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.

June 2025

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 total of 39 tax simplification, administration and reform measures.

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

In good news for employers, mandatory payrolling of benefits in kind will now be delayed to April 2027 instead of April 2026. This will give employers more time to prepare.

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.

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 £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 has worked to make this tool easier to use.

The way the CEST tool works out if a worker is self-employed or employed is not being changed though. 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 consulting on the VAT treatment of business donations of goods to charity.

The consultation is looking 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 here.

Interest Rates Cut, Trade Talks Shift

What It Means for Your Business

In recent weeks, the Bank of England have cut interest rates from 4.5% to 4.25% and the government has announced new trade deals with India, the US and the EU. Let's see what these news items can tell us about the latest developments in the economy.

Split opinions

At its meeting to discuss the Bank Rate, the Monetary Policy Committee (MPC) voted by a majority of 5-4 to reduce it to 4.25%. Two of the opposing members voted for reducing the rate to 4.0%, while the remaining two voted for keeping the rate at 4.5%.

This represents a wide range of opinion, which is perhaps to be expected in view of the uncertainty both domestically and globally in recent months. It could suggest that your guess is as good as ours on what direction the economy will take in the coming months.

Inflation and growth

At 3.5% in April (up from 2.6% in March), inflation is well above the Bank's target of 2%. The April inflation figures, which were not released until after the Bank's decision, represent the highest annual inflation rate in more than a year.

The increase was largely driven by higher water, gas and electricity bills, many of which rose on 1 April. Water and sewerage prices alone increased by over 26%, the sharpest rise in nearly four decades.

For businesses, April also brought higher running costs, including the rise in the National Minimum Wage and an increase in employer National Insurance contributions, both of which are believed to have contributed to a rise in services inflation, which reached 5.4%.

Core inflation - which excludes volatile food and energy prices - also came in higher than expected, suggesting price pressures are more widespread than a few short-term changes.

Before April's figures, many were expecting two further interest rate cuts this year. However, some economists now believe only one may happen, with the Bank likely to take a more cautious approach.

Trade news: Progress, but no big breakthrough

Recent trade deals with India, the US and the EU have captured headlines and are positive news. However, there are still a lot of loose ends. Many businesses won't see immediate changes, and the finer details still need to be worked out.

What this means for business owners

You might be wondering how all this affects you and your business day to day. Here's the takeaway:

- Borrowing costs may ease a little – If you have loans or overdrafts tied to the base rate, the interest may drop slightly. But banks don't always pass on the full cut straight away.

- Exporters may see new opportunities –If you're selling to the US, EU or India or you're considering it, the new agreements could make a difference. But you may need to await the fine print to see how things are actually going to work out.

- Consumer confidence may remain shaky – While news of trade deals is positive, continuing high inflation may make shoppers less comfortable about spending.

- Keep an eye on costs and planning – The economy is still unpredictable. While interest rates are lower, energy costs and trade uncertainties mean it's still worth budgeting cautiously.

The interest rate cut is a bit of good news, but the overall message seems to be that we're not out of the woods yet.

What's Making Employees Angry at Work

What Employers Can Do About It

A recent Acas survey has revealed what's really getting under employees' skin at work – and the results may strike a chord with many business owners.

Top of the list? Nearly half of workers (49%) said the thing that angers them most is seeing colleagues who aren't doing their job properly. Not far behind, 44% resent it when others take credit for their work, and 39% said an over-demanding boss causes the most frustration. Rude behaviour, whether from customers or other staff, also made the list at 37%.

These types of workplace tensions are more than just minor irritations. Left unchecked, they can affect morale, productivity, and ultimately, your bottom line. According to Acas, workplace conflict is estimated to cost UK organisations £30 billion a year.

So, what can businesses do?

Stewart Gee from Acas says the key is to address issues early, before they escalate: "Anger over a lack of recognition, rudeness, their boss or a colleague seen as not pulling their weight can impact productivity and escalate to conflict if left unresolved at work."

Often, a quiet word or informal conversation is enough to clear the air. Encouraging open communication and setting clear expectations can go a long way. Where issues persist, mediation or support from an HR professional may help avoid the need for formal processes.

Some practical steps for employers could include:

- Encourage early conversations before frustrations build up.

- Lead by example in how you treat staff and handle conflict.

- Offer clear training and inductions so expectations are understood.

- Check in regularly with your team, especially in busy periods.

Taking a thoughtful, proactive approach to resolving workplace frustrations can help foster a more positive and productive environment for everyone. Sometimes, simply making space for honest conversations is the best place to start.

Are you thinking of starting a business?

Free New Business Kit for 2025-26

If you're considering starting a business, there's a lot to think about - especially when it comes to finances, tax and compliance. From choosing the right structure (sole trader, partnership or limited company) to registering with HM Revenue and Customs (HMRC), keeping proper records and understanding your tax responsibilities, it's important to get things right from the start.

You may want to consider:

- When and how to register for VAT.
- Setting up payroll if you'll be taking on staff.
- Planning for Corporation Tax or Self Assessment.
- Claiming allowable expenses.
- Understanding what support and reliefs are available for new businesses.

To help you navigate all of this, ask us for your free copy of our New Business Kit for 2025-26. This practical guide has been updated for the latest tax year and covers all the key financial, tax and accounting areas you need to consider when setting up a business. It's designed to give you a clear overview, with straightforward explanations to help you feel more confident in your decisions.

If you're in the early stages of planning - or even just testing an idea - it's a great place to start.

Please get in touch if you'd like a copy of the New Business Kit or to speak to us about your plans.

What Should You Do If You're the Victim of a Data Breach

Review of NCSC data breach guidance

Media attention has been focused recently on the cyber-attacks affecting high street retailers. If you or your business is a customer of these businesses, you may have received communications alerting you to the fact that your data was included in the breach. If so, you may be wondering what you should do to protect yourself.

The National Cyber Security Centre (NCSC) have been highlighting their guidance on how to protect yourself from the impact of data breaches.

The guidance reviews what a data breach is and how you might be affected. It then details the actions to take following a breach, reporting suspicious messages and what to do if you've lost money.

<u>What actions should you take following a breach?</u>

The starting point is to confirm whether you've been affected. NCSC advise that you can contact the relevant organisation using their official website or social media channels. They stress that you shouldn't use links or contact details included in any messages you have been sent.

You may receive suspicious messages, even some time after the breach has been made public, so be alert. NCSC provide a list of tell-tale signs that can help you determine whether a message is fake. You should especially be cautious when being asked to provide personal information or to act urgently.

If you receive a message that contains a password that you've used in the past, NCSC advise that you don't panic. If you still use the password or use it on any other online accounts, you should change those straightaway.

You should also check your online accounts to make sure that they are not being accessed by someone who is unauthorised. Check the account's login records for unusual logins or login attempts. Look for changes in your security settings and messages or notifications that have been sent from the account that you don't recognise.

If you find an account has been accessed, then NCSC provide a step-by-step guide on recovering a hacked account.

To review the data breach guidance in full, see the NCSC website.