

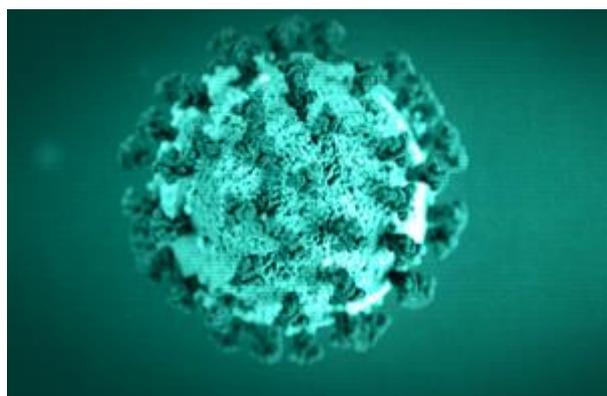
Written 15 November 2021

BUSINESS NEWS SCOTLAND

Welcome to our round up of the latest business news for our clients. Please contact us if you want to talk about how these updates affect your business. We are here to support you!

Inflation, tax rises – and the family budget

Apart from the human cost, covid has cost us all a great deal. In the first year of the pandemic, from April 2020 to 2021, the government borrowed £299bn, the highest figure since records began in 1946. Another £200bn will be needed this year, and as taxpayers, we will be paying for it all.



But the covid costs don't stop there. The low interest rates vital to restart the economy are also helping to restart inflation.

So, what does this all mean for the family budget?

Inflation is back

Inflation is a measure of rising prices and affects what you can buy for your money. Covid and lockdown reduced economic activity, eliminating the inflationary pressures that were becoming a worry at the beginning of 2020. The cost of some goods fell early in the pandemic in response to a collapse in demand.

Now, as the economy starts to recover, pent-up demand and supply chain bottlenecks are already creating severe price pressures. There are already shortages in some key sectors such as semiconductors. Scarcity inevitably means price increases.

It looks as though the process of inflation has already begun, when earlier in the year, inflation data was released the figures were higher than expected, passing the 2% mark. Now it is forecast to potentially increase to over 5% by 2022, well above the Bank of England's 2% target. The typical household spent just over £20,000 in 2019, the last pre-Covid year, according to the Office for National Statistics (ONS). Inflation rises would push up the bill for those same goods and services substantially.

National insurance and taxes are going up

National insurance contributions (NICs) paid by both employed and self-employed workers will rise by 1.25% in a bid to help fund health and social care costs. From 2023, the health

and social care levy element will then be separated out and the exact amount employees pay will be visible on their pay slips. It will be paid by all working adults, including workers over the state pension age – unlike other NICs. This means an employed basic rate taxpayer earning £24,100 a year would contribute an extra £180, while a higher rate taxpayer earning the median higher rate taxpayer’s income of £67,100 a year would pay £715.

In the March Budget there were minor increases to the £12,500 - and £50,000 - income tax thresholds to £12,570 and £50,270 respectively but these are frozen until 2026. These thresholds – which determine how much a person can earn before paying income tax, and who will pay at the higher 40% rate – usually rise with inflation, now they will not. So, we could all be paying more tax over the next 5 years.

All these increases add up to increased pressure on the family budget with higher prices and more taxes. Wages may be on the up – but probably not by enough to compensate for the added costs and tax rises.

Please talk to us about planning ahead because with some help you may be able to make your money work harder for you and reduce the amount the taxman can take.

[Your financial plans may need a fresh look, and you may need an expert to help you. We are ready to provide all the help you need.](#)

UK will be the world’s first net zero financial centre

The Chancellor has set out the UK’s plans to become the world’s first net zero aligned financial centre and welcome “historic” climate commitments from private companies covering \$130 trillion of financial assets at COP26.



Over \$130 trillion – 40% of the world’s financial assets – will now be aligned with the climate goals in the Paris Agreement, thanks to climate commitments from financial services firms.

New UK climate finance projects funded from the UK’s international climate finance commitment will help developing countries to fund green growth and adapt to the changing climate.

These commitments will help to create a huge pool of cash that could fund the net zero transition, including the move away from coal, the shift to electric cars, and the planting of more trees.

Under the proposals, there will be new requirements for UK financial institutions and listed companies to publish net zero transition plans that detail how they will adapt and decarbonise as the UK moves towards a net zero economy by 2050.

To guard against greenwashing, a science-based 'gold standard' for transition plans will be drawn up by a new Transition Plan Taskforce, composed of industry and academic leaders, regulators, and civil society groups.

These commitments come from over 450 firms from all parts of the financial industry, based in 45 countries across six continents, and have been delivered through the Glasgow Financial Alliance for Net Zero (GFANZ), which was launched by the UK to harness the power of the financial sector in the transition to net zero.

The UK has convened over 30 advanced and developing countries from across 6 continents and representing over 70% of global GDP to back the creation of a new global climate reporting standards by the IFRS Foundation to give investors the information they need to fund net zero.

See: [Fact Sheet: Net Zero-aligned Financial Centre - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/factsheets/fact-sheet-net-zero-aligned-financial-centre)

Finance Bill 2021-22 published

The Finance Bill 2021-22 was published earlier this month legislating for tax changes announced at the Budget. Changes taking effect also crack down on tax avoidance and deliver a simpler tax system. It will extend tax reliefs for museums, galleries, theatres and orchestras, implement the new residential property developer tax, and introduce reforms to tonnage tax, among other changes.

Many changes will come into effect for the next tax year starting in April 2022.

See: [Finance \(No. 2\) Bill - Parliamentary Bills - UK Parliament](https://www.parliament.uk/bills/2021-22/finance-no-2)

Claiming the Bus Recovery Grant

The Bus Recovery Grant (BRG) has been set up to support commercial bus operators in England due to the ongoing impacts of coronavirus (COVID-19) on their revenue from reduced patronage.

To claim the BRG, you must:

1. Be a public bus operator running commercial or community bus services in England outside of the London and Greater Manchester areas.
2. Have completed an application to join the BRG scheme - you cannot now apply to join the scheme and make claims.

3. Meet the [eligibility criteria for the Bus Service Operators Grant \(BSOG\)](#).
4. Currently be running at 90% or more of pre-COVID-19 mileage levels – if your mileage is beneath this you must contact the Department for Transport at BRG@dft.gov.uk and your local transport authority (LTA).

Operators should claim the BRG for each 4-week period. You can now claim online for 27 October to 23 November 2021 (period 3) onwards.

See: [Claiming the Bus Recovery Grant - GOV.UK \(www.gov.uk\)](#)

First oral antiviral for COVID-19 approved by MHRA

Developed by Ridgeback Biotherapeutics and Merck Sharp & Dohme (MSD), Lagevrio works by interfering with the virus' replication. This prevents it from multiplying, keeping virus levels low in the body and therefore reducing the severity of the disease.

Based on the clinical trial data, Lagevrio is most effective when taken during the early stages of infection and so the MHRA recommends its use as soon as possible following a positive COVID-19 test and within five days of symptoms onset.

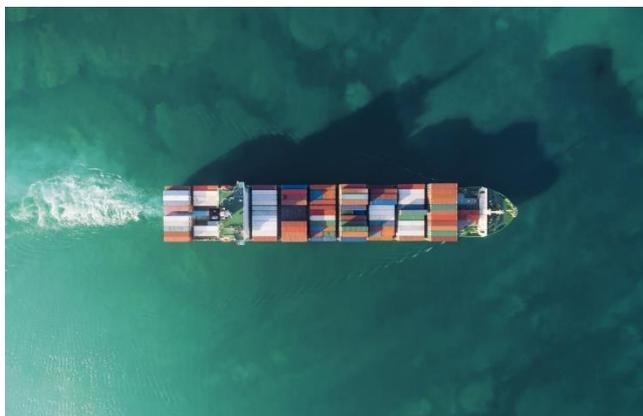
Molnupiravir has been authorised for use in people who have mild to moderate COVID-19 and at least one risk factor for developing severe illness. Such risk factors include obesity, older age (>60 years), diabetes mellitus, or heart disease.

See: [First oral antiviral for COVID-19, Lagevrio \(molnupiravir\), approved by MHRA - GOV.UK \(www.gov.uk\)](#)

International Trade Week

The UK's first ever International Trade Week is here. The week offers a series of events to help businesses learn more about selling globally and connect with trade industry experts.

Whether your business currently sells goods or services internationally, or is yet to start, whether you are a small business new to exporting to multinational companies looking to expand your horizons, International Trade Week will give you the inspiration, advice and confidence to take the next steps to grow your business.



You can build your own programme of events across the week, with both virtual and in-person opportunities available. From webinars on key global markets (e.g. doing business in Singapore) through to Free Trade Agreement (FTA) workshops, with events being run by both Government and businesses, there is something for every business.

You can tailor your week's programme to meet your company's needs. Sign up is simple - follow the links below to register for the events taking place and discover your business's full exporting potential.

See: [Home \(great.gov.uk\)](https://www.great.gov.uk)

HMRC Issue Detailed Guidance on the Super-Deduction for New Equipment.

Finance Act 2021 legislated for the temporary 130% super-deduction for companies acquiring new plant and machinery announced in the Spring 2021 Budget. This applies where the expenditure is incurred between 1 April 2021 and 31 March 2023.

This means that a new machine that cost £100,000 will reduce the company's profits for corporation tax purposes by £130,000, saving £24,700 in corporation tax (at 19%). However, there is a clawback charge when the specific asset is disposed of as it needs to be separately identified and not pooled.

The 130% allowance is available where the equipment would normally be included in the general plant and machinery pool. Where the equipment would normally be included in the special rate pool, typically integral features such as air conditioning units, then a 50% allowance is available.

The HMRC guidance sets out detailed conditions for claiming the new tax relief and clarifies that the super-deduction does not apply to motor cars and leasing business among other exclusions.

Where equipment such as lifts, heating systems and air conditioning is installed in a building that is rented out the leasing restriction does not apply.

Note also that there is the 100% Annual Investment Allowance for up to £1 million of expenditure per annum. This was due to revert to just £200,000 from 1 January 2022 but was extended to 31 March 2023 in the Autumn 2021 Budget.

See: <https://www.gov.uk/hmrc-internal-manuals/capital-allowances-manual/ca23161>

Access to Work: factsheet for customers

This factsheet explains how Access to Work can provide practical and financial support to help you overcome barriers to starting or keeping a job if you have a disability or long term physical or mental health condition. It explains:

- who can get help from Access to Work
- what you'll get

- how to claim
- how to ask for your award to be looked at again and how to complain

See: [Access to Work: factsheet for customers - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/access-to-work-factsheet-for-customers)

Kickstart Scheme employer resources

If you've been offered Kickstart Scheme funding, you can use these resources to show your support for the scheme.



The resources have added '5 tips to fill your Kickstart vacancy swiftly and successfully' document.

See: [Kickstart Scheme employer resources - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/kickstart-scheme-employer-resources)

Expanded funding to restore and protect nature

Projects that restore nature and tackle the causes of biodiversity loss will benefit from a share of at least £13.5 million annually through a Scottish Government fund set up following agreement with the Scottish Green Party.

The Nature Restoration Fund will fund projects that address the biodiversity and climate crisis by putting Scotland's species, woodlands, rivers and seas back on the road to recovery.

A Programme for Government commitment, the fund comprises a multi-year package of at least £55 million over the next five years.

See: [Expanded funding to restore and protect nature - gov.scot \(www.gov.scot\)](https://www.gov.scot/news/expanded-funding-to-restore-and-protect-nature/)

Free bus travel for under 22s

61% of young people say public transport is central to combatting climate emergency.

All under 22s resident in Scotland will have access to free bus travel from 31 January 2022, First Minister Nicola Sturgeon has confirmed, implementing a commitment agreed with the Scottish Green Party.

New research commissioned by Transport Scotland shows that almost two-thirds (61%) of young Scots agree that access to public transport will play a central role in the fight against climate change.

School pupils, students and social media influencers joined the First Minister and Mr Harvie at Glasgow Caledonian University to mark COP26's Youth and Empowerment Day on board a new, Scottish-built electric bus as she confirmed the scheme.

The change means around 930,000 young people across Scotland will benefit from free bus travel from 31 January 2022.

Transport Scotland research showed 70% of young people indicated they would use public transport more frequently if it was free.

See: [Free bus travel for under 22s - gov.scot \(www.gov.scot\)](https://www.gov.scot/topics/transport/free-bus-travel-for-under-22s)

Marine Fund Scotland

This fund re-opened on 8 November 2021. Any remaining funding for this year will be limited due to high demand.

This fund will support investments and jobs in seafood sectors, the marine environment and coastal communities in Scotland. It replaces the European Maritime and Fisheries Fund (EMFF) following the UK's exit from the EU. The EMFF supported the sustainable growth of the marine economy in coastal communities, in sectors such as fishing, aquaculture and seafood processing.

The fund is being launched under the Blue Economy policy approach and the developing Blue Economy Action Plan (BEAP).

Projects which have submitted an Expression of Interest (EOI) and which best fit with the new approach will be invited to submit a full application and supporting documents.

See: [Marine and fisheries grants - gov.scot \(www.gov.scot\)](https://www.gov.scot/topics/marine-and-fisheries-grants)

Action on single-use plastic

Legislation has been laid that will see Scotland ban some of the most environmentally damaging single-use plastic items, with the ban coming into effect on 1 June 2022.

See: [Action on single-use plastic - gov.scot \(www.gov.scot\)](https://www.gov.scot/topics/action-on-single-use-plastic)

Scotland to boost climate funding

First Minister Nicola Sturgeon has confirmed that the Scottish Government will increase its fund for climate justice by a further 50% on top of the previous commitment to double the fund as part of Scotland's response and contribution to the ongoing negotiations at COP26.

See: [Scotland to boost climate funding - gov.scot \(www.gov.scot\)](https://www.gov.scot/topics/scotland-to-boost-climate-funding)

