

2021 Budget Insight Report

What to expect in the new rate year

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The much anticipated 2021 Budget has been announced by the government, giving business owners further insight on what to expect in the upcoming financial year. The commercial impact of the pandemic was once again a central topic, with many measures introduced or extended to help businesses and protect jobs. As with every year, business rates found their way into the budget, with a focus on the continuation of specific reliefs and exemptions to support ratepayers.

This document will outline the main takeaways from the budget, to assist business owners on what they can do to relieve their financial costs.

Budget News

In his 2021 Budget, the Chancellor confirmed the government's intention to begin the economic recovery of the nation by providing support to business owners.

A series of grants have been put in place, including the Restart Grants which will be implemented in England. These will provide up to £6,000 per premises for non-essential retail businesses and up to £18,000 per premises for the hospitality, holiday, personal care and gym businesses. Airports will also benefit from a six month extension of the Airports and Ground Operations Support Scheme, reducing their rates liabilities by half for 2021-2022.

Many correctly anticipated the extension of the Expanded Retail Discount. This was confirmed by the Chancellor, who announced that the retail, leisure and hospitality sectors would continue to receive 100% relief from 1st April 2021 to 30th June 2021. Following that, a 66% relief will be available from 1st July 2021 to 31st March 2022. This will be capped at £2 million per business for properties that were required to be closed on 5th January 2021, or £105,000 per business for other eligible properties. Nurseries will also qualify for relief in the same way as other eligible properties.

The announcement of 8 new freeports across the UK was made in an attempt to reinvigorate the economy. These freeports will begin operations in the latter part of 2021 and will benefit from full business rates relief until 30 September 2026. This relief will also apply to surrounding businesses.

Final points included the official freeze of the business rates multiplier at 51.2p for the standard multiplier, and 49.9p for small businesses. The government also indicated a will to invest in HMRC to begin the digitalisation of business rates, an initiative that would modernise the way business rates operate and minimise oversights during their collection.

Delay of reform

It had previously been announced that the Business Rates Review report would be released in Spring 2021, with many looking for clarity during these uncertain economic times. However, the government has pushed this review back to later in the year; citing a need for a better understanding of the long-term state of the economy and public finances.



COVID-19 Challenges

There has been a steady growth of challenges to rateable values being placed as a result of the pandemic and the “material change of circumstances” it has incurred.

Between March and December last year, over 200,000 COVID-19 Challenges were registered; more will have been placed since then, creating an ever-growing backlog for the Valuation Office Agency.

Businesses have taken it upon themselves to challenge their rateable values to better reflect the effects that the Coronavirus has had on their operations. When dealt with, these Challenges will eventually lead to the recovery of significant sums to ratepayers, however, there is a time sensitivity to the matter. COVID-19 Challenges need to be submitted whilst in the grip of the pandemic, meaning if your business has not yet submitted one you should [get in touch with a rating agent](#).

Review your costs, prepare for life post COVID-19

The Budget has highlighted the need for business owners to explore every opportunity that could support their finances, especially with the announcement of an increase to Corporation Tax. Only certain businesses are eligible for rates holidays and other exemptions, those who cannot benefit from such initiatives should speak to their rating agents and enquire about alternative methods which can reduce their rates liabilities.

If you are not yet represented by an agent, [speak with one of our team](#) to find out how Goodman Nash can help you reduce your business rates.



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Meet the team



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