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Monthly Newswire

Welcome to our latest monthly newswire. We hope you enjoy reading this newsletter and find it useful. Please contact us if you wish to discuss any issues further.

September 2026

Date of Budget 2026 announced

Chancellor promises stability

The Chancellor of the Exchequer, John Healey, has announced that Budget 2026 will be presented on 28 October 2026.

Announcing the date, the Chancellor said that the Budget will 'move money and power out of Westminster, and into every postcode around Britain'.

He also stressed that the government would continue to meet its fiscal rules, adding that the Budget would provide businesses and families with the stability they need to plan for the future.

Alongside the Budget, the Office for Budget Responsibility (OBR) will publish its latest economic and fiscal forecast, reflecting its assessment of the government's plans.

We will provide full coverage and analysis of the Budget announcements as details emerge.

In the meantime, if you have any concerns about how you may be affected by existing or proposed tax measures, please get in touch. We will be happy to discuss your circumstances and help you understand the implications.

Making Tax Digital for Income Tax first quarter statistics published

HMRC to begin signing up taxpayers they believe need to register

Under Making Tax Digital (MTD) for Income Tax, sole traders and landlords with income of more than £50,000 have been required to keep digital records and send quarterly updates to HMRC since 6 April 2026.

The first quarterly submission deadline, covering the first three months of the 2026-27 tax year, passed on 7 August 2026. HMRC have since issued a press release confirming that 436,000 taxpayers filed their first quarterly tax update by the deadline and reminding those who have not submitted their update to do so using HMRC-recognised software.

Slow uptake

HMRC's press release reveals that as of 12 August 2026, over 570,000 taxpayers had signed up for MTD for Income Tax.

In August 2025, based on 2023-24 figures, HMRC estimated that some 864,000 taxpayers would need to sign up from April 2026, meaning that around one third of taxpayers who should have registered for MTD for Income Tax from April 2026 had not signed up.

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HMRC's response

From September, HMRC will sign up taxpayers who are required to use MTD for Income Tax for 2026-27, but who have not yet registered for the service themselves.

Taxpayers can avoid being signed up by HMRC by signing themselves up now, ensuring their MTD details are correct at the outset.

If you receive a letter from HMRC about being signed up, please let us know and we will be pleased to help you navigate the sign-up process.

MTD for Income Tax should not be ignored, with HMRC reminding taxpayers that it is a legal requirement for sole traders and landlords earning more than £50,000 from self-employment and property to comply, unless exempt (e.g. due to digital exclusion).

Taxpayers are also reminded that from April 2027, those earning more than £30,000 from self-employment and property will be required to comply.

Penalties

While HMRC have confirmed that there will be no penalty points for late quarterly updates in 2026-27, penalties will still apply for late tax returns and late payments.

Quarterly updates do not replace the Self Assessment tax return. Those within scope of MTD for Income Tax must submit their quarterly updates in order to file their tax returns by 31 January.

A points-based penalty system will be introduced from 6 April 2027. Taxpayers will receive one point for each missed quarterly deadline and a £200 fixed penalty once four points have accumulated.

If you have not yet registered for MTD for Income Tax and are concerned that it may apply to you, or you receive a letter from HMRC about registering, contact us as soon as possible so we can help you assess your obligations.

AI pricing leaves businesses struggling to predict costs

'Token' pricing leads to uncertainty

According to a recent BBC report, businesses investing in Artificial Intelligence (AI) are finding it increasingly difficult to predict what their technology bills will look like, as reliance on AI increases.

Software purchasing is generally straightforward in that businesses typically pay a fixed monthly or annual fee based on the number of users or licences required. However, AI charges are increasingly being linked to usage rather than simple subscriptions.

Many AI tools are priced according to "tokens", the units used to measure how much information is processed used by an AI model. While this may make sense to an AI provider, for businesses it can be difficult to estimate how many tokens employees will consume in normal day-to-day use.

As AI systems become more capable, the problem becomes more pronounced. New AI "agents" can carry out multi-step tasks. A user might only make a single request; however the system could perform numerous tasks in the background. This makes the eventual costs even harder to predict.

Some organisations are finding that staff are using up tokens more rapidly than they anticipated. This uncertainty has prompted them to monitor AI more closely and reassess which tools are providing them with the best value for money.

Businesses that increasingly use AI for their own processes will also need to consider how they pass on the costs to their own customers. This can be challenging when the costs are fluctuating from month to month.

Many smaller businesses are currently able to use flat fee accounts, which avoids unpredictability. However, Goldman Sachs is forecasting that between 2026 and 2030, token consumption will increase by 24 times. As a result, AI firms are likely to come under increasing pressure from their shareholders to raise their fees.

For businesses then, the current challenge is not just whether to adopt AI, but also how to ensure that its benefits outweigh what could become an unpredictable bill.

HMRC contacts self-employed people about National Insurance gaps

What should you do if you receive a letter?

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.

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What should your employment law reform priorities be?

Acas provides advice and resources for employers

Acas's Julie Dennis has set out how HR teams should approach the Employment Rights Act 2025, one of the most significant changes to UK employment law in recent years, which became law on 18 December 2025 and is being phased in through 2026–2027.

Several changes are already in force, including:

- Statutory sick pay from day one (with the lower earnings limit removed).
- Day-one paternity and unpaid parental leave rights.
- A new bereaved partner's paternity leave.
- Stronger whistleblowing protection for those reporting sexual harassment.

For these changes, employers should have already reviewed related policies, payroll, and manager guidance, and communicated with staff. It is important to be clear that day-one leave rights don't always mean day-one pay rights.

Further reforms are still to come, covering unfair dismissal, harassment, flexible working, and zero-hours contracts, meaning businesses need a staged plan rather than treating this as a single change with one start date. This should not be a single compliance project; regular policy reviews will be essential, and businesses should not wait for the remaining reforms to take effect.

The compliance environment is also tightening. The new Fair Work Agency will consolidate enforcement powers, and employers must keep compliance records for six years, including holiday pay and annual leave records.

Acas recommends businesses:

1. Know the timeline: separate what has already changed from what is expected later.
2. Prioritise policy and contract review, especially sickness, family leave, flexible working, harassment, dismissal and records.
3. Train line managers. They need to understand the processes they are expected to follow and feel confident having early, fair and consistent conversations.
4. Strengthen compliance systems. Review how decisions are recorded, how evidence is kept and how employees are told about their rights.

Acas points readers to its dedicated Employment Rights Act 2025 hub and a free recorded webinar for further detail.

Update on government's Small Business Plan

Progress update on late payments, tax administration, finance access and apprenticeships

The government has published a one-year-on update to its Small Business Plan, which is intended to support small and medium-sized business to start, scale and grow.

Key highlights from the report include:

Late payment

The Small Business Protections Bill was laid before Parliament in May 2026. The new legislation includes stricter maximum payment terms, mandatory interest upon late payments, increased board-level scrutiny of large company payment practices, and stronger powers for the Small Business Commissioner.

The report reveals that the Small Business Commissioner recovered £1.5m in late payments for small businesses, a significant increase on previous years.

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Tax administration

Various reforms were introduced as part of Tax Update 2026 which are expected to reduce administrative burdens on business. The government also cites Making Tax Digital (MTD) as a time-saver, and notes that all VAT invoices will have to electronically by April 2029.

Whether businesses see these changes as easing their administrative burden may be another story.

Access to finance

The British Bank's financial capacity was increased to £25.6 billion at Spending Review 2025, allowing it to boost access to finance for SMEs.

The Growth Guarantee Scheme is also being expanded so that by 2028-29, total SME lending supported through the scheme will increase to £3.35 billion per year.

The Start Up Loans Programme is being expanded to deliver at least 85,000 loans over the next five years and broaden eligibility so that businesses trading for up to five years are included. This will be a considerable step up from existing lending. Between August 2025 and May 2026, the programme has made 9,551 loans.

Apprenticeships

The apprenticeship system is being simplified to make it simpler and easier for small businesses in England to take on apprentices. UK businesses can now access the new Youth Jobs Grant that pays £3,000 for every eligible young person they hire.

To review the report in full, see here.

If you would like help with your business processes or support with tax or accessing finance, please give us a call. We're here to help you!