HM Treasury

BUDGET // SR

AUTUMN BUDGET AND SPENDING REVIEW 2021 FACTSHEET:

SUPPORTING BUSINESS

Today the Chancellor Rishi Sunak delivered the Budget and Spending Review for 2021, setting out an ambitious package of investment in innovation, infrastructure and skills, which – in partnership with business – will deliver sustainable growth and put us on the path to a high-productivity, high-skilled, high-wage economy that levels up every part of the UK.

How will the Budget and Spending Review support businesses?

- We are **extending the temporary £1 million Annual Investment Allowance cap** for another fifteen months until the end of March 2023, combined with the super-deduction we have delivered the biggest two-year business tax cut in modern British history.
- **We are reducing the burden of business rates by over £7 billion over the next five years including by:**
    - **Freezing the business rates multiplier** for another year **saving businesses £4.6 billion** over the next 5 years.
        - A new relief for retail, hospitality and leisure businesses worth almost **£1.7 billion.**
        - Almost **£750 million** for businesses to **improve their properties and decarbonise.**
- The conclusion of the business rates review will **modernise the system** by committing to **more frequent revaluations** – **every three years** instead of every five years.
- **Alcohol duty will be frozen across the board**, supporting the hospitality industry and its suppliers as they recover.
- An extension of support for the aviation sector, through **the Airport and Ground Operations Support Scheme** – helping airports and ground handlers with their fixed costs.
- **£245 million of tax relief for theatres, orchestras, museums and galleries** across the UK.
- **£42 million to support world-leading creative industries**, providing business and skills development support for SMEs to scale up and providing bespoke support for the UK's independent film and video game industries.
- **Extension of the Recovery Loan Scheme** for a further six months until 30 June 2022.
- We are funding the delivery of the **Help to Grow Digital and Help to Grow Managemen**t **schemes**, helping 100,000 small and medium-sized enterprises to boost productivity.
- We are reforming the **UK's tonnage tax regime** to ensure the shipping industry remains highly competitive in the global market.
- Setting the **Bank Surcharge** at its new rate of 3%, ensuring the industry remains competitive internationally. The government will also raise the annual allowance to £100 million to ensure that the tax system is supportive of growth within the UK banking market.
- To ease the temporary supply chain pressures, we are continuing to **freeze Vehicle Excise Duty for heavy goods vehicles** and **suspend the HGV Levy** for another 12 months from August 2022.
- We are also freezing **fuel duty** for the 12th consecutive year.
- We are introducing a package of **APD reforms that will bolster air connectivity within the Union**, through a 50% cut in domestic APD (benefiting 9 million passengers), and further align APD with our environmental objectives by adding a new ultra-long-haul distance band. Taken together, this package represents an **overall tax cut to the aviation industry.**

- **Total spend on skills will increase over the Parliament by £3.8 billion** by 2024-25, equivalent to a cash increase of 42% (26% real terms) compared to 2019-20.
- The first **increase to employer led apprenticeships funding** since 2019-2020 – it will rise from £2.5bn in 2021-22 to £2.7bn in 2024-25.
- We are providing funding to quadruple the number of places on **employer-led Skills Bootcamps** and delivering **24,000 traineeships a year.**

How will the Budget and Spending Review help businesses to innovate?

- We are **increasing public investment in R&D to a record £20 billion** per year by 2024-25, representing an increase of around a quarter in real terms over the SR period.
- That includes **£5 billion on health R&D** over the SR period, including **for genomics and to support the life sciences industry.**
- We are **reforming R&D tax reliefs by expanding qualifying expenditure to include data and cloud computing costs** and refocusing support towards UK-based innovation, targeting abuse, and improving compliance.
- We are **significantly increasing support for business-driven innovation**, **with funding for core Innovate UK programmes to reach around £1 billion per year** by 2024-25.
- Delivered through the **British Business Bank**, we are also:
  - Expanding the **Regional Angels Programme by £150 million**
  - Expanding programmes in the North East and South West
  - **New funds in Scotland (£150m), Wales (£130m), and building on existing programmes in Northern Ireland (£70m)**
- £312 million to continue to fund the **Start Up Loans Scheme**, which will support up to 33,000 entrepreneurs by providing loans and mentoring for people starting a business.
- A **£1.4 billion Global Britain Investment Fund** to support new investment in manufacturing industries across the UK, including offshore wind, zero emission vehicles and life sciences.
- A **new re-domiciliation regime** making it easier for companies to relocate to the UK bringing increased investment and skilled jobs.
- We are introducing a **Scale-up visa** in spring 2022 to attract the brightest and best global talent to the UK.
- We are launching a **Global Talent Network** to bring highly skilled people to the UK in key science and technology sectors.
- We will maintain the DIT Global Entrepreneur Programme to bring **more entrepreneurs** to the UK each year.