

Budget 2021: What should you be considering as a fast growth scaleup?



Economic recovery was at the heart of the Budget, and there was a theme of resilient innovation to support entrepreneurs and scaleups to lead the way for growth following the impact of the pandemic.

The Government has announced measures that enable businesses to access the talent, ideas and capital that they truly need to evolve and thrive.

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Investment Incentives



- **Highly-skilled migration:** We know that access to talent is a key priority for you. Reforms to the immigration system include a newly unsponsored points based system to help attract highly skilled, globally mobile talent in science, research and tech. This includes a 'scaleup' stream enabling those with a job offer from a recognised UK scaleup company to qualify for a fast-track visa.
- **Future Fund Breakthrough:** This initiative will help fill the scale up funding gap for tech businesses by investing in pioneering technology companies which are aiming to raise at least £20m of funding.
- **Review on listings:** There was a welcome announcement from the Chancellor that the Government would continue to look at making the UK listing process more competitive.
- **Help to Grow: Management:** A new UK-wide management programme to upskill and equip small and growing businesses with the tools to succeed. This is achieved by combining a national curriculum delivered through business schools over 12 weeks with 90% of the costs subsidised by the Government.
- **Help to Grow: Digital:** As above, a similar UK-wide scheme to help businesses save time and money by adopting productivity-enhancing software. This will combine a voucher covering up to half of the costs of approved software up to a maximum of £5,000, and advice, delivered through an online platform.

Tax Policy



- **Loss Relief:** The Chancellor has announced a temporary extension to the carry back period of losses from one to three years. This applies to trading tax losses of up to £2 million arising in the tax years 2020-21 and 2021-22 offering a cash flow benefit of up to £760k for companies.
- **R&D Tax Relief Review:** R&D Tax Relief is a lifeline for so many startups in the UK and the Government has announced a review of the two R&D tax reliefs, SME R&D and RDEC, to ensure the UK remains a globally competitive location for cutting edge R&D. The Government will consider bringing data and cloud computing costs into the scope of the relief alongside a number of other policy options which may impact many growth businesses in this digital world.
- **EMI (Enterprise Management Incentives) Review:** EMI employee share options have been vitally important in empowering growth in the UK. A consultation is underway with an ambition to allow more UK companies to be able to access EMI to help them recruit and retain the talent they need to scale up.
- **Corporation Tax (CT) Rate:** The rate of corporation tax has been stable for a number of years, However from 1 April 2023 the CT rate will increase to 25% for businesses with taxable profits in excess of £250k. Businesses with taxable profits less than £50k will continue to benefit from the current rate at 19%. Taper would apply on profits in excess of £50,000 and below £250,000.
- **Super-deduction:** From 1 April 2021 until 31 March 2023, businesses investing in qualifying new plant and machinery assets (such as IT infrastructure costs) will benefit from a 130% first year capital allowance. They will also see a benefit from a 50% first-year allowance for qualifying special rate pool (including long-life) assets. This may have a significant impact on the tax position and cash flow for companies seeking to invest in capital assets allowing them to take a Super-deduction. Growing companies should consider the interaction between the Super-deduction and Annual Investment Allowance in order to maximize tax relief.
- **Capital Gains Tax:** Despite speculation no changes to Capital Gains Tax were announced.