



BUSINESS LENDING BUDGET 24

The Budget



'The budget was once described to me as like watching your Mother in Law drive off a cliff, in your brand new car. For every bit of good news there is a price to pay.'

The key to any budget is how it impacts on you, your business and your plans. We also have to understand that any incoming Government, regardless of which party forms it, will do things differently.

For now, what did the budget do for businesses or those looking to borrow commercially? Let's see...'

Dave Farmer

Recovery Loan Scheme

Remember when Jif became Cif? Marathon became Snickers? The Recovery Loan Scheme seems to have changed names almost weekly, it is now going to be known as the Growth Guarantee Scheme.

The scheme supports borrowing by providing a Government backed guarantee to the lender for up to 70% of the loan value. In return the lender should sanction borderline applications and/or provide the borrower with lower borrowing costs.

The scheme, bar moving from it's RLS moniker to GGS, has been renewed until March 2026. The scheme works on loans to SMEs of up to £2 million in Great Britain, and £1 million in Northern Ireland.

The main benefits of the scheme continue to be that it offers businesses buying or refinancing commercial property a better deal, it also offers investors buying commercial (or mixed use) property a lower cost mortgage. It will also support unsecured business lending, typically up to £250k.

With many SMEs facing higher interest rates on commercial mortgages the scheme may be well timed and hugely beneficial, it is most definitely underused, after all, who wouldn't want cheaper mortgage costs? Seeing this scheme renewed until March 2026 is good news for those that are looking at refinancing or acquiring commercial property.



Short Term Lets

Referred to as 'Furnished Holiday Lettings' or 'FHL' the rules on short term lets has been changed, as was widely expected.

The rationale for the change has been to limit the growth of short term lets in the face of rising rents and a lack of rental property supply, especially in some popular destination areas.

Full details of the changes have yet to be announced, bar that the relief for finance costs, capital allowances and CGT will cease in April 2025.

The changes seem to make buying or financing a short term let best done via a limited company. Where these properties are personally owned and financed then the treatment of interest will align with how interest is treated on any normal residential investment property where tax is paid on the gross rental income, ouch.

There is a period between now and April 2025 for those with this type of property in their personal name/s to speak with an accountant and to look at how to refinance into a limited company, something we are happy to help with.



Equipment Capital Allowances



In 2023, 'full expensing' (100% relief for the cost in the year of purchase) was introduced for most plant and machinery. The aim being to encourage business capital investment.

In the budget The Chancellor made the announcement that 'the Government will seek to extend full expensing to leased assets 'when fiscal conditions allow'.

A rather non committal promise but positive news nonetheless for companies that are looking at investing into new plant, equipment or assets.

Whilst it has no direct impact on financing asset purchases it is a consideration when budgeting affordability in that 100% of the cost can be applied in year of purchase. A handy way to combine new investment and managing that corporation tax bill.



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HMRC Tax Collection

The Chancellor announced that HMRC will be given further resources to 'improve the ability to manage tax debts'.

Scary wording or helpful wording? I'm not sure.

The aim is stated to be to 'support both individual and business taxpayers out of debt faster and collect tax that is due'.

It sounds positive but the figures suggest it will raise £1 billion a year in extra tax revenue from 2025/26 to 2028/29.

This suggests that businesses or individuals who need to pay tax and would rather keep that capital (or don't have that capital), may be better financing that tax bill rather than approaching HMRC for payment terms. Keeping a clean record at HMRC may be prudent given The Chancellor's comments.

It is also worth bearing in mind that financing a tax bill is quicker and simpler than most people realise.



Questions?



As ever, if you have any questions with anything commercial or property finance then get in touch.

Always happy to talk or chat anything through.



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*This publication is information only, it should not be considered advice or recommendation
*References include: RPD Budget Report 2024; HMRC gov.uk; NACFB 6/3/2024; Quantuma UK

