Autumn 2026

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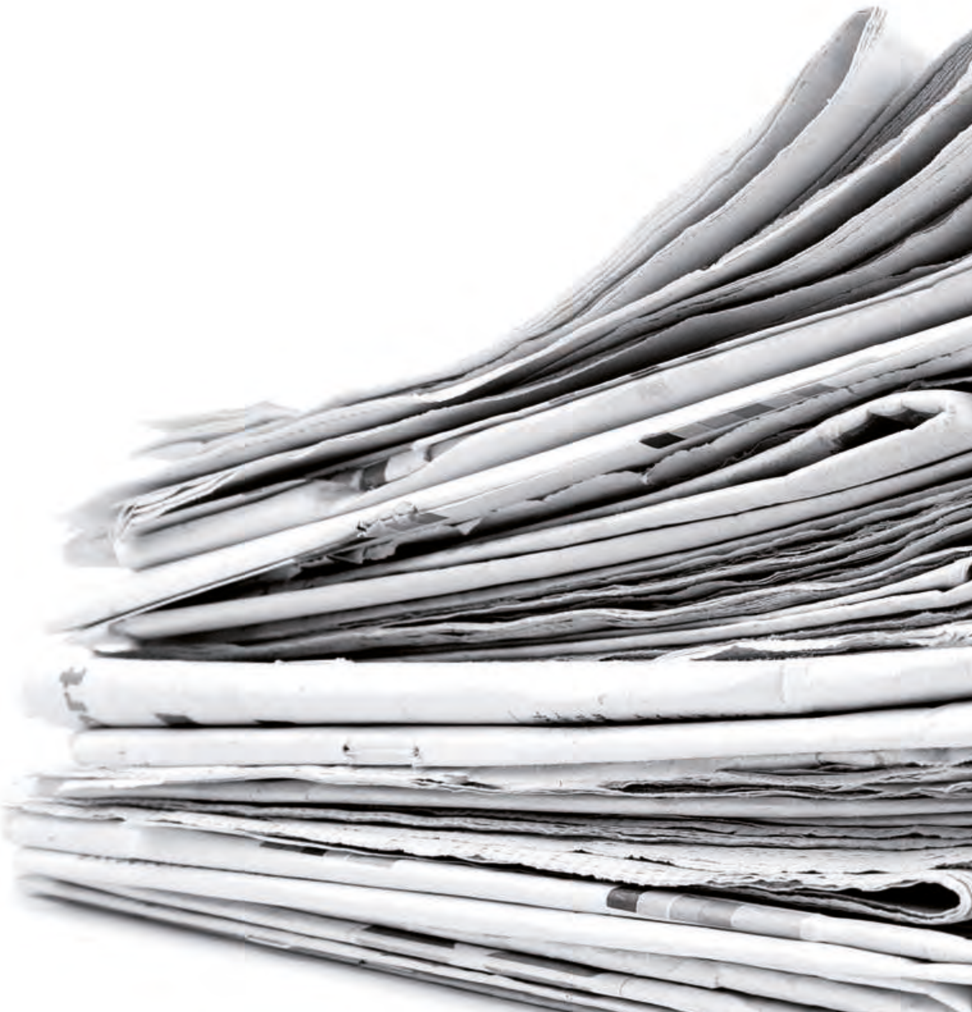

INTRODUCTION

Welcome to our Autumn 2026 newsletter.

As we move into the final months of the year, this is a useful time to review both business and personal financial affairs. For businesses, attention may turn to cash flow, profitability, tax liabilities and planning for the year ahead. Individuals may also want to consider their tax position well before the self-assessment deadline arrives in January.

In this edition, we look at a wide range of practical issues, including business resilience, business valuations, fraud prevention, tax planning and Making Tax Digital. We also consider developments affecting employers, pensions and VAT.

The Government has confirmed they will present its Autumn Budget in October 2026. Our next Winter newsletter will include details of any important tax changes announced in the Budget and explain how these may affect individuals and businesses. In the meantime, please call if any of the issues covered in this newsletter affect you.

BUSINESS

Companies House identity verification: are you ready

Identity verification is now an important part of the Companies House regime.

New legal requirements are being introduced requiring directors and people with significant control, known as PSCs, to verify their identity. Identity verification became a legal requirement on 18 November 2025, existing directors and PSCs are currently still being brought into the system during a 12-month transition period.

For existing company directors, the requirement to provide identity verification details is generally linked to the company's confirmation statement during the transition period. PSCs also have specified periods during which they must provide the required information.

Companies House allows individuals to check the register to establish the identity verification due dates applying to their roles.

Verification can be completed directly through GOV.UK One Login or through an Authorised Corporate Service Provider.

Once an individual has successfully verified, they receive a Companies House personal code. This code is personal to the individual rather than to a particular company, so somebody who is a director of several companies does not need a separate identity for each appointment.

However, the personal code may need to be provided in connection with each relevant role.

Company owners should not assume that somebody else has dealt with the requirement. Check whether all directors and PSCs have completed verification and establish when their information needs to be supplied.

The reforms are intended to improve the reliability of information held at Companies House and make it more difficult to use companies for fraudulent purposes.

With large numbers of directors and PSCs affected, dealing with the requirement well before the relevant deadline is likely to be considerably easier than leaving it until the last moment.

Is your business too dependent on you?

Many successful businesses have a hidden weakness: everything depends upon the owner.

The owner may control customer relationships, approve expenditure, negotiate with suppliers, manage employees and hold much of the knowledge required to keep the business running.

This can work while the owner is present, but what happens during illness, holidays or eventually when the owner wants to retire?

A useful test is to imagine that you could not work in the business for three months. Which decisions would be delayed? Which customers would demand to speak to you? Would employees know how to deal with unusual situations? Could somebody else access the information needed to run the business?

The answers can reveal areas where greater resilience is required.

Owner dependence can also have a significant effect on business value. A purchaser is primarily buying the future profits and cash flows of the business. If those profits depend heavily upon the existing owner remaining involved, they may be regarded as less secure.

Reducing dependence takes time. Responsibilities can be delegated gradually, procedures documented and customer relationships shared with other members of the team. Important information should be held within business systems rather than only in the owner's head.

Management information can help too. A business with reliable systems, documented procedures and regular financial reporting is much easier for somebody else to understand and operate.

Even if you have no intention of selling, reducing owner dependence can improve your quality of life. Being able to take a holiday without constantly checking emails is itself a worthwhile objective.

The strongest business is not necessarily one whose owner works the longest hours. It is one that can continue to operate successfully when the owner is not there.

Protecting your business against fraud

Fraud does not only affect large organisations. Smaller businesses can be particularly vulnerable because financial controls may be less formal and employees may perform several different roles.

One significant risk involves criminals impersonating suppliers and providing replacement bank details. An apparently genuine email may request that future payments are made to a different account. If the change is accepted without independent verification, substantial amounts can be lost.

Artificial intelligence is also making fraudulent communications increasingly convincing. Poor spelling and unusual language can no longer be relied upon as warning signs.

Businesses should establish straightforward controls. Changes to supplier bank details should always be verified independently, preferably by speaking to a known supplier contact using a telephone number already held rather than one contained in the request.

Significant payments could require approval from two people. Employees responsible for payments should also be encouraged to question unusual requests, even when they appear to come from senior management.

Internal fraud should not be overlooked either. Wherever practical, responsibility for ordering goods, approving invoices and making payments should not rest entirely with one individual. Bank accounts and management information should be reviewed regularly so that unusual transactions are noticed quickly.

Access to accounting systems and online banking should also be removed promptly when an employee leaves. No system can eliminate fraud completely, but a few simple controls applied consistently can make a business much harder to deceive.

Why estimating your tax liabilities makes sense

A profitable business can still experience serious cash-flow problems if money needed for tax has already been spent.

Corporation Tax, VAT and PAYE can represent substantial liabilities. Business owners may also face personal self-assessment payments.

These bills should not come as surprises. Rather than waiting for a tax liability to fall due, incorporate estimated payments into the business cash-flow forecast.

For example, a company can estimate Corporation Tax as profits accumulate rather than waiting until the annual accounts are completed. VAT liabilities can be estimated from accounting records and PAYE liabilities should be readily available from payroll information.

Some businesses find it helpful to transfer these estimated tax liabilities periodically into a separate bank account. This reduces the temptation to regard all of the money in the current account as available working capital.

Forecasting also allows different scenarios to be considered. What happens if sales fall by 10%? What if a major customer pays a month late? Will sufficient funds still be available for the next VAT or Corporation Tax payment?

Forecasts will never be completely accurate, particularly where profits fluctuate. They can nevertheless provide an early warning of a potential shortfall.

Knowing that a significant tax payment will be required in three or six months gives you time to prepare. Discovering the problem a few days before payment is due gives you far fewer options.

PERSONAL

Making Tax Digital: what have we learnt so far

Making Tax Digital (MTD) for Income Tax became mandatory from 6 April 2026 for many sole traders and landlords whose qualifying income exceeded £50,000. The first quarterly update deadline (7 August 2026) has now passed, providing the first real experience of the new system for affected taxpayers and their advisers. HMRC has reported that more than 436,000 sole traders and landlords successfully submitted their first quarterly update under MTD for Income Tax.

One important lesson is that MTD is about more than sending information to HMRC four times a year. The underlying requirement is to maintain digital records using compatible software.

The quarterly updates are based on information held in those digital records. They provide HMRC with summaries of income and expenses rather than being complete tax returns containing every year-end accounting and tax adjustment. For many taxpayers, the biggest change is therefore not the quarterly submission itself, but the need to keep accounting records reasonably up to date throughout the year.

If you are within MTD, now is a good time to review how the first quarter went. Were records complete? Were business and personal transactions properly separated? Were invoices and expenses recorded promptly? Did your software operate as expected?

Any problems identified during the first submission should be addressed now rather than repeated for the remaining quarters.

The next quarterly update for taxpayers following the standard tax-year quarters covers the period to 5 October 2026 and is due by 7 November 2026. HMRC has said that taxpayers will not receive penalty points for submitting quarterly updates late during the 2026-27 tax year. This easement should not, however, be regarded as a reason to ignore the deadlines. Keeping submissions up to date will make the year-end process much easier.

The scope of MTD expands further from April 2027 to include many sole traders and landlords with qualifying income over £30,000, with a further extension planned from April 2028.

Those joining next year should use the experience of the first group to prepare well in advance.

Selling an asset? Check the tax position first

Selling shares, property or another valuable asset can create a Capital Gains Tax liability.

Unfortunately, tax is sometimes considered only after the transaction has taken place. By then, opportunities to structure the disposal efficiently may have disappeared.

Before selling an asset, establish its original cost and identify any allowable expenditure that could reduce the gain. Depending upon the asset, this might include certain acquisition and disposal costs or qualifying expenditure on improvements.

It is also important to identify capital losses. Losses brought forward from earlier years, or losses arising on other disposals, may sometimes be available to reduce taxable gains.

The timing of a disposal can also matter. Completing a transaction shortly before or shortly after 5 April may move the gain into a different tax year and can affect when the tax becomes payable or how much of the annual exempt amount is available.

Transfers between spouses and civil partners can sometimes form part of legitimate tax planning, but advice should be taken before assets are transferred.

Special reporting and payment rules apply to certain disposals of UK residential property, making early advice particularly important. Usually, these transactions must be reported and any Capital Gains Due needs to be paid within 60 days of completion

Business owners contemplating the sale of shares or business assets should also establish whether any specific reliefs might be available and whether the conditions need to be satisfied for a particular period before the sale.

Tax should rarely be the only factor determining whether an investment, property or business is sold. Nevertheless, knowing the likely liability before signing an agreement means that the tax consequences can form part of the decision.

If you are contemplating a significant disposal, speak to us before completing the transaction rather than afterwards.

Funding your January 2027 tax bill

January may seem some distance away but now is a good time to consider your next self-assessment payment. The 31 January deadline can involve more than simply paying the balance of tax for the previous year. Some taxpayers will also need to make the first payment on account towards the following year's liability.

This can result in a substantial cash requirement immediately after Christmas.

If your tax return for 2025-26 (which quantifies your January 27 tax payment) has not yet been prepared, consider doing it earlier this year. Filing a return before January does not normally mean that the tax has to be paid earlier, but knowing the amount payable several months in advance provides more time to plan.

Where income has increased significantly, it may also be sensible to put additional funds aside.

Do not forget income outside your main business or employment. Savings interest, dividends, property income and capital gains can all affect the final liability. Tax liabilities are much easier to manage when they are anticipated. If you have not yet provided the information needed to prepare your tax return, September is an excellent time to start gathering it.

Checking self-assessment payments on account

If you pay tax through self-assessment, you may be required to make payments on account towards your next tax liability.

Payments on account are normally made on 31 January and 31 July and are based on the previous year's Income Tax and relevant National Insurance liability.

That can cause problems where income has fallen. You could find yourself making payments based on profits or income that you no longer expect to receive.

It is possible to apply to reduce payments on account where you reasonably expect the eventual liability to be lower.

This might be appropriate where business profits have fallen, a source of investment income has disappeared, or a rental property has been sold.

Care is needed, however. If payments are reduced too far and the final liability turns out to be higher, HMRC can charge interest on the shortfall.

It is better to prepare a reasonable estimate rather than simply reduce payments because they appear inconveniently high.

The reverse situation is also worth considering. If income has increased significantly, the payments on account may not be enough to cover the eventual liability. Although you do not normally have to increase them voluntarily, knowing that a larger balancing payment is likely allows you to put money aside.

If your income has changed substantially, ask us to review whether your payments on account remain appropriate.

VAT & DUTIES

Reclaiming VAT on bad debts

If a customer fails to pay an invoice, the financial loss can be worse if your business has already paid the VAT to HMRC.

VAT bad debt relief may help. Where a VAT-registered business has accounted for and paid output VAT on a supply that remains unpaid, it may be possible to reclaim the VAT from HMRC once the qualifying conditions are met.

Generally, the debt must have remained unpaid for at least six months from the later of the payment due date or date of supply. The business must also write the amount off in its VAT records.

Claims are subject to time limits, so old debts should not be left indefinitely. Businesses should regularly review overdue accounts, distinguish between slow-paying customers and genuinely irrecoverable debts, and keep clear records to support any claim.

Businesses using VAT Cash Accounting are generally in a different position because output VAT is accounted for when payment is received. They will therefore not normally have paid VAT to HMRC on a wholly unpaid invoice.

Bad debt relief should not replace effective credit control. However, if your debtor ledger contains old unpaid invoices, it is worth reviewing them. The customer may never pay, but that does not necessarily mean the VAT already paid to HMRC is lost.

Is your VAT evidence good enough?

Recovering VAT is not simply a matter of identifying expenditure that appears to relate to the business. You also need appropriate evidence to support the claim.

Businesses should normally obtain and retain valid VAT invoices for purchases on which input tax is reclaimed. The document should contain the information required for the type of VAT invoice being issued. Particular care is needed where employees or directors pay business costs personally and subsequently seek reimbursement. The underlying purchase must still be for the purposes of the business and appropriate supporting evidence should be retained.

Modern accounting systems make it easy to photograph or scan receipts and attach them to transactions. This can substantially improve record keeping, provided procedures are followed consistently. Businesses should consider establishing a routine under which invoices and receipts are captured as soon as they are received. Employees using expense applications should be encouraged to upload supporting documents when submitting claims rather than relying on paper receipts being located later.

Missing invoices can become particularly troublesome during a VAT inspection. Trying to obtain replacement documents months or years after a purchase is often much harder than capturing the evidence when the transaction occurs.

Care is also required where a supplier is not VAT registered. A document that looks like an invoice does not automatically entitle the customer to reclaim VAT. Similarly, the fact that VAT appears to have been charged does not necessarily mean that the amount is recoverable. Restrictions apply to certain expenditure, and the purchase must normally relate to the activities of the VAT-registered business.

Good VAT records do more than satisfy HMRC. They make bookkeeping easier, improve the reliability of accounts and provide evidence that the business is claiming the VAT to which it is properly entitled. A simple rule can help, do not regard a purchase or expense claim as complete until the necessary supporting documentation has been obtained and stored.

NIC & PENSIONS

Making the most of employer pension contributions

For owner-managed companies, pension contributions made by the company can sometimes form a useful part of remuneration and retirement planning.

Employer pension contributions are generally not treated as taxable earnings of the employee. Contributions made wholly and exclusively for the purposes of the company's trade may also qualify for

Corporation Tax relief, subject to the normal rules.

This can make employer contributions attractive compared with extracting the same amount as additional salary or dividends.

There are, however, important limits and conditions to consider.

The pension annual allowance restricts the amount of tax-relieved pension saving that can be made. Unused allowance from earlier years may sometimes be carried forward, subject to the relevant conditions.

Different rules can apply to individuals with high incomes because of the tapered annual allowance. Those who have already flexibly accessed certain pension benefits may also be affected by the Money Purchase Annual Allowance (2026-27: £10,000).

It is therefore important to consider pension contributions from all sources rather than looking at an employer contribution in isolation.

Timing also deserves attention. Corporation Tax relief for employer pension contributions generally depends upon when the contribution is actually paid rather than merely when the company decides to make it.

Pension planning should also fit the individual's wider financial position. Money placed into a pension is intended for long-term retirement provision and access is restricted.

The availability of tax relief does not automatically mean that making the largest possible contribution is the right decision. The company still needs sufficient working capital, while the individual may have other requirements for accessible savings and investments.

If your company is generating surplus cash, it may nevertheless be worth considering whether employer pension contributions should form part of your overall remuneration and retirement strategy.

EMPLOYMENT & PAYROLL

Managing employee absences effectively

Occasional employee absence is inevitable, but frequent or prolonged absence can become expensive and disruptive, particularly for a small business.

The starting point is accurate information. Employers should record absence consistently so that patterns can be identified.

Return-to-work discussions can be useful even after relatively short absences. They provide an opportunity to check that the employee is fit to return, identify any support required and ensure that the reason for the absence has been properly recorded.

Patterns can sometimes reveal issues that require further investigation. Repeated patterns of absences such as adjoining weekends, may justify a discussion, although employers should avoid jumping to conclusions.

Consistency is important. Employees in similar circumstances should normally be treated fairly, while recognising that individual situations, disabilities and underlying health conditions may require different approaches and reasonable adjustments.

Long-term sickness requires particularly careful handling. Maintaining appropriate contact can help both parties understand the position, while medical or occupational health advice may sometimes be necessary before decisions are made.

Managers should understand the organisation's sickness and absence procedures rather than improvising when a problem arises.

The objective should not be to discourage genuinely ill employees from taking necessary time off. It is to manage absence fairly, consistently and in a way that protects both the employee and the business.

Updating your employment contracts

Businesses change. Employees' responsibilities change with them, but employment contracts and staff handbooks are not always updated.

An employee recruited several years ago may now work different hours, have different responsibilities or work partly from home. Company policies may also have evolved considerably.

Out-of-date documentation can create uncertainty when disagreements arise.

Employers should periodically review contracts and employment policies to ensure they reflect current working arrangements and legal requirements.

Particular attention should be given to working hours, holiday entitlement, sickness procedures, confidentiality, use of company equipment, home working and disciplinary and grievance procedures.

It is also important to distinguish between contractual terms and general workplace policies. Changing a contractual term may require consultation and agreement rather than simply issuing a revised handbook.

Employment law is undergoing significant change, making periodic professional review particularly worthwhile. Employers should ensure that managers understand the procedures they are expected to follow as well as making sure the written documentation is correct.

New employees should receive the required written information at the appropriate time and employers should retain records showing what documentation has been issued.

Good documentation does not prevent every employment problem, but it establishes what employer and employee have agreed and can significantly reduce the potential for misunderstandings.

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 2027 for year ending 31 December 2026.

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 2026

5 Deadline to notify HMRC of chargeability to Income Tax or CGT for 2025/26.

14 Due date for CT61 return and CT payment for quarter to 30 September 2026.

31 Deadline to submit 2025/26 Self Assessment tax return if filed on paper.

November 2026

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

7 Submit Making Tax Digital (MTD) for Income Tax for quarter to 5 October 2026.

December 2026

30 Last day to submit 2025/26 tax return online to have unpaid tax of up to £17,000 collected through the 2027/28 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 2027

14 Due date for CT61 return and CT payment for quarter to 31 December 2026.

31 Submit 2025/26 Self Assessment return online. Pay balance of 2025/26 Income Tax and CGT plus first payment on account for 2026/27.

February 2027

2 Submit employer forms P46 (car) for quarter to 5 January 2027.

7 Submit MTD for Income Tax for quarter to 5 January 2027.

March 2027

31 Last minute planning for 2026/27 tax year. Make sure to use any CGT and IHT annual allowances and exemptions.

April 2027

5 Last day of tax year (6 April 2027, first day of new tax year).

14 Due date for CT61 return and CT payment for quarter to 31 March 2027.

May 2027

3 Submit employer forms P46 (car) for quarter to 5 April 2027.

7 Submit MTD for Income Tax for quarter to 5 April 2027.

31 Last day to issue 2026/27 P60s to employees.

July 2027

5 Final date to agree 2026/27 PAYE Settlement Agreements (PSA).

6 Last date for returns of expenses and benefits (forms P11D and P11D(b)) for 2026/27 to reach HMRC. Relevant employees to receive copies of forms P11D.

7 Submit MTD for Income Tax for quarter to 5 July 2027.

7 Last date to submit annual returns for employee share schemes and employment-related securities for 2026/27 (forms 34, 35, 39, 40 and 42).

14 Due date for CT61 return and CT payment for quarter to 30 June 2027.

22 Class 1A NICs for 2026/27 due (19th if paid by cheque).

31 Due date for second payment on account of 2026/27 Income Tax and Class 4 NICs.

31 Last day to pay 2025/26 tax to avoid second automatic 5% surcharge (unless late payment agreed with HMRC).

August 2027

2 Submit employer forms P46 (car) for quarter to 5 July 2027

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