

Summer Economic Update and Plan for Jobs

8 July 2020



“ A people focused mini budget that provided a beacon of hope for jobs and offered some baby steps towards addressing intergenerational fairness. The substantial reduction in VAT from 20% to 5% for the hospitality and tourism sector should give a well needed boost to the sector that has been hardest hit – together with the “Eat Out to Help Out” discount. ”

Melissa Geiger, Head of International Tax & Tax Policy

“ Many of the larger announcements have been put off until the Budget in the Autumn. An important omission was in relation to the most crucial infrastructure used during the lockdown, accelerating the build-up of fast broadband and 5G is a vital component of the future growth of the economy. ”

Yael Selfin, Chief Economist

Support

- Under the new ‘Kickstart Scheme’ the Government will fund six month work placements for those aged 16-24 and at risk of long-term unemployment. Funding available for each job will cover 100% of the relevant National Minimum Wage for 25 hours a week, plus the associated employer National Insurance contributions and employer minimum automatic enrolment contributions.
- Employers in England will receive a payment for hiring new apprentices between 1 August 2020 to 31 January 2021. The payment will be £2,000 for apprentices aged 16-24 and £1,500 for those over 25.
- Employers who provide trainees with work experience will receive funding of £1,000 per trainee.
- A range of funding will be provided to help young people and the unemployed into work including; doubling the number of work coaches in job centres, tripling the number of sector-based work academies and provision of courses for school and college leavers.

Create

- From 8 July 2020 to 31 March 2021 the first £500,000 of the price paid for residential property will be exempt from stamp duty land tax, or for second homes and purchases by companies subject to the 3% surcharge, the first £500,000 will be charged at 3%. However, the flat rate 15% for purchases by corporates with no qualifying business is unaffected. The first £500,000 of the net present value of rent paid for residential property is similarly exempt.
- The Government will provide ‘Green Homes grants’ totalling £2bn of at least £2 for every £1 homeowners and landlords spend to make their homes more energy efficient, up to £5,000 per household. For those on the lowest incomes, the scheme will fully fund energy efficiency measures of up to £10,000 per household.
- A further £1bn will be spent on improving the energy efficiency of public sector buildings and £8.6 billion of previously announced capital spending on infrastructure projects will be brought forward to 2020-21 and 2021-22.

Protect

- To encourage the retention of furloughed workers, employers will be paid £1,000 for each furloughed employee who is brought back into the business, remains in continuous employment until at least January 2021; and is paid at least £520 on average each month between now and January.
- The Job Retention Scheme will end on 31 October 2020 as announced previously.
- The standard rate of VAT is reduced from 20% to 5% for the hospitality and tourism sectors from 15 July 2020 until 12 January 2021. It is understood this will apply to restaurants, takeaway hot food and non-alcoholic drinks, holiday accommodation and visitor attractions.
- For the month of August, the Government will fund an ‘Eat Out to Help Out’ 50% discount for every diner of up to £10 per head on their meal, at any participating restaurant, café, pub or other eligible food service establishment. The discount can be used unlimited times and will be valid Monday to Wednesday.