_Web_.pdf

CORONAVIRUS JOB RETENTION SCHEME (CJRS) AND JOB RETENTION BONUS

The CJRS ends in October and the Chancellor looked to cushion expected redundancies with the announcement of a Job Retention Bonus (JRB). The new scheme will give employers £1,000 for each previously furloughed employee they retain and keep in employment until January 2021, as long as they are paid at least £520 a month. Further details of the scheme are expected later in July.

KICKSTART SCHEME AND MEASURES TO HELP PEOPLE FIND WORK

In order to support people finding jobs, the Chancellor announced the Kickstart Scheme, which will provide £2 billion to support the creation of “high quality” six-month work placements for 16 to 24-year-olds on Universal Credit and at risk of long-term unemployment.

The Government will provide employers that offer the placements funding equivalent to 100 per cent of the relevant level of the National Minimum Wage (NMW) for 25 hours a week. It will also cover the associated Employer NICs and minimum automatic enrolment pension contributions. Rishi Sunak also outlined additional measures, including funding for traineeships and employers that hire new apprentices, as well as funding for several careers and job-finding programmes.

The apprenticeships funding will provide £2,000 to employers in England for every apprentice hired under the age of 25 and £1,500 for each newly hired apprentice aged 25 or older. This funding is in addition to schemes already in place to support employers in taking on apprentices.



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VALUE ADDED TAX REDUCED RATE FOR HOSPITALITY AND TOURISM SECTORS

The Chancellor outlined a VAT rate cut for the Hospitality and Tourism sectors from 20 per cent to five per cent. The measures relate specifically to food and non-alcoholic drinks and to accommodation and admission to attractions, with further details expected to be published later. The VAT rate change comes into effect on Wednesday 15 July 2020 and will be in place temporarily until 12 January 2021.

EAT OUT TO HELP OUT

The “Eat Out to Help Out” scheme will provide a discount of 50 per cent of up to £10 a person on eat-in meals, including non-alcoholic drinks, at participating establishments on Mondays, Tuesdays and Wednesdays for the month of August. Restaurants, cafes and pubs can sign-up for the scheme on a new website on Monday 13 July 2020.

STAMP DUTY LAND TAX HOLIDAY AND JOB CREATION MEASURES

There is a temporary cut in Stamp Duty Land Tax (SDLT) from 8 July by raising the nil-rate band from £125,000 to £500,000 until 31 March 2021. The Treasury estimates that, as a consequence, around nine in 10 people buying a main residence will pay no SDLT.

Further details can be found on SDLT changes here: <https://www.gov.uk/guidance/stamp-duty-land-tax-temporary-reduced-rates>

RESIDENTIAL RATES ON PURCHASES FROM 8 JULY 2020 TO 31 MARCH 2021

If you purchase a residential property between 8 July 2020 to 31 March 2021, you only start to pay SDLT on the amount that you pay for the property above £500,000. These rates apply whether you are buying your first home or have owned property before.

You can use the table to work out the SDLT due:

Property or lease premium or transfer value	SDLT rate
• Up to £500,000	Zero
• The next £425,000 (the portion from £500,001 to £925,000)	5%
• The next £575,000 (the portion from £925,001 to £1.5 million)	10%
• The remaining amount (the portion above £1.5 million)	12%

From 8 July 2020 to 31 March 2021 the special rules for first time buyers are replaced by the reduced rates for additional properties



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Higher rates for additional properties

The 3% higher rate for purchases of additional dwellings applies on top of revised standard rates above for the period 8 July 2020 to 31 March 2021.

The following rates apply:

• Property or lease premium or transfer value	SDLT rate
• Up to £500,000	3%
• The next £425,000 (the portion from £500,001 to £925,000)	8%
• The next £575,000 (the portion from £925,001 to £1.5 million)	13%
• The remaining amount (the portion above £1.5 million)	15%

New leasehold sales and transfers

The nil rate band which applies to the 'net present value' of any rents payable for residential property is also increased to £500,000 from 8 July 2020 until 31 March 2021.

The following rates will apply:

• Net Present Value of any Rent	SDLT rate
• Up to £500,000	Zero
• Over £500,000	1%

Companies as well as individuals buying residential property worth less than £500,000 will also benefit from these changes, as will companies that buy residential property of any value where they meet the relief conditions from the corporate 15% SDLT charge.

On the 1 April 2021, the reduced rates shown in the above tables will revert to the rates of SDLT that were in place prior to 8 July 2020.

As outlined above we will keep you up to date with these and other measures as the Government releases further details. Please talk to us if you need any help during this time.

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