
Chancellor's Summer Statement 8 July 2020

Rishi Sunak announced further measures to support jobs and business sectors severely affected by the COVID outbreak.

Grants and reliefs offered included support for: employment, the beleaguered hospitality and tourism industry and included green initiatives as well as a novel scheme to get us to eat out in August.

The expected reduction in VAT was confirmed but was restricted to the hospitality and tourism sector. An across the board decrease was rejected.

To boost the flagging property market Stamp Duty is being reduced in England and Northern Ireland. Separate announcements on this topic are awaited for Scotland and Wales who have their own stamp duty regimes.

A brief summary of the changes announced today – 8 July 2020 - are listed below.

Job Retention Bonus

In an attempt to encourage employers to bring back furloughed employees and provide them with gainful employment, employers that bring back an employee, who was furloughed, and that continuously employs them through to January 2021, then a new Job Retention Bonus will be paid amounting to £1,000 per employee retained. Employees must be seen to be gainfully employed during this period and be paid a monthly average wage of at least £520 a month (November 2020 to January 2021).

Kickstart scheme

The new scheme will benefit employers that are prepared to create new jobs for young people (16 to 24-year-olds) who are at risk of long-term unemployment. The scheme will cover the wages (plus associated overheads) for six months. To qualify, these must be new jobs that offer at least 25 hours a week for youngsters paid the National Minimum Wage or above. Employers will need to provide training and support to find a permanent job. Employers can apply to benefit from this scheme from next month – August 2020. Government has made an initial £2bn available, but there is no cap on the number of jobs that can be created.

Apprenticeships

Employers that create new apprenticeships for the next six-months will be eligible to claim a new grant. The amount claimed will depend on the age of the apprentice.

- Apprentices up to age 25 – employers will receive £2,000 for each apprentice.
- Apprentices aged 25 and over – employers will receive £1,500 for each apprentice.

Green jobs initiatives

From September 2020, home owners and landlords will be able to apply for a grant to make their home more energy efficient. The grant will cover at least two-thirds of the cost up to £5,000 per household. For low income households these grants will cover all costs up to £10,000.

Boost for the housing market

In an attempt to encourage homeowners and prospective buyers to step into the housing market, government is offering a temporary reduction in Stamp Duty Land Tax (SDLT) in England and Northern Ireland (regional variations may apply when announced). At present, no SDLT is payable on residential property purchases below £125,000. From today – for a temporary period to 31 March 2021 – this threshold is increased to £500,000. Accordingly, if you buy a home after today and before 31 March 2021, and you spend less than £500,000, you will have no SDLT to pay. It is projected that this will reduce the average stamp duty bill by £4,500. Please note, regional variations may apply and if you buy a second residential property in the same period you will still have to pay the 3% Stamp Duty Land Tax additional rate for property purchases up to £500,000.

VAT reduction for hospitality and tourism

In a much speculated change, for the next six months VAT charged on food, accommodation, attractions, and other services in restaurants cafes and pubs, cinemas, theme parks, zoos and more will see VAT reduced from 20% to 5%. This will apply from 15th July 2020 and will end 12th January 2021. From the later date rates will resume at 20%.

Eat Out to Help Out discount

Next month, it would appear that the Chancellor wants to encourage us to eat out. In a novel approach to boost the hospitality and tourism sector, meals eaten at any participating business Monday, Tuesday or Wednesday, during August, will attract a discount of 50% up to a maximum discount of £10 per head including children. To participate in this scheme eligible businesses will need to register and can do so through a website to be opened next Monday.

The above update summarises the main points announced today. If you need more information as to their applicability to your business, please call.