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INSIGHTS

JULY 2026

Heating Up:

JULY TAX AND BUSINESS NEWS

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FINANCIAL ADVISERY BUSINESS OF THE YEAR

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July's message from the Wellway team...

As we welcome you to our July edition of Wellway Insights, we're delighted to share some very exciting news from the Wellway team!

We are thrilled to announce that Wellway Wealth Management has been named Financial Advisory Business of the Year in the North East, at the My Locals Awards for 2026!

Our team is incredibly proud to be recognised for delivering exceptional financial advice, outstanding client service, and trusted support to individuals, families and businesses across the region. We take great pride in helping our clients achieve their financial goals at every stage of life.

This award reflects the dedication and expertise of our team, as well as the trust and loyalty of our valued clients. We'd like to extend our heartfelt thanks to everyone who voted for us and to all those who have supported us throughout our journey. Your confidence in Wellway inspires us to continue delivering the highest standards of financial advice and service every day.

Alongside celebrating this fantastic milestone, this month's newsletter brings you the latest tax, business and financial updates to help you stay informed and prepared. From changes affecting businesses and employers to practical tax planning tips and economic developments, we hope you'll find plenty of useful insights inside!

As always, if you'd like to discuss any of the topics covered or explore how we can support your business or personal financial goals, our team is here to help!

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Key Tax Dates for Your Diary

01/07	Corporation Tax for year to 30/09/2025, unless quarterly instalments apply.
05/07	Deadline to agree PAYE settlement agreements for 2025/26.
06/07	P11D, P11D(b) and Employment Related Securities returns due for 2025/26.
19/07	PAYE & NIC deductions, and CIS return and tax, for month to 05/07/2026 (due 22 July if you pay electronically)
31/07	Due date for the second self assessment payment on account for 2025/26 (if applicable)
01/08	Corporation Tax for year to 31/10/2025, unless quarterly instalments apply.
19/08	PAYE & NIC deductions, and CIS return and tax, for month to 05/08/2026 (due 22 August if you pay electronically).

MTD For Income Tax: 7 August Deadline is Near

Making Tax Digital (MTD) for Income Tax is now live. Most self-employed individuals and landlords who had turnover above £50,000 in 2024/25 were mandated into the regime from 6 April 2026.

Under MTD, you must keep digital records and submit updates to HMRC every quarter using compatible software. This is a significant change from the old system, where most reporting took place after the end of the tax year.

The first quarterly update for 2026/27 is due by 7 August 2026.

This deadline is approaching quickly, and it is important that records are complete and up to date well before then.

If we maintain your bookkeeping or prepare your submissions, you will need to send us your records in good time. Leaving this until the last minute creates unnecessary risk and may lead to delays or errors.

If you are unsure what information we need, or whether MTD applies to you, please get in touch as soon as possible.

Watch Out, Watch Out, HMRC's About

"Owners of dodgy shops that are evading tax: we are coming for you," said Dan Tomlinson, Exchequer Secretary to the Treasury, as he announced that HMRC will make 30,000 high-street 'interventions' in the coming year as part of an initiative to tackle tax fraud and illegal activity.

Effectively, it is an aggressive campaign against vape shops, barbers, sweet shops and convenience stores from being used as fronts for criminal activity.

"Too many high streets have been blighted by illegal activity that harms local communities and undercuts honest businesses, and we're determined to fix this. This is a sustained, nationwide effort, and HMRC and its partners will use every power available to dismantle these criminal networks," added Mr. Tomlinson.

The new 350-strong team of criminal investigators to tackle evasion by small businesses, announced during the Autumn Budget 2025, has now been recruited.

To illustrate the work this team is carrying out, unannounced visits were made to six souvenir shops in central London last week involving representatives from HMRC, Home Office Immigration Enforcement, Westminster Council Trading Standards and the Metropolitan Police.

As a result, HMRC will continue tax compliance enquiries, the Home Office made three arrests for immigration-related offences and Trading Standards seized goods worth £5,433.

Businesses and activities that are being targeted include:

- Cash-intensive businesses that may be associated with illegal activity.
- Businesses engaged in money laundering and in breach of National Minimum Wage rules.
- Businesses selling illicit goods such as vapes and tobacco.
- Rogue directors who repeatedly shut businesses and reopen elsewhere (phenoxism).
- Providers and users of electronic tools that manipulate sales records to launder money or suppress sales at the till.

Advisory Fuel Rates For Company Cars

The table below sets out the HMRC advisory fuel rates from 1 June 2026. These are the suggested reimbursement rates for employees' private mileage using their company car. Where the employer does not pay for any fuel for the company car, these are the amounts that can be reimbursed in respect of business journeys without the amount being taxable on the employee. Previous rates are shown in brackets. You can also continue to use the previous rates for up to 1 month from the date the new rates apply.

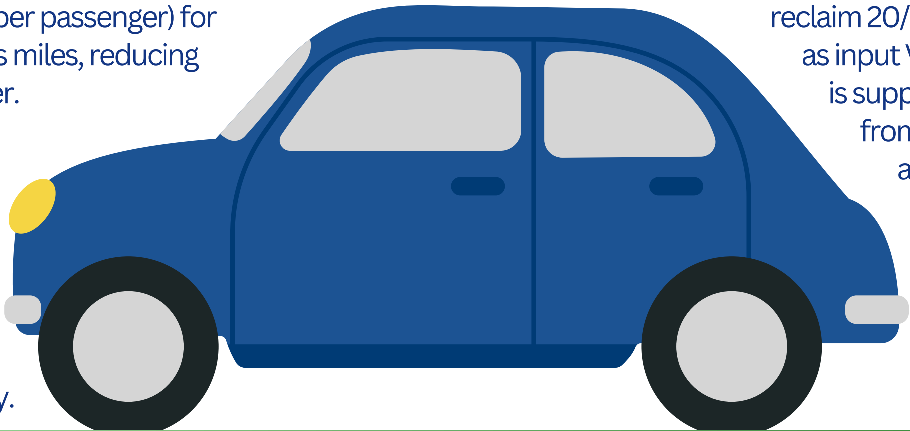
Engine Size	Petrol	Diesel	LPG
1400cc or less	14p (12p)		11p (10p)
1600cc or less		15p (12p)	
1401cc to 2000cc	17p (14p)		13p (12p)
1601 to 2000cc		17p (13p)	
Over 2000cc	26p (22p)	23p (18p)	21p (19p)

Note that for hybrid cars, you must use the petrol or diesel rate. For fully electric vehicles the rate is 7p (7p) per mile where the vehicle is charged at home. The rate applicable to vehicles charged using public facilities is 15p (15p) per mile.

Employees using their own cars

For employees using their own cars for business purposes, the Advisory Mileage Allowance Payment (AMAP) tax-free reimbursement rate was increased on 6 April 2026 to 55p per mile (plus 5p per passenger) for the first 10,000 business miles, reducing to 25p per mile thereafter.

Note that for NIC purposes the employer can continue to reimburse at the 55p rate regardless of mileage as the 10,000 mile threshold does not apply.



Input VAT

Within the 55p/25p AMAP payments, the amounts in the above table represent the fuel element. The employer is able to reclaim 20/120 of the fuel amount as input VAT provided the claim is supported by a VAT invoice from the filling station. For a 1500cc diesel-engine car, 2.5 pence per mile can be reclaimed as input VAT (15p x 1/6).

GOV.UK Chat – A New AI Tool for Tax Answers

The government has introduced GOV.UK Chat, an Artificial Intelligence (AI) chatbot designed to help users find information more quickly. It allows people to ask questions in plain language and receive instant answers based on official GOV.UK guidance.

The chatbot can answer a range of tax-related questions, including understanding Income Tax, calculating Stamp Duty, planning for retirement and the State Pension.

Since its soft launch in March 2026, thousands of users have already used the tool, with tax queries proving especially popular. Caution is needed when using GOV.UK Chat – while it is useful, it has limits. It is important to understand that:

- It only uses published GOV.UK guidance
- It does not access HMRC manuals or deeper technical sources
- It is mainly suited to basic queries

This means it may not be reliable for more complex tax situations. As with any AI tool, accuracy is not guaranteed. Responses can be incomplete or occasionally incorrect. These "hallucinations" can present wrong information as fact. Treat GOV.UK Chat as a starting point, not a final answer. To reduce risk:

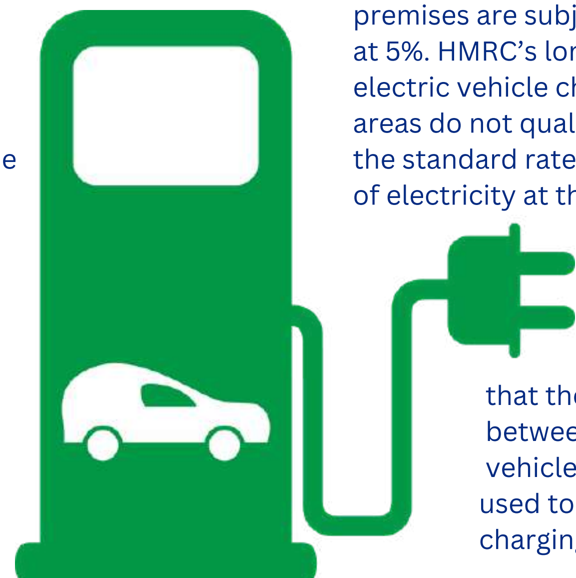
- Use it to locate guidance, not replace advic
- Read the full response, including caveats
- Make sure your question includes all relevant details

GOV.UK Chat may be helpful for quick answers but it is not a substitute for professional advice. If you are unsure, always check with us before acting.

VAT and Public Electric Vehicle Charging Points

HMRC have published 'Revenue and Customs Brief 4 (2026): VAT liability of supplies of electricity from public electric vehicle charge points'.

This explains HMRC's position following the First Tier Tribunal (FTT) decision in *Charge My Street Ltd v HMRC*, where the FTT decided in favour of Charge My Street Limited, finding that electric vehicle charging supplied at public charging stations qualified for VAT reduced rating. HMRC have applied for permission to appeal the FTT's decision, and their view remains that charging electric vehicles at public charge points is standard-rated for VAT.



Supplies of fuel and power to domestic premises are subject to the reduced rate of VAT at 5%. HMRC's long-standing policy is that electric vehicle charge points located in public areas do not qualify as domestic premises and the standard rate of VAT applies to the supply of electricity at these locations.

The FTT ruling does not set a legal precedent, however, and HMRC's policy means that there is VAT-rate disparity between electricity used to charge vehicles at home and electricity used to charge vehicles at public charging points.

TAX NEWS

Mandatory Payrolling of Benefits in Kind: Phased Introduction Confirmed

HMRC has confirmed that mandatory payrolling of benefits in kind (BiKs) will now be introduced in two phases, starting from 6 April 2027. This change will move the reporting of most benefits away from annual P11Ds and into real-time payroll, resulting in Income Tax and Class 1A National Insurance being reported through the payroll each pay period (e.g. weekly or monthly).

From April 2027, the first phase will apply to:

- Company cars and car fuel
- Vans and van fuel

- Employer-provided medical benefits.

From April 2028, most other benefits will be brought into the regime, although beneficial loans and employer-provided living accommodation will remain voluntary.

Under the new system, employers will report benefits through payroll each pay period using RTI, rather than reporting them after the year end. While this change will reduce the need for year-end forms, it increases the importance of getting payroll right throughout the year. Errors will be picked up more quickly, and corrections may need to be made in real-time.

There is still time to prepare. HMRC is continuing to work with software providers and will release further technical guidance during 2026, with final details expected ahead of the Autumn Budget.

Employers should start planning now. Review the benefits you currently provide and identify which will fall into the first phase. This is a significant shift in how benefits are taxed and reported. Preparing early will reduce disruption and make the transition much smoother.

Please get in touch if you would like help reviewing your benefits or preparing your payroll systems for these changes.

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Why Every Business Needs a Business Plan

See how a business plan can help your business grow

You have the idea, the energy, and maybe even your first customers. So why slow down to write a business plan? It can seem like something banks ask for, but not something that really helps you run your business.

However, for small and growing businesses, a well-crafted plan is not red tape. It is one of the most practical tools you can have to grow your business.

A plan forces clarity

Day-to-day, running a business makes for a busy work life, and this can stop you from properly considering some vital questions. For instance, where exactly is your revenue coming from in 12 months? What happens if your biggest customer leaves? How much working capital do you need?

Writing a business plan forces you to answer these questions. The process of articulating your market, your competitors, your pricing and your costs often reveals assumptions you had not realised you were making. That clarity is very valuable and can make a significant difference to your day-to-day decision-making.

It aligns your team

As businesses grow, it becomes more difficult for everyone in the business to work towards the same goals.

A business plan gives everyone a shared reference point: the direction the business is going, what the goals are and the reasoning on key decisions.

A concise, well-structured plan covering your value proposition, target market, financial projections and key milestones can help your team to keep working towards common goals as the business expands.

It's essential for funding

Whether you're approaching a bank for a business loan, pitching to investors, or applying for a grant, a business plan is almost always required.

A strong plan lets lenders and investors know that you understand your business deeply. It allows you to show not just the opportunity, but also how you will manage the risks.

A clear, realistic, well-evidenced plan helps you to stand out. It also protects you. The discipline of putting forecasts and projections together often reveals whether funding is the right choice for your business.

It becomes your measuring stick

A business plan can be a living document that you return to regularly. You can compare where you said you would be against where you are. For instance:

- Are sales higher than you forecast? Find out why and do more of it.
- Is it taking longer than expected to find customers? You have an early warning sign that you can act on.

Comparing your plan to reality allows it to become a management tool to help you make better decisions.

Start simple

When urgent tasks demand your attention each day, taking time to write a business plan may seem too much.

However, for businesses that are serious about growing, the thinking needed to put together a business plan is never wasted. Start with a single page covering your business model, your target customers, your competitive advantage and your key financial assumptions. Build from there.

If you would like help to craft a business plan to enable your business to grow, why not ask us about our business plan workshop and practical tools?

What Burnham's rule could mean for the UK

Not yet elected, the new MP for Makerfield, Andy Burnham, is seen as a shoo-in as our new Prime Minister. A politician with the success of growth in Manchester and his 'man of the people' persona, he is the very antithesis of Sir Keir Starmer.

After months of Labour Party pressure, a failing public image and a series of policy rollbacks, Sir Keir Starmer resigned as Prime Minister and opened the door for a so-far uncontested Mr Burnham to take leadership. So far, there has been a lack of detail on policies, save that he will follow the Labour Manifesto. Perhaps this is unsurprising as he is still officially in a Labour leadership campaign, but past statements and his Manchester policies point to what he might want to achieve.

The most important commitment Mr Burnham had made so far was his pledge to pursue electoral reform after the next election with a form of proportional representation, perhaps based on the transferable vote system found in Northern Ireland.

The financial market's view

Whoever is Prime Minister will find that the same fiscal rules, which Mr Burnham has undertaken to follow, leave limited options for increased spending.

Usually, as Prime Ministers resign, the foreign exchange and bond markets react unfavourably, especially if they view the next incumbent as bad for business. So far, the bond markets have not reacted to a Prime Minister Burnham, a sign that the City of London is willing to give him a chance.

In part, the City and the markets have given him a chance because his unofficial economic advisers have big reputations. Andy Haldane, the former Bank of England chief economist and Lord Jim O'Neill, a former Goldman Sachs chief economist, have stepped up to help him.

He has also backtracked on his more controversial statements, such as when he told the New Statesman in September 2025 that, "We've got to get beyond this thing of being in hock to the bond markets."

Two days later told the FT, "People have deliberately misinterpreted my comments about the bond markets."

Policies

While Mr Burnham has floated policy ideas, his detractors who know him have called him a 'weathervane' and 'conflict-averse' and the new ideas may simply disappear. "Andy wants to be loved and avoids making difficult decisions," said one.

He has been vigorous in his support of devolution and plans to set up a new 'devolution department' in Manchester, along with a 'Northern No 10'. Its aims are to boost regional growth and shift power out of London and Whitehall.

He is also thought to be considering breaking up the Treasury despite warnings that this would lead to huge disruption, requiring staff to apply for new jobs.

This devolution of decision-making will also see capital spending diverted from the south-east.

He points to the success of the decisions he made as mayor in Manchester that saw the city produce twice the growth rate as the rest of the country, along with housing and transportation improvements. He aims to use the same model for housing strategy, direct housing investment funding and coordinated affordable housing programmes elsewhere in the UK.

On the other hand, most economists who have studied the impact of devolution have not identified any significant increase in overall economic growth rates in Scotland, Wales and Northern Ireland over the past 25 years.

Small businesses and pubs

Mr Burnham has called some of Labour's policies on small businesses ill-considered. He has touted a cut to business rates for pubs and music venues of 20%. Certain small family-owned businesses, such as cafes and shops, could see rates abolished altogether.

These policies would be paid for through higher levies on warehousing giants such as Amazon.

Pensions

Although there are signs that he might look at cutting some social security bills, he has promised to leave the 'triple lock' on the state pension in place.

After years of supporting the £10.5 billion compensation for the Waspi women, those born in the 1950s who lost thousands of pounds each after not being properly informed of a rise in the state pension age, he has backtracked and ruled it out.

Young people and welfare spending

He has said that he will lower welfare spending, a policy that Lord Jim O'Neill believes is critical for growth rather than increasing taxes.

In particular, he supports the Milburn Review into young people's employment outcomes. The 2026 Milburn Review by former Cabinet minister Alan Milburn warned that nearly one million young people (16–24) in the UK are Not in Education, Employment, or Training (NEET).

The review condemned this as a 'record of failure' and argued structural issues are trapping young people on benefits instead of helping them work, something that Mr Burnham has promised to rectify.

Taxes

Mr Burnham has confirmed manifesto commitments not to raise the rate of the three biggest taxes, but talking to the Daily Telegraph last year, he said there was 'definitely a case' to increase the additional rate of income tax to 50p, up from the current 45p.

He has also pushed the Chancellor, Rachel Reeves, to introduce a 10p band for the lowest-paid workers. It currently stands at 20% on incomes between £12,571 and £50,270.

It is unlikely that Corporation Tax or employer National Insurance Contributions will be reduced.

Housing

The provision of housing seems to be a primary target for Mr Burnham, but it is social housing, rather than affordable homes, that he seems keen on.

He has floated a few ideas for financing, including shifting the government's existing £39bn affordable housing programme entirely to council housing. Another is using the UK's national wealth fund to provide seed funding to new regional banks, along with private investment, for a programme of new council homes

Additionally, revenue would be raised by shifting away from council tax to a land value tax. A land value tax is an annual levy on the market rental value of land.

His background

Andy Burnham, 56, has already lost twice in the run for the Labour leadership in 2010 and 2015. It followed stints in cabinet under Sir Tony Blair, where he was number two in the Treasury and as health secretary under Gordon Brown.

He has comfortably won three mayoral elections in Greater Manchester since 2017.

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Delayed Payments and Rising Costs See Britain's Builders Tottering on Collapse

A new report has concluded that late payments and rising costs are crippling Britain's construction sector. Firms already in or at risk of financial distress make up more than eight in ten companies.

The report, Fixing the Foundations, was based on a survey of senior financial managers of property and building companies in the UK, and it found worrying trends.

- 93% report late payments from clients, contractors or supply chain partners, running an average of 53 days overdue.
- One in five (20%) firms now finance their own projects while they wait to be paid.
- 18% say late payments represent one of the single biggest threats to their business.

Rising costs are also a significant problem hitting profit margins. Inflation factors such as COVID, higher employment costs, the Russian invasion of Ukraine, the Middle East conflict and unpredictable US tariffs have not only increased costs but also delayed projects.

For contracts that were signed before climbing inflation, one in five companies have seen seriously reduced profitability and a further 18% say some have been delayed to the point of no longer being profitable at all.

Another serious concern included supply chains, according to the report's publisher, Menzies. 18% were not confident that their business could survive a single insolvency or change in the supply chain.

We can help!

If you would like help with cash flow analysis and prompt payments, just let us know. We can look at your numbers together and ensure you are prepared.

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Solving Fundamental Challenges in Your Business

Most business owners will face a moment when something in the business feels persistently, stubbornly wrong. Perhaps sales are stalling, staff keep leaving or cash always seems tight. These could be described as fundamental challenges. These challenges generally don't go away on their own and can erode the business if not addressed. How, then, can a fundamental challenge in your business be solved? Let us take you through a method that we have found to be effective.

Step 1 - Identify the real problem

Since you want to avoid treating a symptom rather than the cause, it is worth spending time working out what the real problem is. For example, high staff turnover might seem like a case of not being able to recruit the right people, but the root cause might be unclear role expectations or a poor working environment.

Ask 'why' repeatedly until you get to the root of the problem. A useful way to approach this is to write down the problem in one clear sentence, then challenge each assumption in that sentence.

Step 2 - Define what the problem means to the business

Once you have identified the root problem, the next step is to work out how it's affecting the business. For instance, you could consider:

- What results are you not getting in the business because of this problem? For example, if sales performance is inconsistent and targets are being missed, this is stalling the growth of your business.
- What is the financial effect of not dealing with the problem? That could include the difference to your bottom line and whether some of the business's borrowing is unnecessary or the cost of lost opportunities.
- How is the problem distracting the business from long-term objectives? Perhaps there is no time to do meaningful strategic work because too much time is lost on firefighting.

This step helps you to quantify the effect the problem is having on your business. Sometimes it can reveal that a problem has less of an effect than you thought. It may be more productive to put effort in elsewhere. On the other hand, once you are clear how much a problem is holding your business back, you gain the motivation to sort it out. This step also provides you with clarity. A vague problem stays unsolved, whereas when a problem and its impact are clearly defined, it can be tackled more easily.

Step 3 - Identify the system needed to solve the problem

Most fundamental business problems exist because a reliable system is absent. So, give some thought to what type of system, if introduced, would make it difficult for the problem to continue happening. For example:

- A people system involving set hiring criteria, an induction process and regular appraisals of staff turnover.
- A sales system with pipeline management, scripts or set processes and accountability for inconsistent revenue.
- A financial system including cash flow forecasting, debtor management and payment terms for cash flow problems.

Step 4 - Design the system

Having identified what type of system can help, the final step is to design that system so that it works for you. You will need to decide who will design the system and what the main steps might be. What forms and documents will be needed to operate the system? Will any employee training be needed to get the system up and running effectively?

Conclusion

Fundamental challenges rarely solve themselves. If they are approached methodically, you can find the solution and help your business to continue growing.

We Can Help You!

If you would like a structured way to work through this process, we have put together a Fundamental Challenges Worksheet that guides you step-by-step, from pinpointing the real problem to mapping out the system that will solve it. To request your free copy, simply get in touch, and we will send it straight to you.

It does not need to be complicated. You might simply need to assign a senior person to take responsibility for reviewing what tools are in use, what they are costing and what they are achieving.

6. Review regularly and be willing to stop

AI tools, like any other business investment, should be reviewed periodically. What made sense 12 months ago may no longer be the best option. Build in a regular review, quarterly or twice yearly, where you honestly assess which tools are earning their place and which are not.

7. Keep human judgment in the loop

AI can process information, generate options and surface patterns that humans might miss. What it cannot reliably do is exercise judgment, take accountability, or understand the nuances of your customer relationships and business culture.
Make sure that important decisions still involve a human who understands the context, and that your team knows when to trust the AI output and when to question it.

Conclusion

The businesses that will get the most from AI are not necessarily those that adopt it earliest or most enthusiastically. They are the ones that have the clearest view about what problem they are solving, the most disciplined about measuring results, and the most honest when something is not delivering.
Continue to treat AI as you would any other significant business investment, with curiosity, rigour and a healthy dose of scepticism.

Five Eyes Warn of Devastating AI Hacks

Intelligence agencies making up the Five Eyes have given a rare public warning in a joint statement that Artificial Intelligence (AI) models capable of devastating attacks on governments and businesses are only months away.

They have warned that business leaders should be prepared. “Cyber risk can no longer be treated as a purely technical issue. This is a core business risk and leadership responsibility,” the statement said.

The intelligence agencies, such as GCHQ in the UK, along with Australia, the US, New Zealand and Canada, have warned that it should be assumed that malicious actors will soon have access to engineered and supercharged hacking tools designed by already-existing AI models and businesses must prepare for ‘an onslaught’ of sophisticated attacks.

The warning came a week after the US government ordered Anthropic to block access by foreign nationals to its most sophisticated AI models, labelling their export a security risk but also putting allies on the back foot.

The statement added that while AI would help improve cyber defence over time, it also accelerates the speed, scale, and sophistication of cyber threats.

The Five Eyes is an intelligence alliance set up between the five countries after the Second World War. Their full statement can be found at https://www.ncsc.gov.uk/news/the-ai-shift-in-cyber-risk-why-leaders-must-act-now

How Can You Make AI Work Effectively For Your Business?

Artificial Intelligence (AI) continues to make headlines. Anthropic, the company behind chatbot Claude, has filed paperwork in the US to go public. At its last valuation, the company was worth £717 billion. AI news is not all positive, though. For example, Instagram's AI chatbot is reported to have been tricked by hackers into gaining access to other people's accounts.

The BBC ran a feature article last week showing that many businesses seem to be confused about how best to roll out AI. In some cases, it seems firms are prioritising the use of AI just so that they can say they are embracing it. Other businesses are looking for staff to use AI but are not always clear on why they are adopting it and how they expect to benefit.

Businesses could be wasting effort and missing out on potential gains. What are some practical suggestions you could use in your business to make sure that AI is working for you?

1. Define your objectives

First, consider what your reason for using AI is. Are you looking to increase profitability so that you can sell the business? Are you trying to reduce time spent on low-value tasks to increase availability for higher-value tasks? The clearer you are about why AI is important to your business, the more focused you will be in picking AI tools and promoting their use in ways that will benefit your business.

2. Map your processes before you automate them

Before reaching for an AI tool, document what your current processes actually look like. If a process is already inefficient or poorly defined, using AI to automate it will often only produce inefficient or poor results faster.Take time to map out the steps of a process and identify where the bottlenecks are. Then ask whether AI is the right solution or whether a simpler fix might do the job just as well.

3. Start small and measure everything

Pilot AI tools in one team or on one specific task rather than rolling them out across the whole business all at once. Set clear criteria for what you are expecting to achieve before you begin and then evaluate honestly whether the results justify wider adoption. What does success look like in concrete terms? Is it hours saved, error rates reduced or revenue generated? If you cannot measure it, you cannot know whether it is working.

4. Get staff onboard

If staff do not understand why a tool is being introduced or how to use it, it is unlikely they will use it effectively. Anyone using AI tools should be given training on the ethics and risks of using AI, including its limitations. For instance, AI tools can exhibit bias and hallucinate information. They are also designed to flatter the user rather than provide objective information. Involve staff early in identifying where AI could genuinely help them and make training practical and relevant to their actual role. Staff will be reluctant to use AI if they believe an AI tool is there to replace them, so be clear that the goal is to make their working lives easier, and not to replace them, if that is the case.

5. Assign clear ownership

Someone in the business needs to be responsible for your AI strategy. Without that role being looked after, tools get adopted inconsistently and they are not evaluated properly.

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Companies House to Bring in Changes to Accounts Filing from April '28

Reforms to affect micro entity and small company accounts

Companies House will introduce changes to accounts filing due to governmental reforms under the Economic Crime and Corporate Transparency Act 2023 (ECCT Act 2023).

The changes will now come into effect from April 2028, rather than April 2027, to give companies more time to prepare. The reforms include requiring small companies and micro entities to file profit and loss accounts with Companies House as other companies do. They will have the option to opt out of publishing this information on the public register. As with Making Tax Digital, companies will be required to file annual accounts via commercial software.

The new rules will introduce additional limitations, including removing the option for companies to file abridged accounts and reducing the number of times a company can shorten its accounting reference period. There will also be a strengthened eligibility statement for all companies claiming an audit exemption and a requirement that the component parts of the accounts and reports be filed together.

Companies House will contact all companies via their registered email address to tell them about these changes and signpost available guidance. Although transparency and data clarity were prime factors in the planned changes, allowing small companies and micro-entities to opt out of publishing their filed profit and loss accounts protects their privacy and mitigates commercial risks.

Software-only accounts filing

From April 2028, Companies House will require all UK-registered companies to file their accounts in Inline eXtensible Business Reporting Language (iXBRL) format by using commercial software. This applies to companies that file their own accounts and those using third-party agents or accountants to file their annual accounts. Web and paper-based filing systems will be closed for account filings.

If you need help in meeting the new requirements, please call us. We would be happy to help you!

Small Businesses Get Helping Hand With Strengthened Debt Advice

A new £4 million funding boost has been given to business debt advice services to help small businesses and the self-employed. The funding will go towards expanding access to expert support to help them get back on track, giving a leg up to an additional 16,000 businesses over the next three years.

This is building on the existing Business Debtline service run by the Money and Pensions Service.

The new funding will support the government's Plan for Small Business that helps small businesses access the tools and support they need. This modernisation fund will allow them to spend more time helping their clients, particularly in complex cases that may need additional support.

Business Leaders Want Government to Prioritise EU Relationships

As the tenth anniversary of the Brexit vote passes, the Institute of Directors (IoD) has published research revealing a shift in business sentiment towards the European Union. The IoD report found that 52% of business leaders believe the government should make the EU its top trading priority, considerably higher than the 35% reported in April 2025.

Although the UK-EU Summit slated to redraw post-Brexit relations was scheduled for 22 July, António Costa, the European Council president, said it would be shelved to allow the EU to work with the UK prime minister's 'successor'.

The IoD views the change in support as an underlying and growing recognition of the EU's importance to UK business. This sharply contrasted with opinions on other trading partners, primarily the US, with support for prioritising the US falling to 2% of business leaders identifying it as the top priority, compared to 10% last year.

Sixty-three per cent of respondents backed the government's approach to pursuing closer regulatory alignment, with 48% expressing strong support for alignment. A quarter of respondents were strongly opposed to close alignment.

Although 64% of business leaders believed that a closer alignment to EU legislation would have a positive effect on the UK economy, three-quarters also agreed that it was important that the UK retained its sovereignty to shape its own regulations.

High Energy Bills Force a Quarter of UK Manufacturers Abroad

One in four of Britain's manufacturers has moved production abroad or is seriously considering it, according to research by Make UK, formerly the Engineering Employers' Federation. The manufacturers' lobby group said high energy costs have prompted this shift in production, with UK kilowatt-hour charges nearly double those in comparable industrialised countries. The survey also found that one in ten companies were outsourcing more production, especially to Southeast Asia, and a further 16% were considering it.

Make UK estimates the average British manufacturer pays around 27p per kilowatt-hour for electricity. It was around 16p for other developed nations, while in the United States, it was as low as 6p.

"A year ago, the big trend was onshoring and bringing back supply chains to the UK. Now companies can't use UK suppliers because they're too expensive, so they're going overseas. We are seeing quite a flight from UK manufacturing because we're uncompetitive," said Stephen Phipson, chief executive of Make UK. He pointed out that on top of the high kilowatt-hour charge, manufacturers also had to pay other levies, the most expensive of which was the climate charge, making them even less competitive than foreign rivals.

The government has introduced the British Industry Supercharger policy, allowing about 450 energy-intensive businesses relief from four of those levies and the British Industrial Competitiveness Scheme (BICS) that will provide relief to a further 10,000 companies on three of the levies, but not until 2027. Make UK wants BICS to be introduced immediately and to all manufacturers.

BUSINESS

CMA Finds Petrol Stations Are Not Taking Advantage of Middle East Conflict

The Competition and Markets Authority (CMA) has released its latest monitoring report that looks at how the Middle East conflict is affecting fuel prices and assesses fuel margins.

The CMA's analysis of April concludes that wholesale costs are the main reason for increases in prices and that retailers are not actively changing their pricing strategies to take advantage of the crisis. However, since supply conditions have improved, they note that they would be concerned if the current high prices persist.

A minority of retailers had increased their margins in March. The CMA has investigated this and determined that this was due to price increases by competitors and setting prices to mitigate supply constraints and inventory pressures. However, the CMA has noted that average fuel margins remain at historically high levels and April saw a slight increase in them. The average is now 11.3 pence per litre, even though inventory and wholesale costs had somewhat stabilised by the end of April. They conclude that competition in the retail fuel market is weak, with retailers adopting passive pricing policies rather than actively competing to win customers.

The CMA's Chief Executive, Sarah Cardell, has pointed out that Fuel Finder can help drivers save up to £9 a tank. Fuel Finder allows navigation apps and websites to compare fuel prices so that drivers can locate cheaper petrol. The CMA has said it will be paying close attention to whether improved supply conditions seen in April are reflected in retail prices. Its next update will be published in August and will consider how the market has developed through to the end of June

Consultation Launched on Suspending Tariffs on Everyday Essentials

The government has launched a consultation on suspending tariffs for 125 everyday essential items.

Garlic, avocados, mangoes, nectarines, vegetable oil, baked beans, baked goods, chocolate, sauces, and soft drinks all stand to benefit from targeted cuts to tariffs.

This move would follow the tariff suspension on a selection of agricultural and food products in April 2025. A suspension of tariffs on certain fertilisers is also being considered to help farmers with rising fertiliser prices caused by the conflict. The government is seeking views from businesses and other stakeholders on the potential impact of the proposals.

Amendments Made to 2026 Supporting Small Business Relief

A letter to local authorities confirms amendments that the government has made to the eligibility criteria for Supporting Small Business Relief, an England scheme.

Eligibility for the relief has been aligned with the treatment of vacancy and reoccupation under Transitional Relief. Under the updated rules, a change of ratepayer or a period of vacancy after 31 March 2026 will not affect eligibility for the Supporting Small Business Relief scheme. Eligibility will still be lost if the property becomes occupied by a charity or a Community Amateur Sports Club. The change has been made to reflect the fact that the relief is intended to mitigate business rate bill increases as a result of revaluation. The change has been backdated to 1 April 2026.

Thank you for reading!

As always, if you have any questions about how these updates affect you or your business, please don't hesitate to get in touch with our team of experienced accountants and financial advisers.

See you next month!

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