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Disclaimer

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It would be very helpful if members could let us know of anything that appears to indicate developments of policy or practice on the part of Government or other matters of general concern that should be pursued.

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BUDGET 2020

For information

Coronavirus response

Inevitably, much of the earlier part of the Budget speech was dominated by the Government's response to coronavirus and the prediction that it will cause production to shrink and consumer spending to fall, with a consequent negative impact on the economy overall. The Chancellor made the following commitments:

- that the NHS will be given whatever extra resources it needs to fight coronavirus;
- that Statutory Sick Pay (SSP) will be paid from day 1 rather than from day 4 and will be available to all who have been advised to self-isolate but who have not exhibited symptoms;
- that for companies with fewer than 250 employees, the first 14 days of SSP will be refunded;
- that those on Contributory Employment and Support Allowance will be able to claim on day 1 rather than day 8;
- that the minimum income floor on Universal Credit is temporarily suspended; and
- that the Government will establish a Hardship Fund, distributed to local authorities, which will be able to use it directly to support vulnerable people in their local areas.

Additionally, the Conservative Election Manifesto promised that shops, cinemas, restaurants, and music venues with a rateable value below £51,000 would have their business rates **Retail Discount** set at 50 per cent. Exceptionally for 2020-21, *they will not have to pay business rates at all* – which may benefit members who have charity shops. Also, exceptionally, the holiday from business rates will apply equally to *any* eligible retail, leisure or hospitality business with a rateable value below £51,000. At present, the relief is subject to state aid *de minimis* thresholds (a cumulative €200,000 *de minimis* threshold across 3 years), so an increase in relief could lead to some charities depleting their allowance.

Taxation

The following measures were announced by the Chancellor:

- **The National Living Wage** is to reach two-thirds of average earnings in 2024.
- **NICs thresholds** will increase to £9,500 from April 2020.
- The so-called '**tampon tax**' is to be abolished.

- **VAT on e-books** is to be abolished (its abolition had been possible under EU VAT law since 2018).
- **Fuel Duty** is frozen for 2020-21.
- **Alcohol duties** are frozen for 2020-21.
- An opposite-sex civil partner will be able to derive or inherit a **State Pension** from his or her civil partner.
- As part of the **Climate Change Levy**, the Government will increase the gas rate in 2022-23 and 2023-24, but freeze the rate on liquid petroleum gas and other commodities to encourage energy efficient heating solutions.

The Government will increase the **Employment Allowance** from £3,000 to £4,000 from April 2020. This will be helpful to many charities; but following recent changes it will only apply to employers with secondary Class 1 NIC liabilities of less than £100,000 in the previous tax year, thereby excluding larger charity employers. This relief is also subject to state aid *de minimis* limits at present, which may limit its value for charities already in receipt of significant state aid in other forms.

Particularly of interest for those in rural areas, **red diesel tax relief** is to be abolished *generally* over time – the abolition will not take effect for two years – but it is to be retained for agriculture, fish-farming, the rail industry and for non-commercial domestic heating.

Other measures

The following may be of interest to CLAS members:

- The Chancellor announced £5bn to roll out **gigabit-capable broadband** in the most difficult-to-reach 20 per cent of the country.
- The Shared Rural Network agreement will see the Government commit up to £510m, alongside funds from industry, to improve **mobile phone coverage**.
- Associated with the Budget, HM Treasury published [Regulation of pre-paid funeral plans: response to the consultation](#). The responses were broadly in agreement with tighter regulation of the sector.
- The Chancellor announced an additional £650m to tackle **rough sleeping**.

On **flooding**, the Government will invest £5.2bn in a six-year capital investment programme for flood defences, starting in 2021. The Chancellor also confirmed a £200m package of 'place-based resilience schemes' to ensure 'faster recovery for rural, urban and coastal communities most at risk of flooding' and £120m to repair flood defences damaged in the floods in winter 2019-20.

Members may also be interested in the announcement of a £250m **Cultural Investment Fund** for culture, heritage, local museums, and neighbourhood libraries. Of this, £90m will be made available from April 2020 for a Cultural Development Fund that will support cultural regeneration proposals outside of London.

Next steps

Comprehensive Spending Review: The Chancellor announced a [Comprehensive Spending Review](#) – for which HM Treasury will accept [representations](#) until **20 May** – with the following priorities:

- ‘levelling up economic opportunity across all nations and regions of the country by investing in infrastructure, innovation and people, to increase productivity and opportunity’;
- ‘improving outcomes in public services, including supporting the NHS, and taking steps to cut crime and ensure every young person receives a superb education’;
- ‘strengthening the UK’s place in the world’; and
- ‘reducing carbon emissions and improving the natural environment’.

Fundamental review of business rates in England: HM Treasury has announced that it will conduct a fundamental review of business rates in England with the objective of reducing the overall burden on businesses, improving the current business rates system and considering more fundamental changes in the medium-to-long term. The review will include reforms to the current business rates system to put the tax on a more sustainable basis, including assessment of the effectiveness and operation of different reliefs.

Apprenticeship Levy: The Government will look at how to improve the working of the Apprenticeship Levy to support large and small employers in meeting the long-term skills needs of the economy.

Useful links

- [Budget 2020](#)
- [Overview of tax legislation and rates \(OOTLAR\)](#)
- [Impact definitions](#)
- [Finance Bill 2020 documents](#)

Government announces transition to Coronavirus “delay” phase

The Government has [announced](#) that it will now transition into the “delay” phase in response to the current Coronavirus outbreak.

New measures include asking those who shows certain symptoms to self-isolate for 7 days, regardless of whether they have travelled to affected areas. The symptoms are:

- A high temperature (37.8 degrees and above)
- A new, continuous cough.

The Government asks people to stay at home and avoid all but essential contact with others for 7 days from the point of displaying even mild symptoms. Those in self-isolation do not need to call NHS 111 immediately, but should do so if symptoms worsen during home isolation or are no better after 7 days.

The announcement also noted the following:

- The UK Chief Medical Officers have raised the risk to the UK from moderate to high
- As per the current advice, the most important things individuals can do to protect themselves are:
 - Washing their hands often, for at least 20 seconds, with soap and water
 - Cough or sneeze into a tissue, put it in a bin and wash your hands.

In the coming weeks, the Government will introduce further social distancing measures for older and vulnerable people, including asking them to self-isolate regardless of symptoms.

[Source: DHSC, 12 March]