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Financial news that's relevant to you.



INTRODUCTION

As we move towards the Autumn Budget, there is growing speculation about what tax changes may be on the horizon. With a new government in place and public finances under pressure, businesses and individuals alike are bracing for potential increases in tax rates, reductions in reliefs, or the tightening of existing allowances. While nothing is confirmed yet, it is wise to start thinking ahead.

We know this continues to be a challenging period for many of our clients. Rising costs, continued pressure on wages, and uncertainty around tax and employment regulations are making it harder than ever to plan with confidence. At the same time, compliance requirements are becoming more demanding – from Making Tax Digital to the ongoing changes in National Insurance and pension thresholds.

Now more than ever, it pays to stay informed and plan early. In this edition, we cover key tax and business issues affecting small businesses, useful reminders, and tips to help you stay ahead of deadlines. If anything raises questions or concerns, we are always here to help.

And please, do get in touch if you would like a personal review of your current tax or business position ahead of the Budget announcements.

BUSINESS

UK Export Finance: Empowering UK businesses to go global



UK Export Finance (UKEF) is the UK's export credit agency and government-backed financier. Its mission is to ensure that no viable UK export fails simply due to lack of funding or insurance.

What UKEF offers

- **Working capital support:** Through schemes such as the General Export Facility, Export Working Capital Scheme, and Export Development Guarantee, UKEF backs loans that help UK businesses fulfil multiple export contracts or build up stock and capacity. Loans of up to £25 million are available, typically delivered through participating lenders.
- **Bond protection:** UKEF supports performance bonds and advance payment guarantees through its Bond Support Scheme and Bond Insurance Policy. This enables exporters to meet buyer demands without tying up excessive working capital, as banks are more willing to issue bonds when UKEF shares the risk.
- **Export insurance:** UKEF insures against risks that private insurers may be unwilling to cover. This includes non-payment by overseas buyers and political risks in certain markets. Cover is available for up to 95% of the contract value, giving exporters confidence to sell to new or emerging markets.
- **Buyer finance and direct lending:** UKEF can finance overseas buyers of UK goods and services through its Buyer Credit Facility and Direct Lending Facility. These allow foreign governments or companies to access competitive finance terms when purchasing from UK suppliers, especially for infrastructure and capital projects.
- **Expert guidance:** UKEF's nationwide network of Export Finance Managers offers free, impartial advice to UK businesses. They help firms assess eligibility, navigate applications, and manage risk more effectively.

Why it matters

UKEF removes many of the common financial barriers that prevent UK firms from exporting. By providing financial backing, guarantees, and insurance, it

helps businesses of all sizes grow through international trade.

Why industry expertise matters when starting a business

Starting your own business can be an exciting and liberating decision. But passion and ambition alone are rarely enough. One of the most overlooked factors in business failure is a lack of direct experience or knowledge in the chosen industry. Put simply, someone who has spent their working life as a plumber is unlikely to make a success of running a restaurant without serious planning, training, or help.

Every industry has its own rhythm, customer expectations, regulations, and operational quirks. When you know the business from the inside out, you already understand what a typical day looks like, where the risks lie, what customers value most, and which details really matter. That type of knowledge can be priceless when problems arise, and it often helps keep costs under control too.

Trying to run a business in a sector you are unfamiliar with often means learning everything at once: pricing, supply chains, compliance, and customer service, all while managing staff and watching the cashflow. That is a tough ask for anyone, especially when you have your own money on the line. You may find yourself relying too heavily on advisers or hiring experienced staff who quickly realise they know more about the business than the owner.

Of course, there are exceptions. People sometimes succeed in completely new industries, especially if they partner with someone who brings the missing expertise. But the risks are higher, and the margin for error is smaller. Without lived experience in the sector, even simple decisions can go wrong, choosing the wrong location, targeting the wrong customers, or misunderstanding seasonal demand patterns.

If you are thinking about starting a business in an unfamiliar sector, consider ways to build your knowledge first. This might include shadowing someone in the

trade, taking relevant training courses, or working part-time in the industry. Alternatively, collaborate with a business partner who knows the ropes and shares your goals.

Ultimately, your chances of success rise sharply when you understand both the day-to-day realities and long-term dynamics of the business into which you are getting. Passion is a great driver but pairing it with experience makes it far more likely that your new venture will thrive.

Four key indicators for UK SMEs



Small business owners often focus on turnover, but that is only one piece of the financial puzzle. Tracking the right performance indicators helps business owners make decisions with confidence and spot issues early.

Here are four key indicators that every SME should monitor:

Cash flow position

Positive cash flow means your business can meet its short-term obligations, pay staff, and reinvest in growth. It is different from profit. You might show a paper profit but still run into trouble if invoices are paid late or expenses are too high. A rolling 13-week cash flow forecast can highlight upcoming pinch points.

Gross profit margin

This shows how much of your sales income is left after covering the direct cost of sales. It is a key indicator of pricing strategy and cost control. A falling margin may mean rising costs, under-pricing, or inefficiencies in production or delivery. Regular margin analysis by product or service line is worthwhile.

Customer acquisition cost vs. lifetime value

If it costs more to attract a customer than they ever spend with you, the model is broken. This ratio is particularly important for businesses using paid advertising or subscription services. Tracking it over time helps refine marketing spend and retention strategies.

Revenue growth and net profit margin

Are you growing sustainably? It is easy to boost revenue by slashing prices or taking on loss-making work. Net profit margin shows how much of your sales turns into bottom-line profit. Comparing growth in revenue to growth in profit shows whether scale is helping or hurting your performance.

We can help you track and interpret these metrics, often using software or dashboards that update automatically from your accounting system. Understanding the numbers helps you stay in control, make better decisions, and spot opportunities early.

Late payments: a growing risk for small businesses

Cash flow is one of the biggest challenges small businesses face, and late payments continue to be a major source of stress. According to recent government data, over 50% of UK SMEs experience delays in getting paid, with some invoices taking over 60 days to settle.

Late payments can seriously affect your ability to meet tax liabilities, pay staff and suppliers, or invest in growth. The government has pledged to tighten rules through the Procurement Act and to strengthen the Prompt Payment Code, but the impact will take time.

In the meantime, small businesses can take practical steps: issue invoices promptly, follow up regularly, and include clear payment terms. Consider offering early settlement discounts or using invoice finance tools. You can also charge interest on overdue commercial payments under the Late Payment of Commercial Debts Act.

If you need help with cash flow planning

and strategies to manage credit control more effectively, please get in touch.

Are you due a business rates rebate or relief



Many small business owners do not realise they may be overpaying on business rates or entitled to reliefs. The Small Business Rates Relief (SBRR) scheme, rural relief, or transitional relief could all help reduce your outgoings.

If your property's rateable value is under £15,000, you may qualify for a full or partial reduction in your business rates. The 2023 revaluation has also changed rateable values for many properties, so it is worth checking whether you are paying the correct amount.

If you think your property's value is too high or you have seen a drop in footfall or trade, you can request a review or challenge the valuation. You should also be wary of rogue business rates agents. Use the government's list of recognised agents or speak to use before signing any agreement.

Reviewing your business rates is an easy win that can put cash back into your business.

NIC & PENSIONS

Business feedback on recent NIC changes

Significant changes to employer National Insurance Contributions (NICs) came into effect on 6 April 2025: the secondary Class 1 rate rose from 13.8% to 15%, while the threshold at which NICs apply was reduced from £9,100 to £5,000 per

employee. To soften the blow, the Employment Allowance was more than doubled from £5,000 to £10,500 and the previous £100,000 liability cap was removed, enabling more employers to claim.

What businesses are saying

Feedback from sectors like hospitality, retail and leisure has been overwhelmingly negative. One-third of hospitality businesses report operating at a loss, with around 76% raising prices to compensate. Many have delayed investment, cut staff hours or paused hiring.

Retailers have warned that increased operating costs are likely to be passed onto consumers, with some estimating food price rises of around 4.2%. Store closures rose sharply in 2024, and analysts expect that trend to continue through 2025.

The Institute of Directors (IoD) reported that its business confidence index dropped to a record low of 72 in July 2025, citing the NIC increase and National Minimum Wage rises as primary concerns. Affected businesses are now holding back on recruitment and capital expenditure, awaiting further policy clarity.

HMRC and Treasury response

HMRC and the Treasury estimate that these changes will raise between £23.8 billion and £25.7 billion annually, helping to fund essential services such as the NHS. They argue that increasing and expanding access to the Employment Allowance will provide relief to thousands of small businesses.

Why this matters to small businesses

Combined, the NIC rate increase and threshold reduction mean many small employers now face an additional £900 in NIC costs per employee per year. This creates pressure on wages, pricing, and hiring plans.

If your business is feeling the squeeze, now is the time to consider your planning options. We could help you assess your Employment Allowance eligibility, explore salary sacrifice or remuneration planning, and help you stay compliant with payroll

and reporting obligations. A payroll review could uncover savings and reduce risk.

Topping up your pension pots



Adding to your pension pot is one of the most tax-efficient ways to save for the future, and with continued uncertainty over tax policy, it may be even more valuable in 2025 and beyond.

Pension contributions reduce taxable income, helping to lower your tax bill while boosting retirement savings. For higher rate taxpayers, this relief can be particularly generous. Contributions up to £60,000 a year are usually allowed, with unused relief from the past three years sometimes available under the carry forward rules.

Pension pots are currently outside the scope of Inheritance Tax (IHT) in most cases. However, this treatment is under review, and changes may be introduced from April 2027. If this happens, large pension savings could become subject to IHT on death, reducing the amount passed to your family.

For those with inconsistent earnings, it is worth making contributions in high-income years, when tax relief is greatest. Business owners may also consider employer contributions from their company, which are often allowable deductions against Corporation Tax.

The earlier you start, the more you benefit from compound growth. Even small, regular payments can make a difference. An annual pension review with your accountant or adviser can help make sure contributions are on track, allowances are not wasted, and your retirement plans are still aligned with your income goals.

VAT & DUTIES

Monitoring your turnover to avoid missing VAT registration

One of the most common tax oversights among small businesses is failing to register for VAT when required. It is easy to assume that VAT only becomes relevant when you are a much larger operation, but the registration threshold is currently set at £90,000 in taxable turnover over a rolling 12-month period. Once you go over it, even by a small margin, you are legally obliged to register within 30 days.

This is where many business owners get caught out. Unlike a financial year-end trigger, the VAT threshold works on a rolling basis. That means you must constantly monitor turnover over the past 12 months, not just at year-end. This becomes especially important if you have a seasonal business, a new contract, or a period of rapid growth.

Missing the threshold can result in backdated VAT registration, meaning you will owe VAT on past sales, even if you did not charge your customers at the time. That can be a costly and unwelcome surprise, especially if you cannot go back to reclaim it.

Voluntary registration before you hit the threshold may also be worth considering. It allows you to reclaim VAT on purchases and may improve your business's image with corporate clients. But it depends on your customer base and margins.

Monitoring turnover should be part of your regular bookkeeping routine. Modern cloud accounting software can track this automatically and alert you when you are getting close. We can also help you assess whether VAT registration is required or advisable, and ensure you avoid penalties.

If you are uncertain where you stand, now is a good time to pick up the phone and let us help you undertake a review. A quick check could save you a large tax bill and help you plan for growth with confidence.

Annual Tax on Enveloped Dwellings (ATED)



If your company owns UK residential property worth over £500,000, you may need to file an ATED return and pay the annual tax charge. Even if full relief applies, for example, if the property is let commercially, you must still file a nil return.

The charge and return are due in April each year but apply to the year ahead. Penalties apply for non-filing or late returns. If your company holds residential property, check whether ATED applies. We can assist with the valuation, reliefs, and return filing.

EMPLOYMENT & PAYROLL

Payroll is not just about pressing a button

Running payroll may seem straightforward until you are faced with real-time reporting, auto-enrolment duties, statutory payments, holiday accruals, and varying pay rates. Many small business owners are surprised at how quickly payroll becomes a time-consuming, high-risk task. One mistake could mean fines from HMRC, unhappy staff, or both.

You are not just issuing payslips. You are making real-time submissions to HMRC, calculating tax and National Insurance correctly, managing student loans and attachment of earnings, and dealing with maternity, sick pay and holiday pay in line with ever-changing legislation. Add in the complexities of pensions, bonuses, directors' pay and year-end reporting, and

it quickly becomes clear that payroll is not a task to take lightly.

Outsourcing payroll chores ensures compliance, accuracy and peace of mind. It also frees up your time so you can focus on running your business rather than running reports.

If you are still toiling with your payroll in-house or relying on outdated software, it is worth having a chat. We can give you a quote and show you how much time, money and stress you could save by handing it over.

Employing family members in your business



Many small business owners turn to family members when looking to fill roles in their team. It can seem like a natural choice, offering trust, loyalty, and a shared sense of purpose. However, employing family in your business is not without its challenges, and it is worth considering the potential pitfalls before making that commitment.

One of the main risks is a lack of objectivity. Family relationships can cloud judgement when it comes to performance, discipline, or promotion. It may be harder to have honest conversations about underperformance or to apply the same standards as you would to non-family staff. This can lead to resentment among other team members and undermine morale.

There is also the risk of blurred boundaries. If work disagreements spill into personal life, or vice versa, it can strain family relationships. When personal loyalty and business interests conflict, it can create tension that affects both the

family and the business.

Tax and payroll rules must also be followed carefully. HMRC requires that family members employed in a business must be paid a commercial rate for actual work done, and they must be treated in line with employment laws. Inflated pay, unclear job roles, or token positions can lead to problems with tax compliance and potentially trigger enquiries.

Succession planning can also become difficult. If some family members are involved and others are not, questions may arise about ownership, leadership, or fairness in the long term. This can be particularly sensitive when passing the business to the next generation.

In short, employing family can work well when there is clear structure, professional standards, and open communication. But it is essential to treat family members like any other employee, with roles, responsibilities, and expectations clearly defined from the start.

Make sure you are paying the current National Living Wage rates

Employers across the UK must now ensure that staff are being paid at least the current National Minimum and National Living Wage rates, which increased in April 2025.

The National Living Wage now applies to all employees aged 21 and over, not just those 23 and over as in previous years. The new rate is £12.21 per hour. For 18 to 20-year-olds, the minimum is £10.00, and for under-18s and apprentices, it is £7.55 per hour.

This change is particularly important for small businesses, who may not have automated payroll systems. A manual error or delay in updating pay rates can easily lead to non-compliance. HMRC regularly investigates employers who underpay, and penalties can be costly, up to 200% of the underpayment, plus repayment to the affected employees.

The higher wage floor also affects employer budgets. For businesses with

large numbers of junior staff or part-time workers, payroll costs will rise. This may need to be reflected in pricing decisions or staffing levels.

We can help clients check their payroll systems are compliant, plan for higher wage costs, and avoid pitfalls. It is also a good time to review job roles, staffing efficiency and whether apprenticeships or automation could help ease the wage bill.

Dividend or salary - what is the best mix in 2025–26?



For directors of limited companies, deciding how to take income is always a key tax planning issue.

With Corporation Tax rising for many companies and the dividend allowance cut to just £500 from April 2025, the dividend vs salary decision needs revisiting.

Dividends remain tax efficient but are now subject to higher tax rates than before, and the tax-free allowance has been reduced steadily. Taking a modest salary can help build up qualifying years for the State Pension and reduce the company's Corporation Tax bill but may attract NIC costs.

There is no one-size-fits-all answer. The right mix depends on your personal allowances, other income, company profits, and future plans. If your company also makes pension contributions, that may change the picture again.

Now is a good time to carefully review your overall remuneration strategy with your accountant. They can run the numbers and advise on the most tax-efficient and sustainable approach for your situation.

PERSONAL

Inheritance Tax and the 7-year gift rule

Lifetime gifting is a popular estate planning tool, but many clients misunderstand how the “7-year rule” works in relation to Inheritance Tax (IHT).

When you give money or assets to someone, it may be treated as a Potentially Exempt Transfer. If you survive for seven years after the gift is made, it becomes exempt from IHT and is removed from your estate. But if you die within seven years, it could still attract tax, depending on how long ago it was made.

Gifts made less than three years before death are taxed at the full 40% IHT rate. Gifts made between three and seven years before death are eligible for taper relief, meaning the rate of tax gradually reduces over time. After three years, the rate falls to 32%, then 24%, 16%, 8%, and finally 0% at year seven.

However, taper relief only applies to the tax due, not the value of the gift itself. And it only applies if the total gifts exceed the nil rate band of £325,000.

Some gifts may not qualify as exempt at all. For example, if you give away your home but continue living in it rent-free, the gift is classed as having a “reservation of benefit”, so it is still included in your estate.

Gifts to trusts, companies or involving complex arrangements may fall under different rules altogether, potentially incurring immediate IHT or reporting obligations.

Proper record keeping is vital. Keep a note of the date, amount, recipient, and purpose of each gift. We can help you understand the interaction between gifts and your overall estate.

As more families are caught by IHT due to frozen thresholds and rising property values, the use of gifting strategies becomes more important. But they must be used carefully. A poorly timed gift or

unclear arrangement can lead to a tax bill that could have been avoided with better planning.

Making Tax Digital for Income Tax



What landlords and sole traders need to know.

Although delayed several times, Making Tax Digital for Income Tax (MTD for IT) will become mandatory from April 2026 for individuals with business and/or property income over £50,000. From April 2027, the threshold drops to £30,000.

MTD for IT means that affected taxpayers will need to keep digital records and file quarterly updates using compatible software. The end-of-year finalisation process will replace the current annual self-assessment return.

Landlords and sole traders should start preparing now. Begin by reviewing your record-keeping, checking what software you use, and discussing the transition with your accountant. Moving early can help smooth the adjustment and avoid stress later on.

If your income is just above the threshold, consider whether restructuring or changes in income sources could delay or reduce your obligations. There will also be exemptions for those who are digitally excluded or have more complex circumstances.

FINANCIAL CALENDAR

Every month:

- 1 Annual Corporation Tax due for companies with a year ending nine months and a day earlier, e.g. tax due 1 October 2025 for year ending 31 December 2024.
- 14 Quarterly instalment of Corporation Tax due for large companies (depending on accounting year-end).
- 19 Pay PAYE/NIC and CIS deductions for period ending 5th of the month if not paying electronically. Submit CIS contractors' monthly return.
- 22 PAYE/NIC and CIS deductions paid electronically should have cleared into HMRC bank account.
- 30/31 Submit CT600 for a year ending 12 months earlier. Last day to amend CT600 for a year ending 24 months earlier.

If the due date for payment falls on a weekend or Bank Holiday, payment must be made by the previous working day. Electronic payments sent using the Faster Payments Service (FPS) are able to clear into HMRC's account on a non-banking day – a Saturday, Sunday and most Bank Holidays.

File accounts with Companies House for private companies with a year ending nine months earlier and for public companies with a year ending six months earlier.

October 2025

- 5 Deadline to notify HMRC of chargeability to Income Tax or CGT for 2024/25.
- 14 Due date for CT61 return and CT payment for quarter to 30 September 2025.
- 31 Deadline to submit 2024/25 Self Assessment tax return if filed on paper.

November 2025

- 2 Submit employer forms P46 (car) for quarter to 5 October 2025.

December 2025

- 30 Last day to submit 2024/25 tax return online to have unpaid tax of up to £17,000 collected through the 2026/27 PAYE code. The amount of debt that can be coded out in a year ranges from £3,000 to £17,000 based on a graduated scale.

January 2026

- 14 Due date for CT61 return and CT payment for quarter to 31 December 2025.
- 31 Submit 2024/25 Self Assessment return online. Pay balance of 2024/25 Income Tax and CGT plus first payment on account for 2025/26.

February 2026

- 2 Submit employer forms P46 (car) for quarter to 5 January 2026.

March 2026

- 31 Last minute planning for 2025/26 tax year. Make sure to use any CGT and IHT annual allowances and exemptions.

April 2026

- 5 Last day of tax year (6 April 2026, first day of new tax year).
- 14 Due date for CT61 return and CT payment for quarter to 31 March 2026.

May 2026

- 3 Submit employer forms P46 (car) for quarter to 5 April 2026.
- 31 Last day to issue 2025/26 P60s to employees.



July 2026

- 5 Final date to agree 2025/26 PAYE Settlement Agreements (PSA).
- 6 Last date for returns of expenses and benefits (forms P11D, P9D and P11D(b)) for 2025/26 to reach HMRC. Relevant employees to receive copies of forms P11D and P9D.
- 6 Last date to submit annual returns for employee share schemes and employment-related securities for 2025/26 (forms 34, 35, 39, 40 and 42).
- 14 Due date for CT61 return and CT payment for quarter to 30 June 2026.
- 22 Class 1A NICs for 2025/26 due (19th if paid by cheque).
- 31 Due date for second payment on account of 2025/26 Income Tax and Class 4 NICs.
- 31 Last day to pay 2024/25 tax to avoid second automatic 5% surcharge (unless late payment agreed with HMRC).

August 2026

- 2 Submit employer forms P46 (car) for quarter to 5 July 2026

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