AUGUST 2026

wellway INSIGHTS

THE LATEST TAX AND BUSINESS NEWS

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August's message from the Wellway team...

Welcome to our August edition of Wellway Insights, where we share the latest tax, accounting and business updates to help you keep your finances on track. But first, a glimpse into life at Wellway lately...

Firstly, congratulations to Sophie, who was crowned the winner of our World Cup sweepstake! We all enjoyed the friendly office competition, so we're already thinking about a Traitors-themed sweepstake come autumn.

Speaking of planning ahead, the Christmeal meal memo is already making the rounds... but hey, as accountants, we know the value of forward planning when it comes to achieving the best choices and outcomes.

While the Christmas break may still be a little way off, some of our team have been enjoying well-deserved time in the sun. In their absence, we were delighted to welcome Chloe for her work experience, who quickly became part of the team and gained a valuable insight into life in accountancy. We wish her every success for the future!

Away from the office, we've been busy giving our pitchside advertising board at Morpeth Rugby Club a fresh new look as we continue our support for the local team. Morpeth clients – keep your eyes peeled for our updated design over the coming months!

As always, we hope you enjoy this month's newsletter. If there's anything we can help you with – whether it's something you've read here or any aspect of your business or personal finances – please don't hesitate to get in touch.

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Key Tax Dates for Your Diary

07/08	Deadline for the 2026/27 first Quarterly Update, required for those already mandated into MTD for Income Tax.
19/08	PAYE & NIC deductions, and CIS return and tax, for month to 05/08/2026 (due 22 August if you pay electronically)
01/09	Corporation Tax for year to 30/11/2025, unless quarterly instalments apply.
19/09	PAYE & NIC deductions, and CIS return and tax, for month to 05/09/2026 (due 22 September if you pay electronically).

Questions Over Future Tax Changes Under New Prime Minister Andy Burnham

Since becoming Prime Minister, Andy Burnham has made cost-of-living support a key focus. One headline measure announced this month is the planned removal of VAT on household electricity from October 2026, which the Government estimates could reduce average household bills by around £45 a year. Household electricity is currently subject to VAT at 5%.

At the same time, attention is turning towards how future tax policy might develop. Economists and commentators are already speculating about whether further tax reform could feature in the Autumn Budget.

For business owners, landlords and investors, the key message is not to react to headlines. Many of the most talked-about measures remain informal proposals or speculation, rather than law. Changes to capital gains tax, property taxation and other wealth-related taxes have all been widely discussed, but little has been formally confirmed at this stage.

History shows that major tax changes are often signalled well before implementation. That means now is a good time to review long-term plans, particularly if you are considering property sales, business disposals or succession planning.

Our recommended approach:

- Avoid making rushed decisions based on speculation.
- Review your current tax position.
- Consider scenario planning ahead of the Autumn Budget.
- Seek advice before implementing major transactions.

The coming months are likely to bring further tax announcements, making regular reviews of your business and personal plans more important than ever.

HMRC'S 2026 Tax Update

Prior to Andy Burnham's appointment as Prime Minister and the appointment of John Healey as Chancellor, HMRC published a raft of consultations and policy announcements on 23 June 2026.

The wide-ranging package of consultations and policy announcements was aimed at making the tax system simpler, more digital and, in HMRC's words, fairer. While many of the proposals are still at consultation stage, they give us an indication of the government's direction of travel over the next few years.

Accelerate, More Frequent, Tax Payments

Perhaps the most significant proposal is a consultation on "Timely Payments" for Self Assessment taxpayers.

The government is exploring ways to collect more tax during the year rather than relying on large payments due each January and July. For taxpayers who have both PAYE income and Self Assessment income, the proposal could require more of their tax liability to be collected through PAYE from April 2029.

HMRC is also considering wider reforms to the Payments on Account regime for other Self Assessment taxpayers. These reforms would require taxpayers to pay all of their forecast tax liability during the tax year, with a balancing payment/repayment being due when their tax position is finalised on the 31 January following the end of the tax year.

For many sole traders and landlords, spreading payments throughout the year could help with budgeting and reduce the shock of large tax bills. However, it may also accelerate when tax is paid, affecting cash flow planning.

Review of benchmark scale rates

Employers should note HMRC is reviewing its Benchmark Scale Rates (BSRs) and Overseas Scale Rates (OSRs). These are the flat-rate allowances businesses can use to reimburse employees for meals, accommodation and travel expenses without checking every receipt.

The government says the review will consider whether current rates still reflect actual costs and whether the system can be simplified.

For growing businesses with travelling staff, any simplification could reduce administrative work and improve consistency in expense claims.

Electronic Invoicing

HMRC's Tax Update included an important announcement about the future of electronic invoicing (e-invoicing) in the UK. The government confirmed that the 'Peppol' framework will be the core network used to support the UK's planned e-invoicing system.

Electronic invoicing is not simply emailing a PDF invoice. Instead, invoices are created in a standard digital format and sent directly between accounting systems. This reduces manual data entry, improves accuracy and can speed up payment processing. Peppol is an international framework that enables different accounting and finance systems to exchange invoice data securely and consistently. The government is working towards a mandatory e-invoicing regime from 2029, primarily covering VAT invoices for business-to-business and business-to-government transactions. HMRC has confirmed that businesses will exchange invoices through software providers rather than through a central government platform.

For small businesses, now is not the time to panic. However, it is a good opportunity to review bookkeeping and invoicing systems. Businesses already using modern cloud accounting software are likely to find the transition easier than those relying on manual processes. The full implementation roadmap is expected later in 2026.

Proposed Change to the CGT Holdover Relief Calculation

The government has published draft legislation to correct an anomaly in the Capital Gains Tax (CGT) holdover relief rules for gifts of business assets, which allow a capital gain on a gift to be deferred until the recipient disposes of the asset. The proposed change would amend the formula used to calculate relief on certain share transfers, helping ensure the relief operates as intended. The measure is not yet law, but it could improve the tax position for some business owners transferring shares as part of succession planning, family ownership arrangements or business restructures.

If you are considering a transaction that may be affected, it may be worth discussing whether it can be delayed. Waiting could result in a more favourable outcome, although professional advice should be sought before making any decisions.

Modernising How Company payments to Shareholders are Taxed

The government has also launched a consultation on modernising the rules that determine how some payments from companies to shareholders are taxed. Many of these rules date back decades and have become increasingly complex. The review covers areas such as distributions, returns of capital, company reorganisations and interactions with the loans to participators rules. For owner-managed businesses, this is unlikely to lead to immediate changes, but it signals potential reform of an area that affects dividends, company restructures and extraction of profits.

Further Digital Compliance and Anti-Fraud Measures

Several consultations focus on tackling tax evasion and improving compliance. These include proposals to extend VAT liability rules for online marketplaces, introduce software standards to combat electronic sales suppression systems, and create a new offence for making reckless untrue statements in direct tax matters. For compliant businesses, these measures are largely aimed at creating a level playing field by targeting those who deliberately understate sales or avoid tax obligations.

What Happens Next?

Most of the measures announced on 23 June are consultations rather than immediate law changes. However, they provide an early warning of where tax administration is heading:

- Greater use of digital systems.
- More real-time tax reporting/payment.
- Increased focus on compliance
- Simplification of some long-standing tax rules.

For now, the best approach is to keep good records, maintain robust bookkeeping systems and monitor consultations that could affect your business. Many of today's consultations have the potential to become tomorrow's tax rules.

Please do get in touch to see how we can best support you through these changes.

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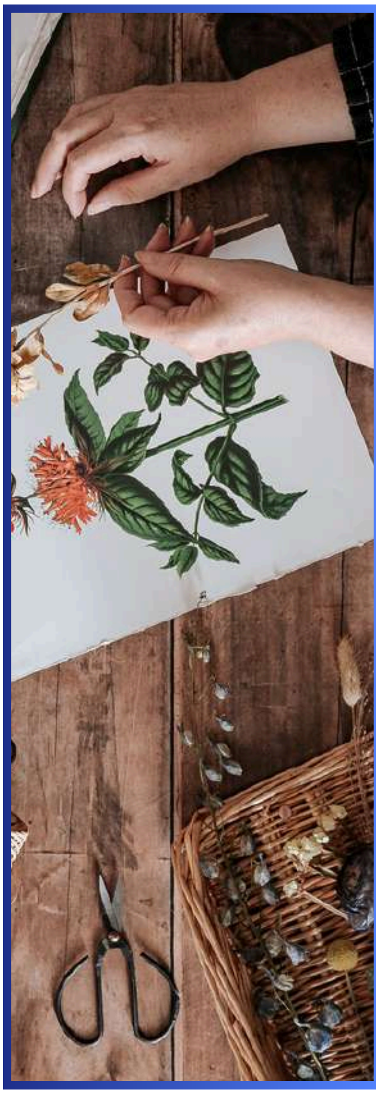

HMRC Targets Side Hustle Income

HMRC has launched a fresh summer campaign reminding people with "side hustles" that extra income may need to be reported for tax purposes. The announcement specifically highlights people earning income from wedding services, online selling, content creation, freelancing and similar activities.

The key figure remains the £1,000 trading allowance. If total income from side activities exceeds £1,000 during the tax year, there may be an obligation to register for Self Assessment and declare the income to HMRC.

This is particularly relevant because HMRC now receives increasing amounts of information from digital platforms. Data from marketplaces and gig economy platforms can be matched against tax returns, making it easier for HMRC to identify undeclared income.

Importantly, not everyone selling online has a tax problem. Selling unwanted personal possessions is generally not taxable. However, regularly buying or making goods to sell, or providing services for payment, is likely to be treated as trading.

If you have a side hustle, you should:

- Review any additional income streams.
- Check whether total trading income exceeds £1,000.
- Register for Self Assessment if required.
- Keep proper records from the outset rather than trying to reconstruct them later.

Early disclosure is almost always easier and cheaper than dealing with an HMRC enquiry.

**Unsure about your side hustle tax obligations?
Speak to us for straightforward, professional advice.**

Deadline for First Making Tax Digital Quarterly Update Fast Approaching.
Are you ready to file?

Sole traders and landlords that are required to use Making Tax Digital (MTD) to report their earnings are due to send their first quarterly update by 7 August 2026.

The quarterly update involves sending income and expenses for the first three months of the tax year to HMRC.
After an update is made, it is possible to see an estimated tax bill based on the figures provided. How accurate the estimate is will depend on earnings for the rest of the tax year, but it may help with budgeting for payments.

Quarterly updates do not replace the need to complete a tax return at the end of the year, and there is no change to the dates when tax payments need to be made.

If you have any questions about MTD or need help filing your quarterly update, please get in touch. We're here to help!

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Small Businesses Account for Two-Thirds of Britain's Tax Shortfall

The latest figures from HMRC reveal that the Treasury had a substantial £59.2 billion shortfall from unpaid taxes for the tax year 2024-2025. The 'Measuring tax gaps 2026 edition' found that the tax gap, which measures the difference between the amount of tax expected to be paid and what was actually collected, stood at an estimated 6.4%, up from 5.3% for 2023-24.

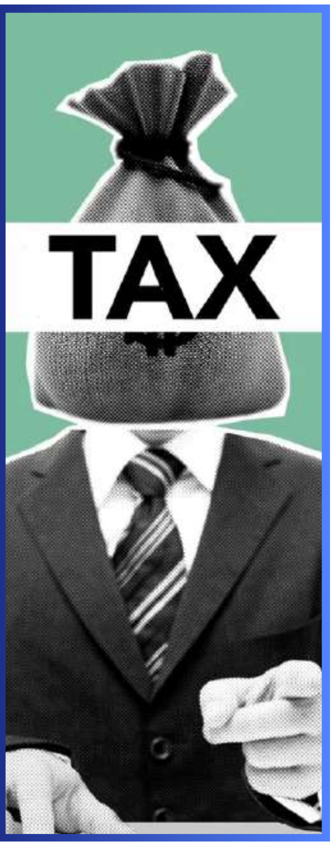
HMRC collected £865.2 billion over the 2024 to 2025 tax year, representing 93.6 per cent of all tax due, but non-compliance by small businesses alone constituted 62% of the gap. This was primarily due to unpaid Corporation Tax, as the tax gap rose to 18.1%. HMRC noted that the tax gap for Corporation Tax had been broadly stable until COVID. In 2019-2020, it rose to 15.6%, but this was partly due to improvements in data collection.

- The tax gap for VAT was 6.6% in 2024-2025.
- The tax gap for Income Tax, National Insurance contributions and Capital Gains Tax stood at 4% in 2024-2025, well below the 5.3% in 2013-2014.
- The tax gap for excise duty reduced was 5.5% in 2024-2025.
- The largest components of the tax gap by tax type in 2024-2025 are for Corporation Tax, Income Tax, National Insurance Contributions and Capital Gains Tax.
- The tax gap from individuals was the lowest proportion of the tax gap at 4% in 2024-2025.

Failure to take reasonable care, error and evasion are among the main behavioural reasons for the overall tax gap. Tax evasion accounted for 12% of last year's tax gap, HMRC said.

If you need help with your tax calculations and returns, please contact us. We'd be happy to help.

HMRC is Watching You!



Companies and individuals that are careless or even illegal in their tax affairs need to watch out. New figures show that HMRC has paid out £1.4 million in rewards to whistleblowers of tax illegality.

A record number of reports were made to HMRC in the 2025-26 tax year, hitting 170,992. The last Budget saw the government strengthen a reward scheme for tip-offs. Payouts only go to tips that lead HMRC to recover more than £1.5 million in tax. Informants now receive between 15% and 30% of the value of the extra tax collected.

Recent HMRC figures on the tax gap - the difference between the tax owed and the amount actually collected – showed that small businesses made up the largest share of uncollected tax, two-thirds of the £59.2 billion shortfall.

HMRC have also just released a two-minute YouTube video as a 'general explainer' on the scheme. It is aimed at employees, family members, friends or acquaintances of high-net-worth individuals or businesses engaged in suspected serious tax evasion or avoidance.

Should you be unsure of your tax position and need advice, please get in contact. We're here to help.

How Safe is Your LLP Tax Position?

The Supreme Court has put companies with Limited Liability Partnership (LLP) structures on notice that their business arrangements must comply with strict tax legislation.

Under LLP rules, members are generally treated as self-employed for income tax and national insurance contribution purposes. However, the salaried member rules, introduced in 2014, mean that members need to meet certain conditions to be able to benefit from this tax treatment.

In a notable recent court case, HMRC v BlueCrest Capital Management (UK) LLP, the Supreme Court upheld the Court of Appeal's decision that in assessing these conditions, only 'influence' deriving from legally enforceable rights and duties should be taken into account and not 'de facto' influence arising from other arrangements. This is a narrower interpretation of the rules than had previously been understood to be the case. BlueCrest Capital Management, a hedge fund, had been challenging HMRC's attempts to tax dozens of its partners as employees but lost in the Supreme Court, and may owe some £200 million.

The decision could have repercussions for many professional services and investment firms that use the LLP business structure. Now is the time for LLPs to review their member agreements and governance frameworks.

How does the salaried member rules work? The case hinged on one of three conditions that must be met for the salaried member rules to apply, that of 'influence'.

The three conditions that must all be met for the rules to apply are:

- **Condition A:** Broadly, at least 80% of the members' reward is 'disguised salary', i.e. fixed or variable, without regard to the overall profits of the LLP.
- **Condition B:** The mutual rights and duties of the members of the LLP do not give them 'significant influence' over the affairs of the LLP.
- **Condition C:** The member's capital contribution is less than 25% of their disguised salary.

While HMRC failed in two earlier tax tribunal cases, the Court of Appeal (CoA) set aside those decisions, finding the tribunals had erred in law in accepting the wider construction of 'influence' set out in HMRC's published guidance. In assessing Condition B, only 'influence' deriving from legally enforceable rights and duties of members should be taken into account and not 'de facto' influence arising from other arrangements.

The Supreme Court says

The Supreme Court agreed with the lower courts that the BlueCrest members met Condition A, pointing out that the purpose of the condition is to distinguish between what is typical remuneration for a partner and a typical remuneration for an employee. Most of the BlueCrest partners' remuneration was 'disguised salary'. It did not reflect a share in the profits and losses of the partnership as a whole; it was referenced to the profits generated by the partners themselves or by their team.

Condition B – significant influence

The Supreme Court agreed that the Court of Appeal's narrower interpretation of Condition B was correct, and 'significant influence' concerned legally enforceable rights and duties of members under the LLP agreement. The court found that informal influence derived from members' strong performance, personal qualities or relationships is not relevant.

Significant influence over the affairs of the LLP requires influence, not control. 'Significant' means a degree of influence that has commercial substance in the conduct of the LLP's affairs and must be exercised over the partnership's business as a whole, not parts of it.

This suggests that a person could only have such influence if they have a voice in the management of the LLP's affairs, such as participating in or influencing high-level or strategic decisions. Day-to-day decision-making at a purely operational level is less likely to qualify, especially if that is only in relation to part of the business.

Do you need to reassess your Partnership Agreements?
If you are unsure of your LLP structure and tax position, contact us.
We'd be happy to help.

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External Examiners Mark HMRC's Performance as 'Poor'

Report sheds light on challenges facing HMRC and the impact on taxpayers

The latest annual report from the Charter Stakeholder Group remains highly critical of HMRC's service performance, with scores either stagnant or deteriorating across most standards. Alongside poor scores for responsiveness and ease of use, the report highlights overwhelmingly negative feedback on Making Tax Digital (MTD).

The Charter Stakeholder Group monitors HMRC's performance against the HMRC Charter, a set of service standards. The 2025-26 assessment was based on a survey of 719 taxpayers and agents who were asked to rate HMRC's performance against each standard on a scale of one to 10. Of the seven charter standards assessed, only one recorded an improved score compared with 2025.

The poor score is a blow to the government that set out a plan to replace a paper-heavy agency with a 'world-class' digital-first organisation. Around £7 billion was committed to modernising HMRC's old computer systems and infrastructure. This would reduce the headcount in customer contact functions and increase compliance team numbers to bring in more revenue. The technology would be able to respond to customers faster and more accurately, reduce the tax gap of about £59 billion and deter fraud.

Unfortunately, the latest report shows HMRC failing on all levels. Here are the key findings:

Being responsive

Being responsive was HMRC's lowest-scoring charter standard for the third year in a row, with an average score of 2.8 out of 10, down from 3.0 the previous year. Tax agents were more critical than taxpayers generally, giving HMRC a score of 2.6. The respondents highlighted persistent postal delays, poor first-time resolution, limited helpline expertise, no effective case tracking or escalation and slow complaints handling. There was a feeling that there was one rule for HMRC and another for taxpayers, with an imbalance between HMRC's response times and the deadlines it imposes on taxpayers.

Making things easy

This category scored 3.25, making it HMRC's second-worst performing standard. Nearly two-thirds of respondents rated HMRC at three or below and more than a quarter gave a score of one. Tax agents were particularly critical of HMRC's continued push towards online tools while their agent-dedicated phone line was staffed with people with insufficient technical knowledge and a lack of understanding of how agents work.

Getting things right

Getting things right scored 3.97, down from 4.1 in 2025. Almost one-fifth of all respondents gave a score of one. Respondents said HMRC staff often lacked sufficient training and expertise and that helpline services provided inconsistent guidance. A recurring observation was that correcting HMRC errors often requires multiple contacts and lengthy delays.

Accountability

Nearly 82% of respondents felt HMRC were not sufficiently accountable for meeting the Charter requirements, noting that they would be more likely to address declining customer service if they were properly accountable under the Charter. HMRC face no penalties for failing to meet standards.

Digitalisation and transformation plans

Nearly 89% of respondents felt HMRC had not done enough to keep Charter standards central to its Transformation Roadmap and that digitalisation was being prioritised over fairness, accuracy and support.

Making Tax Digital

Probably unsurprising to anyone in business, the feedback on Making Tax Digital (MTD) was overwhelmingly negative. Respondents described it as, at best, poorly designed and generally not fit for purpose. In complete contrast to HMRC's ongoing trope, the common concerns included its extra cost and administration, software dependence, quarterly reporting burdens and a lack of confidence in HMRC's ability to cope with the demands of MTD. The general feeling was that MTD was uncommercial, offered little practical value and failed to reflect or support the realities of small businesses and agents.

The other charter standards

Other charter standards scored slightly higher, although most ratings still fell slightly compared with the previous year. The scores were:

- Keeping your data secure: 6.86 (7.03 in 2025).
- Recognising that someone can represent you: 6.31 (6.01 in 2025).
- Mutual respect: 5.89 (5.98 in 2025).
- Treating you fairly: 5.25 (5.34 in 2025).

If you have any tax concerns, problems implementing MTD or dealing with HMRC, please get in contact. We'd be happy to help.

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HMRC Contacts Self-Employed People About National Insurance Gaps

HMRC is writing to some self-employed individuals whose National Insurance (NI) records may contain gaps that could affect their State Pension.

If you receive a letter, don't ignore it. In some cases, you may be able to boost your State Pension by making voluntary NI contributions for missing years going back as far as 2015-16. The issue affects some people who were self-employed between 2015 and early 2024. HMRC believes up to 800,000 taxpayers could be affected.

What should you do?

If HMRC contacts you, check:

- Your State Pension forecast.
- Your National Insurance record.
- Whether there are any missing years.
- Whether filling those gaps would increase your State Pension.

You can do this through your Personal Tax Account on GOV.UK.

Don't assume you need to pay

Receiving a letter does not necessarily mean you have a problem.

Many people already have enough qualifying years to receive the full State Pension, in which case paying extra NI would provide no benefit.

Why this matters

Normally, there is a time limit on paying voluntary NI contributions. However, HMRC's current exercise may allow affected individuals to fill gaps potentially dating back to 2015-16.

For those who are affected, this could be a relatively low-cost way to increase their retirement income.

If you receive a letter from HMRC and are unsure whether it is worth paying voluntary contributions, please contact us. We can help you review your position and determine whether filling any gaps would improve your State Pension entitlement.

Andy Burnham's New Government, A Balancing Act

Andy Burnham's first days as Prime Minister have been marked by a flurry of announcements designed to show that his government intends to move quickly.

Presenting himself as a leader focused on easing pressure on households and rebuilding trust in politics, Burnham has begun reshaping government while signalling the priorities that will define his administration.

His first major moves were aimed directly at the cost-of-living crisis, announcing a reduction in VAT on household energy bills, followed by a single bus fare policy across England that will be capped at £2 for a year from January 2027.

Mr Burnham described affordable public transport as an essential service and argued that no one should be excluded from opportunities because they cannot afford to travel.

The Prime Minister has also promised a 20% reduction in business rates for pubs, clubs and live music venues for 2027-28. This is in addition to the 15% relief for 2026-27 with bills being frozen in real terms for a further two years. The new 20% discount will not be available to the very largest live music venues. Further details will be set out at the Budget.

However, questions are already being raised about how these promises will be funded as the government plans to divert hundreds of millions of pounds from other budgets, including money previously earmarked for international climate finance projects.

The government has said that the business rates reduction will be paid by reviewing reliefs for businesses that are not considered to make a positive contribution to local communities, such as vape shops. Businesses that sell through online marketplaces but do not comply with their tax obligations will also be targeted. A consultation on how this may be achieved was published in June 2026.

Mr Burnham has also started to build his ministerial team, with the surprise announcement being the appointment of John Healey as Chancellor. The former defence secretary, who resigned from Sir Keir Starmer's cabinet over spending plans, will be seen as an advocate for boosting defence spending. Companies such as BAE Systems and Babcock saw their share prices rise after his appointment.

Mr Healey is regarded as experienced and fiscally responsible.

The government insists that fiscal discipline remains a priority, but speculation continues about whether future spending plans will require higher taxes or additional borrowing.

Taken together, the first days of Burnham's government paints a picture of an administration trying to balance competing priorities, wanting to reduce living costs while maintaining fiscal credibility.

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Proposed Offence for Reckless, Untrue Tax Statements

HMRC have proposed a new criminal offence for making reckless, untrue statements or declarations about what's known as 'direct taxes' - Income Tax, National Insurance and the like.

For Customs and Excise and VAT ('indirect taxes'), it is already possible to prosecute individuals who make untrue statements or submit incorrect documents either knowingly or recklessly, without the need to prove dishonesty. The penalties for such offences can be severe, including substantial fines and imprisonment. The direct tax regime does not currently contain an equivalent offence.

It is proposed that the offence would carry a custodial sentence and/or a fine on indictment, to be decided by the courts. Consideration is being given to following the Customs and Excise rules, which include a maximum sentence of two years and unlimited fines. This differs from the provisions for VAT rules, which provide for a potential custodial sentence of up to 14 years.

HMRC are looking for views on the proposals, which include examples of what they consider to be reckless errors. These proposals include:

- Making a significant relief claim without reading the relevant guidance properly or seeking advice or clarification on the basis that it will 'probably be fine'.
- A self-employed taxpayer who prepares their own tax return knows they have multiple bank accounts and suspects they have received taxable income therein. They do not check the statements and estimate income for the main account only, omitting income from secondary accounts. They unintentionally file a materially inaccurate tax return.

The document does make the point that carelessness would not be caught in this net, and 'deliberate behaviour' would be covered by existing penalty legislation.

Mandatory Direct Debit Proposed for VAT and PAYE Payments

The government has published a consultation on proposals that will require most VAT registered businesses and employers to pay VAT and PAYE liabilities by Direct Debit. The aim is to reduce late payment and simplify the payment process. HMRC consider that automating the payment process by requiring Direct Debit could help businesses to reduce administrative work, minimise errors and avoid missing a payment deadline. Paying by Direct Debit is already an option available for paying both VAT and PAYE, although most businesses currently pay using other electronic methods. The government is therefore seeking views on:

- Why businesses that could use Direct Debit choose to pay by other electronic methods.
- The impacts of requiring payment by Direct Debit, including practical barriers such as cash flow management and process changes.
- The exceptions or alternative arrangements that may be needed.

HMRC are also considering what measures will be used to encourage uptake of Direct Debit and the sanctions for businesses that don’t comply. Proposals revolve around charging penalties where Direct Debit is not used, or by changing the current extended payment deadlines so that they will only apply to Direct Debit payments.

Getting a Shareholders' Agreement Right For Your Business

A shareholder's agreement can be one of the most valuable documents a business ever puts in place. It allows a company's owners to set out, in detail, how they will work together, make decisions, deal with disputes and manage future changes in ownership.

When a business starts, everyone is positive and shares the same objectives. However, circumstances can change. Shareholders may wish to leave, new investors may join, disagreements could arise, or succession plans may need to be implemented. A well-drafted shareholders' agreement helps provide certainty and can significantly reduce the risk of costly disputes. Here we set out some of the key areas to consider when putting together a shareholders' agreement.

What exactly is a shareholders' agreement?

A shareholders' agreement is essentially a contract between the shareholders of a company. It provides shareholders with an opportunity to establish clear expectations from the outset and create mechanisms that help to deal with future problems. By preparing an agreement before problems arise, it is easier to discuss matters objectively.

Ownership and shareholdings

The agreement should clearly set out who owns the company and the rights attached to different shares. Where shareholders contribute different levels of capital, expertise or time, they may expect different rights and rewards. This needs to be clearly recorded up front.

Decision-making

Not all business decisions have the same level of importance. Shareholders should consider which decisions can be made by directors and which should require shareholder approval. Clear decision-making procedures help avoid uncertainty and ensure that certain actions cannot be taken without appropriate consent.

Share transfers

It is often a good idea to control who can acquire an interest in the business. Without suitable provisions, shares could potentially be transferred to individuals whom the remaining shareholders would not choose as business partners.

Succession and exit planning

Few shareholders expect ownership to remain unchanged indefinitely. Retirement, ill health, death or a desire to pursue other opportunities can all lead to someone exiting a business. Planning for these events in advance can make ownership transitions smoother and reduce uncertainty for both the business and the departing shareholder's family or estate.

Resolving disputes

Even where shareholders have a strong relationship, disagreements can arise. Including mechanisms for resolving disputes helps to provide a structured way forward and reduce the risk of a lengthy conflict that could derail the business.

Protecting the business

If a shareholder leaves the business, there may be concerns about how they might use confidential information. Appropriate protections safeguard the value of the company.

Funding the business

As businesses grow, they may require additional investment. Shareholders should consider whether they are willing or able to provide further funding and what happens if some shareholders contribute while others do not.

Tax considerations

The way ownership is structured can have significant tax consequences, particularly where succession planning or a future sale of the business is anticipated. Considering tax implications at an early stage may help shareholders achieve their commercial objectives in a more tax-efficient manner.

Conclusion

A shareholder's agreement is more than a legal document. It is an opportunity for shareholders to discuss ownership, decision-making, succession and future ambitions to help protect the business and the owners for years to come.

Please talk to us if you need help in planning for an agreement. We can help with share and company valuations and in putting the shareholders wishes into an agreement with a local solicitor.

Britain's Yearly £44m Health & Safety Violations Bill

A new Freedom of Information (FOI) request has discovered that health and safety violations cost British employers over £44 million per year. The Health and Safety Executive (HSE) revealed that serious breaches have resulted in an increasing number of prosecutions between 2023 and 2025.

The figures show that between 2021 and 2025, the average annual fines to businesses averaged £44.1 million a year, with 2025 showing a slight decline to £40.9 million. In contrast, the number of serious breaches resulting in prosecution charges increased over the last three years, rising from 428 in 2023 to 446 in 2024 and 496 in 2025.

These numbers are expected to increase in 2026. Prosecution charges are brought against companies, owners and directors when an investigation is in the public interest and reveals a serious breach of regulations.

The FOI request came from Breathe HR, experts in human resource management and compliance supporting Small to Medium-sized Enterprises (SMEs). It warns that as costs continue to rise for small businesses, a health and safety violation could financially cripple a company.

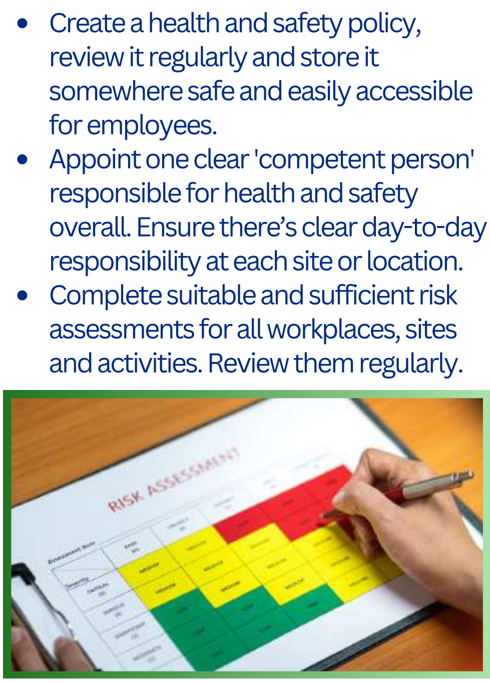
Construction firms accounted for 38% of prosecution charges last year, the largest sector.

Phil Coxon, Managing Director at Breathe HR, said, “Reviewing health and safety policies and risks might not be the most glamorous task on employers’ to-do lists’, but our research shows it’s not something leaders can afford to overlook."

Good health and safety policy:

His company recommends several general steps that businesses should take to remain compliant.

- Create a health and safety policy, review it regularly and store it somewhere safe and easily accessible for employees.
- Appoint one clear 'competent person' responsible for health and safety overall. Ensure there’s clear day-to-day responsibility at each site or location.
- Complete suitable and sufficient risk assessments for all workplaces, sites and activities. Review them regularly.



- Be ready to show evidence of what you’ve done for audits, insurers or client requests. Keep accurate and contemporaneous records, including tracking incidents.

- Make sure employees know and understand the company's policy on health and safety. Display a health and safety law poster at each working location.
- Carry out regular risk assessments and put controls in place to address hazards.
- As well as a well-thought-out first aid policy, be aware of employees' well-being. Employers have a duty of care and must do everything they reasonably can to support health and wellbeing.

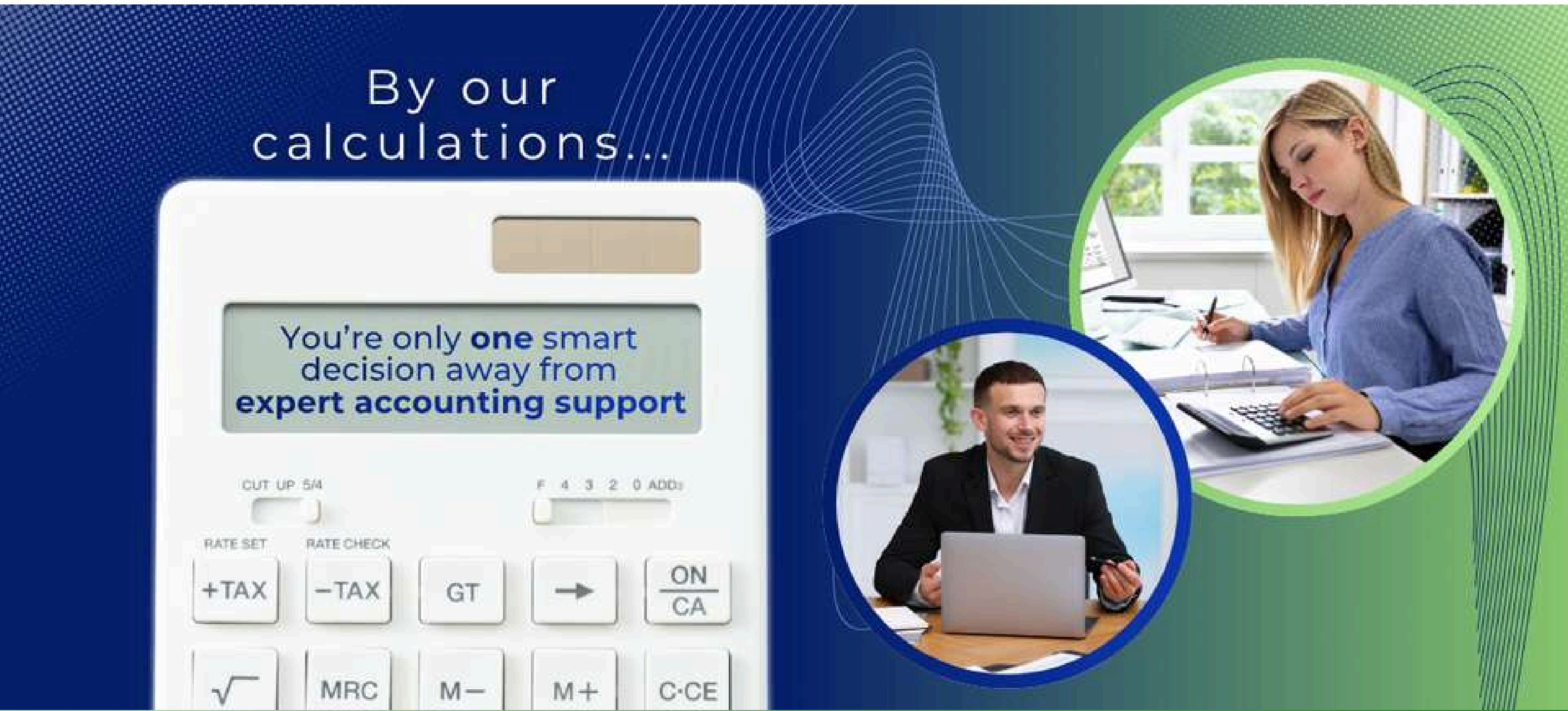
Other recommendations for specific risk can be found on the Breathe HR website.

https://www.breathehr.com/en-gb/resources/health-and-safety-basics-a-checklist-for-smes

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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