



The Chancellor's "Plan for Jobs"

The Chancellor of the Exchequer, Rishi Sunak today announced a "£30bn" package to protect, support and create employment in the wake of the COVID-19 pandemic.

The statement focused almost exclusively on employment and household consumption and put measures in place to reignite the UK's hospitality and tourism sectors.

The Chancellor's statement is not a fiscal event, therefore it included no comment on how taxpayers will ultimately bear the burden of these ongoing support packages. That is a matter for the Autumn 2020 Budget, by which point we will all be hoping that the pandemic is long behind us!

Below, we have captured the main announcements made today which we expect to be of interest to our readers.

Job Retention Bonus

The Chancellor confirmed that the current furlough scheme, as already announced, will not be extended beyond October 2020. However, in order to incentivise employers to retain employees beyond October, the Government will pay employers £1,000 for each employee brought back from furlough and retained until at least January. Such employees must be paid a minimum of £520 per month on average and "need to be doing decent work" for the employer to be eligible for this bonus.

These bonus payments will be made from February 2021, with more information on the operation of the scheme due by the end of July. It is prudent, at this stage, to assume that the £1,000 to be received per employee would be a taxable receipt for the employer.

Funding for the Creation of New Jobs

A number of measures were announced to try and ensure that the unemployment levels are contained. For the next six months, employers will receive up to £2,000 to take on young apprentices and £1,500 for apprentices taken on over the age of 25. In addition, there will be £1,000 for employers taking on a trainee.

In simple terms, apprenticeships are available in a wide range of industries, typically last between one and four years, must pay the National Minimum Wage (NMW) and require a level of commitment by both the employer and employee, which can only be cancelled where both parties agree. With a traineeship, the employer agrees to employ

8 July 2020

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a young person for the term of the traineeship, can last between six weeks and six months and aim to provide an education, training and work experience programme that prepares young people for the world of work. They are effectively a partnership between the employer and training provider and in contrast to an apprenticeship the contract can be cancelled at any time and the trainee does not have to be paid the NMW.

In addition, the Chancellor introduced a Kickstart Scheme. This scheme will directly pay employers for six month work placements where new jobs are created for any 16 to 24 year olds on Universal Credit and at risk of long-term employment. The job must be a minimum of 25 hours per week and pay at least the NMW. Employers will be able to top up that payment if they wish. The scheme will open for applications in August and the first jobs are expected to start in the Autumn and will run until December 2021, with the option of being extended. In addition, employers will receive a further £1,000 for administrative costs.

Stamp Duty Land Tax

In an effort to stimulate property transactions and mobility, the 0% threshold on residential property purchases has been immediately lifted from £125,000 to £500,000. This produces an SDLT saving for all residential properties purchased in England and Northern Ireland for more than £125,000, including purchases for over £500,000. The maximum SDLT saving is £15,000. This measure is due to stay in place until 31 March 2021. The 3% surcharge for additional property purchases however remains in place.

VAT – Hospitality and Tourism Sector

To support businesses and jobs in the hospitality sector, the Chancellor announced that for a period of 6 months (15 July 2020 – 12 January 2021) the reduced (5%) rate of VAT will apply to the supplies of, eat-in or hot takeaway food and non-alcoholic drinks from restaurants, public houses, bars, cafes and similar establishments across the UK. These measures will also extend to supplies, across the UK, of accommodation in hotels, B&Bs, camp & caravan sites and admission to attractions such as cinemas, theme parks and zoos.

Further guidance on the scope of this relief will be published by HMRC in due course.

This VAT cut was announced alongside the new “Eat Out to Help Out” scheme, which will entitle diners to a 50% discount of up to £10 at any participating restaurant throughout August 2020. The discount is reimbursable to the restaurant by the government.

Please contact your usual Rawlinson & Hunter contact should you require further information or any assistance with the above, or any of those listed below.

This publication and all other recent Rawlinson & Hunter LLP updates, including technical support on COVID-19 related initiatives, please see the technical updates section on our website [here](#).

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