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Business News England

Welcome to our round up of the latest business news for our clients. Please contact us if you want to talk about how these updates affect your business. We are here to support you!

Raft of tax administration measures announced: How will these affect businesses and employers?

James Murray, the Exchequer Secretary to the Treasury, made a Written Ministerial Statement last week that included a number of tax simplification, administration and reform measures. In total, 39 measures were announced.

Many measures are intended to reduce burdens on employers and small businesses, whereas others are designed to modernise H M Revenue & Customs (HMRC) systems and processes.

Here are five highlights included among the measures announced.

1. Delay to payrolling benefits

Mandatory payrolling of benefits in kind will now be delayed to April 2027 instead of April 2026.

Payrolling benefits is a way to report and tax employee benefits through the payroll system, rather than submitting them at the end of the tax year via form P11D. Currently, employers can voluntarily choose to payroll benefits, however the government intends for this to become mandatory.

Delaying the introduction of mandatory payrolling of benefits will give employers more time to prepare. In addition, HMRC will work to make sure that the new requirements are easy for employers to implement.

2. Simplification to Capital Goods Scheme

The VAT Capital Goods Scheme (CGS) makes you adjust how much VAT you can reclaim on expensive items like buildings or equipment if how you use them changes over time - especially if you move between taxable and exempt activities.

While no date has been mentioned yet, new legislation will be put forward to remove computers from the assets covered by the scheme. The capital expenditure value of land, buildings and civil engineering work at which CGS begins to apply will be increased to £600,000 (excl. VAT) from its current level of £250,000 (excl. VAT).

This will be a welcome simplification for affected businesses.

3. Updates to Check Employment Status for Tax (CEST) Digital Tool

HMRC is making this tool easier to use, and updates to the tool may have been made by the time you are reading this.

These are accessibility changes only though. How the CEST tool works out if a worker is self-employed or employed is not being changed.

This is unfortunate as there are occasions where the determination the CEST arrives at is not necessarily accurate. If you would like a second opinion about the results of a check you have carried out, please contact us and we would be happy to help you.

4. VAT Treatment of Business Donations of Goods to Charity

The government is to begin a consultation on the VAT treatment of business donations of goods to charity.

The consultation will look at what types of goods are donated, how they are distributed, and if there is scope to make adjustments that will balance preventing tax evasion with avoiding burdensome administration requirements.

The consultation is available to view here.

5. Less paper in the post

HMRC is aiming to reduce the amount of paper correspondence it sends out, and use digital formats instead. It expects to be able to save £50 million in print and postage costs annually by the 2028-29 tax year.

Therefore, we should begin to see fewer letters from HMRC arriving in the post as they make use of online methods. Certain critical correspondence will continue to be sent by paper post, and promises have been made not to abandon those who are unable to access correspondence by digital means.

If you are affected by these or any other measures announced in the Tax Update Spring 2025 announcement, please call us and we will be happy to help you understand how your personal situation is affected and what you need to do.

To review the Exchequer Secretary's statement in full, please see: https://questions-statements.parliament.uk/written-statements/detail/2025-04-28/hcws607

Low Value Import Rules Under Review – What It Could Mean for Small Importers and E-Commerce Sellers

The government has announced a formal review of the UK's Low Value Imports regime, which currently allows goods worth £135 or less to be imported without paying customs duties. The review comes in response to concerns from some large UK retailers, who argue that the current system gives an unfair advantage to overseas sellers.

For small businesses that rely on cross-border e-commerce, drop-shipping, or fulfilment centres based outside the UK, this review could lead to significant changes in how goods are taxed at the border.

What's Being Reviewed?

The existing system was designed to simplify trade and reduce admin costs, particularly for lower-value items. It's widely used by:

- Online sellers sourcing products from international suppliers.
- Drop-shipping businesses shipping goods directly to customers.
- Small retailers importing goods in low volumes.

However, large domestic retailers like Next and Sainsbury's have argued that this setup disadvantages UK-based sellers who must charge VAT and, in some cases, pay tariffs on similar goods.

In response, the Chancellor announced that the Low Value Imports regime will be reviewed, with stakeholder engagement beginning next month. According to the government, the review will consider:

- The impact on UK consumers, including any changes in pricing or availability of goods.
- Administrative complexity, especially for smaller importers.
- Fairness and competitiveness for UK-based and international sellers.
- The need to support innovation and flexibility in online retail models.

Why It Matters for Smaller Businesses

For many SMEs and independent e-commerce businesses, the low value threshold helps keep costs down and margins sustainable. Changing the rules could mean higher import costs, more paperwork, or even reduced access to overseas suppliers.

That said, the government has signalled it will aim to strike a balance - ensuring fairness for all types of businesses without placing unnecessary burdens on those who rely on efficient global supply chains.

What's Next?

The Low Value Imports review will launch in the coming weeks, with decisions likely to follow later this year. No changes have been confirmed yet, and any reform will need to take into account both business impact and consumer outcomes.

We'll continue to track the consultation and share updates as they become available.

International business can open up many opportunities, even for small businesses. If you need any help or advice on import taxes please get in touch. We would be happy to help you.

See: https://www.gov.uk/government/news/chancellor-unveils-plans-to-maintain-level-playing-field-for-british-business

New Reforms Aim to Tackle the Growing Problem of Small Pension Pots

The government has announced plans to address the growing issue of small, forgotten pension pots - a problem affecting millions of workers who change jobs frequently and accumulate multiple small pensions over time.

Currently, there are around 13 million small pension pots in the UK, each worth £1,000 or less. That number is growing by about one million a year. For savers, this means difficulty in keeping track of retirement savings and can mean paying multiple flat rate charges which leads to lower returns. Problems are caused for the pensions industry too; they estimate that the administrative costs of managing these small pots could be as much as £225 million a year.

What's Changing?

Under reforms being introduced through the Pension Schemes Bill, small pots will be automatically consolidated into a single pension scheme that meets certain standards - including providing good value for savers. Individuals will still have the right to opt out if they wish.

This "pot for life" approach is expected to:

- Cut down on flat rate fees applied to each small pot.
- Make it easier for savers to manage their pensions.
- Reduce admin costs for pension providers.
- Improve long-term returns - the government estimates that the pension of an average earner could be boosted by around £1,000.

How It Will Work

Key features of the proposed system include:

- A Small Pots Data Platform to help identify and match savers' small pots.
- Clear criteria for what qualifies as a "consolidator" scheme (including good value, scale, and consumer protection).
- An opt-out option for savers who prefer not to consolidate their pots.

Industry Reaction

The proposals have received broad support from across the pensions sector. Organisations such as the Pensions and Lifetime Savings Association, Which?, and leading pension providers have welcomed the move, saying it will reduce complexity and help people get better outcomes from their savings.

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What to Watch For

The Pension Schemes Bill is due to be introduced to Parliament later this spring. If passed, it will mark a significant shift in how pensions are managed, particularly for workers with multiple jobs over their careers.

Employers may want to start reviewing how the reforms could affect their workplace schemes and communications with staff.

If you have pension pots with various providers, then there could be value in consolidating them even if their value is more than £1,000.

See: https://www.gov.uk/government/news/1000-retirement-savings-boost-from-plans-to-bring-together-small-pension-pots

New Rules Aim to Curb Sudden Bank Account Closures

From April 2026, banks and payment service providers will face stricter rules around how and when they can close customer accounts, under new legislation aimed at improving transparency and giving people and small businesses more time to respond to account closures.

The changes mean that:

- Customers must be given at least 90 days' notice before their account is closed or a payment service is terminated - up from the current 60 days.

- A written explanation must be provided, outlining why the account is being closed. This is intended to help customers challenge the decision, including through the Financial Ombudsman Service if necessary.

These new protections are expected to apply to contracts agreed from 28 April 2026, and are part of a wider government plan to give people and businesses more certainty and security when it comes to accessing banking services.

Why It Matters for Businesses

Small business owners in particular have raised concerns in recent years about accounts being shut down with little or no warning, often without a clear explanation. Clearly this is very disruptive and has left businesses with no time to complain or find a replacement bank.

The new rules should help to improve matters. There will however still be some exceptions - for example, where account closure is necessary for financial crime prevention.

Therefore, it's worth being aware of these upcoming changes. While they don't come into force until 2026, they could influence how banks handle account management going forward.

See: https://www.gov.uk/government/news/millions-of-people-and-businesses-protected-against-debanking

Cryptoasset Firms Face New Rules Under UK's Draft Legislation

The UK government has published draft legislation that would bring cryptoasset services such as exchanges, brokers and custody providers within the scope of financial regulation for the first time. The announcement was made by the Chancellor during a major summit in London as part of UK Fintech Week.

If passed, the rules will apply to firms offering crypto-related services to UK customers - whether based in the UK or overseas. These businesses would be required to meet defined standards around transparency, customer protection, and operational resilience, similar to those in traditional financial services.

The legislation follows a 2023 Treasury consultation, and forms part of the government's wider "Plan for Change" strategy aimed at supporting innovation in financial services. The goal is to create a more stable and secure environment for consumers, while ensuring the UK remains a centre for digital finance.

Background and Impact

According to Financial Conduct Authority (FCA) research, around 12% of UK adults currently own or have owned cryptoassets - a sharp increase from 4% in 2021. While crypto adoption has grown, the sector has also seen high-profile failures and scams, which has naturally raised concerns.

In practical terms, crypto businesses targeting UK customers will likely face new compliance requirements and potential oversight from regulators like the FCA.

International Cooperation

The Chancellor also noted plans for further engagement with US regulators, including discussions on a potential "transatlantic sandbox" to explore cross-border approaches to digital securities. This follows meetings in Washington between UK and US officials earlier this year.

What's Next?

The government is seeking feedback on the draft legislation before introducing final measures. The Chancellor also announced that the government will be publishing a Financial Services Growth and Competitiveness Strategy on 15 July alongside the Chancellor's Mansion House speech. This has the aim of supporting long term growth in the financial services sector.

The regulatory shift is significant for any business involved in or considering entry into the crypto space.

See: https://www.gov.uk/government/news/new-cryptoasset-rules-to-drive-growth-and-protect-consumers

New International Rules to Cut Legal Costs for UK Businesses

From 1 July 2025, UK businesses involved in cross-border disputes will benefit from a major change in how their legal judgments are recognised overseas, thanks to new international rules being introduced under the 2019 Hague Convention.

The UK has officially signed up to the Convention, which means that if a UK court makes a judgment in a civil or commercial case involving a business in another participating country, that decision will be far easier to enforce abroad. As a result, businesses should save time, money, and legal uncertainty.

What's Changing?

Currently, even when a UK business wins a case in a UK court, getting that judgment recognised and enforced in another country can be complex and slow. In some cases, it can even lead to near-identical legal proceedings starting all over again in the foreign country.

Under the new rules:

- UK civil and commercial court judgments will be recognised and enforced automatically in other countries that have signed the Hague 2019 Convention.
- The same will apply in reverse - judgments from participating countries will be recognised in UK courts.
- This will apply to proceedings that begin on or after 1 July 2025.

Why It Matters for Business

For UK companies trading internationally, particularly SMEs, this change could reduce the cost and complexity of resolving disputes across borders. Instead of navigating multiple legal systems, businesses will have one consistent set of rules that simplify enforcement.

It also makes the UK more attractive as a base for resolving disputes, reinforcing the reputation of UK courts and legal professionals in the global legal market.

The Convention is already in use by 29 countries including EU member states, Ukraine, and Uruguay, with more expected to join in the future.

Looking Ahead

Businesses involved in regular cross-border activity - especially those drafting contracts or managing overseas disputes - should be aware of the upcoming changes.

See: https://www.gov.uk/government/news/government-signs-new-international-agreement-in-boost-to-british-business

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