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Business News Scotland

Welcome to our weekly roundup of the latest business news for our clients. Please contact FirstBase Accountants today to talk with us about how these updates may affect your business. We are here to support you!

Mr Healey's quiet budget

Britain's financial markets barely blinked following Wednesday's Budget. The Chancellor, John Healey, began his first budget by targeting savers, property owners and banks.

Even these higher tax areas and increased spending were regarded as modest compared to his predecessor, Rachel Reeves's two-budget, £66 billion tax grab. The Financial Times estimated Mr Healey gave away £7.6 billion in 2026-27, with his planned tax rises generating £6.5 billion by 2030-31.

The budget "for working people" acknowledged the global turmoil which has pushed up costs for businesses and families, and his primary concern was with energy costs. The headline grabbers were the £100 fuel payment to each household in council tax bands A to D costing £2.6 billion and the abolition of gas standing charges next year.

Some of the tax increases were the usual suspects; alcohol duty up, Air Passenger Duty (APD) rates up, car tax up, tobacco duties up and so on.



Chancellor John Healey prepares for the Budget 2026, in No 11 Downing Street. Picture by Kirsty O'Connor / Treasury

Despite the continued arguments over the burgeoning welfare bill, there were no changes, with plans for new legislation tackling the issue pushed to next year. The Office for Budget Responsibility forecast benefits spending would rise by an average of £16 billion every year until 2031-32.

On welfare and defence, it was a 'wait and see' budget.

Mr Healey followed his boss's favourite mantra of regional devolution, offering business rates and tax revenues to mayors at some point in the future.

He announced his second budget priority as being, "Backing the enterprise of British business to unleash innovation and growth in every postcode", but both the National Living Wage and National Minimum Wage increased by 3.9%.

One area he emphasised was supporting Britain's innovative business base.

What changes will businesses see?

Corporation Tax rates remained unchanged at 25% and 19%.



There were several changes to Capital Gains Tax (CGT), including the introduction of Founders' Relief, balanced by another decrease in the lifetime limit for Business Asset Disposal Relief. Tech bros in, businessmen out.

The relief will support founders and early investors who have made a significant long-term contribution to the creation and development of a UK company. It will provide a 10% rate of CGT for qualifying disposals of shares or securities on or after 6 April 2027. The relief will have a lifetime limit of £10 million. Any Business Asset Disposal Relief (BADR) or Investors' Relief gains arising after 6 April 2027 will reduce the amount of the Founders' Relief lifetime limit available.

While the new Founders' Relief might sound generous, changes to BADR are less so, with the lifetime limit yet again reduced, from £1 million to £500,000.

For businesses not yet planning to sell up, there was other bad news. From April 2027, the Writing Down Allowance has been cut to 12%. It was 18% in early 2025. The First Year Allowance (FYA), on the other hand, is up from 40% to 50% and this is limited to spending on plant or machinery which is unused and not second-hand.

There will also be reforms to the 'distributions' framework. The distributions rules aim to distinguish between taking profits out of a company, which is generally taxed as income, and making a gain when shares are sold, which is generally subject to CGT. The changes would target arrangements that allow profits to be extracted as capital gains rather than Income Tax rates (e.g. via a new holding company and share buyback).

Capital treatment will be protected for genuine changes in ownership, including family business succession, while the purchase of own shares and demerger reliefs will be modernised.

There will be new conditions for a company purchase of own shares with full details to be determined following further technical consultation during 2027.

The Income Tax treatment of distributions from non-UK resident companies will be aligned with those of UK resident companies.

Employee share schemes

Company employee share schemes will get a shake-up, with changes to both the Company Share Option Plan (CSOP) and Enterprise Management Incentives (EMI). The CSOP is a tax-advantaged share option scheme suitable for company employees and directors. While complex, unlike an EMI share option scheme, CSOP does not impose a trading company requirement or staffing limit, nor is there any upper limit on the value of CSOP options granted.

The Budget saw the individual option limit increased to £120,000 and its exercise period increasing to 15 years.

The interaction between the CSOP and EMI individual options limits will be removed. The exception for Employee Ownership Trusts (EOTs) in the EMI rules will be extended to companies arranging to become controlled by an EOT. The changes will take effect from 6 April 2027.

For EMI, there are plans to remove the requirement for a company to submit a separate notification of a grant of EMI option to HMRC. Instead, a company will be required to notify such a grant through the end-of-year return.

Business rates

Smaller firms such as pubs and beauty salons will see business rates either frozen in real terms, reduced, or cut to zero. For those businesses that fail the relief tests, the bill for the tax will rise by 4.5% in 2026-2027 to £35 billion and is set to rise further to £43.1 billion by 2030-31.

Vape shops and adult gaming centres will no longer be able to qualify for rates relief.

Taxation of company cars

Company car tax rates for the tax year 2030 to 2031 will see a one percentage point increase for zero emission vehicles and for all other vehicles, bands will increase by one percentage point per year in the tax year 2030 to 2031, to a maximum appropriate percentage of 40%.



Meanwhile, the government will increase the Approved Mileage Allowance Payments (AMAPs) and Simplified Mileage Rates for business mileage above 10,000 miles from 25 pence to 35 pence per mile.

As announced in the budget, the government will introduce legislation to extend the temporary five pence per litre (ppl) cut in the main rates of fuel duty (originally introduced at Spring Statement 2022) from 1 January 2027 until 30 June 2027. In addition, the legislation will extend the further 3.7 ppl cut to the rebated rates for gas oil (red diesel), biodiesel, bioblend and kerosene for excepted machines other than for heating, until 30 June 2027. The government will also introduce legislation to increase fuel duty rates in line with Retail Prices Index (RPI) inflation from 1 July 2027.

So, who is paying?

While praising banks for their importance to the UK economy, Mr Healey added an extra payment of 3% on the existing surcharge to apply temporarily starting in January and ending 15 months later.

The High Value Council Tax Surcharge (HVCTS) is a new charge on owners of residential property in England worth £2 million or more in 2026, taking effect in April 2028. The charge will be additional to existing Council Tax liability. This measure is estimated to raise around £400 million of revenue per year from 2028-29.

Properties above the £2 million threshold will be placed into bands based on their property value. Charges will increase in line with CPI inflation each year from 2029-30 onwards.

There was also an increase in Income Tax applicable to property income. From 2027-2028, the property basic rate will be 24%, the property higher rate will be 44% and the property additional rate will be 49%.

These rates will apply across England, Wales and Northern Ireland. The government has provided the devolved governments of Scotland and Wales with the ability to set property income rates in line with their current Income Tax powers. The changes will take effect from 6 April 2027.

Naturally, there are more changes not outlined here, but greater detail can be found in the Ross Martin budget summary that can be found here: https://www.rossmartin.co.uk/autumn-budget-2026/9175-autumn-budget-2026-at-a-glance

If you need advice on any of the tax changes, please contact us. We're here to help.

25 business-related legislative policies

Here are our top 25 changes that businesses should note from John Healey's first budget. Some of those listed may have already been announced but are now confirmed in the Autumn Budget.



1. **Fuel Duty:** Extend the temporary 5p-per-litre duty cut and defer the planned Retail Prices Index (RPI) increase to 1 July 2027.

2. **Mileage Rates:** Increase the tax-free and tax-deductible car and van rates to 55p for the first 10,000 business miles from 6 April 2026 and the higher mileage rate to 35p from 6 April 2027.

3. **Business Rates:** Increase business rates relief for pubs, social clubs and live music venues by 20ppts to 35% from 1 April 2027.

4. **Business Rates:** Increase valuation thresholds for Small Business Rate Relief for retail, hospitality and leisure (RHL) properties from £12,000 to £18,000 for 100% relief and from £15,000 to £21,000 for tapered relief from 1 April 2027.

5. **Business Rates:** Introduce a transitional support package, including a two-year real terms bills freeze for RHL businesses and a one-year extension of the 2023 Supporting Small Business support, part funded by extending the Transitional Relief Supplement for two years from 1 April 2027.

6. **Trading Allowance:** Increase the Income Tax Trading Allowance to £3,000 from £1,000 from 6 April 2027.

7. **Business Rates Retention:** Devolve a share of business rates income and growth to Mayoral Strategic Authorities from April 2027.

8. **Business Asset Disposal Relief (BADR):** Reduce the lifetime limit to £500,000 from 6 April 2027.

9. **Founders' Relief:** Introduce a new CGT relief for qualifying founders of high-growth, innovative companies from 6 April 2027.

10. **R&D Tax Reliefs:** Remove the Claim Notification Form from 1 April 2027 and simplify the Additional Information Form from Autumn 2027.

11. **Enterprise Management Incentives 2 (EMI2):** Increase the individual option limit to £120,000, extending the exercise period to 15 years and remove interaction with EMI option limit from 6 April 2027.

12. **E-invoicing:** HMRC will require VAT invoices to be issued in a specified electronic format from 1 April 2029.

13. **Employment expenses:** Remove the £2,500 Income Tax Self Assessment expenses threshold from 6 April 2028.

14. **VAT and PAYE:** Require direct debit arrangements for VAT and PAYE return liabilities from 1 and 6 April 2029 respectively.

15. **Debt Management:** Enable HMRC to recover lower-value tax debts from the bank accounts of taxpayers who can afford to pay but repeatedly fail to do so from July 2029.

16. **Online Marketplace Liability:** Extend to UK businesses with a minimum annual sales threshold per platform of £90,000 from 1 October 2027.

17. **Distributions:** Modernise the distributions framework from 6 April 2028.

18. **Advance Corporation Tax (ACT):** Abolish Advance Corporation Tax from 1 April 2031.

19. **Business Rates:** Remove reliefs for vape shops and Adult Gaming Centres from 1 April 2027.

20. **Writing-down Allowances:** Reduce the main rate writing-down allowance to 12% from April 2027 and increase the main rate First Year Allowance to 50% from 1 January 2027.

21. **Property Income:** Increase tax rates on property income by 2ppts at the basic, higher and additional rate from 6 April 2027.

22. **Heavy Goods Vehicles:** Reduce Vehicle Excise Duty to £1 for 12 months from 1 July 2026.

23. **Corporation Tax:** Make the foreign permanent establishment exemption mandatory, preventing their losses from reducing UK corporation tax receipts for accounting periods beginning on or after 1 January 2027.



24. **British Business Bank:** Expand the Growth Guarantee Scheme to support £6.5 billion of additional SME lending across this Parliament.

25. **Temporary Staffing:** Amend Group 7 of Schedule 9 to the VAT Act 1994 to restore the tax treatment of medical deputies to its previously intended position.

Update on welfare counselling guidance

There is updated guidance on the tax treatment of employer-provided welfare counselling. The welfare counselling exemption allows employers to provide certain counselling services to employees without a tax charge arising. As part of the update, new examples have been added to

illustrate support that may fall within the welfare counselling exemption, including mental health support and menopause support.

There are other employment income exemptions that may be relevant when employers provide health and wellbeing support, including: recommended medical treatment provided to support an employee's return to work, health screening and employee assistance programmes.

Employers can review the updated guidance of EIM21845 - Particular benefits: exemption for welfare counselling, here: https://www.gov.uk/hmrc-internal-manuals/employment-income-manual/eim21845

If you need help with tax reliefs and employee benefits, get in contact.

Whistleblowing law is changing



Whistleblowing is back on the political agenda. Within weeks of each other, a series of announcements from government, the Financial Conduct Authority (FCA), HMRC and the Serious Fraud Office (SFO) highlighted the frailties of the current system of handling whistleblowing claims.

The Department of Business, Innovation, Science and Trade has launched a new consultation on the topic, looking for options to reform existing legislation. It admits that, " …a series of scandals in the UK have raised concerns that the framework may no longer work as intended."

The FCA has triggered an investigation into its own handling of whistleblower Simon Andriesz. He had worked as a managing director at BGC Group, a financial brokerage, in 2020-2021 he told the FBI that Howard Lutnick (his chief executive) had undeclared business ties with late sex offender Jeffrey Epstein. Mr Lutnick was later named Donald Trump's commerce secretary in late 2024. He also reported other financial irregularities.

Mr Andriesz had long complained that both US and UK financial regulators neither took his complaints seriously nor protected him as promised. At a webinar hosted by campaign group Transparency Task Force, he said of the FCA, "It protects the institution and then exposes the whistleblower to extreme retaliation and devastation."

Months after recounting how he had lost his marriage and his savings, he committed suicide.

While the FCA admits it needs to examine its handling of Mr Andriesz's case, it has intensified concerns that anyone blowing the whistle in the UK often pays a high price with little reward.

Meanwhile, mention the topic to senior management in most larger companies and it often generates a swift suck of air through the teeth. Whistleblowers are not welcomed.

When Parliament enacted the Public Interest Disclosure Act 1998 (PIDA), the legislation was regarded as one of the most robust whistleblower protections available. PIDA introduced a legal framework into the Employment Rights Act which theoretically protected workers from detriment and unfair dismissal. To qualify for protection, a worker must reasonably believe that the disclosure is in the public interest, relates to a specified category of wrongdoing and is made through appropriate channels.

Wrongdoing can include criminal offences, breaches of legal obligations, risks to health and safety, environmental damage, sexual harassment and the deliberate concealment of such matters.

The reality is that whistleblowing has long been an important safeguard against workplace wrongdoing. It was a whistleblower who alerted the Australian government that PwC's local unit had used confidential government data to win new business. Months later, KPMG faced allegations that the firm had accessed and shared confidential audit information to bid for contracts with some of Australia's biggest companies.

But recent developments in the UK suggest that both legislation and attitudes towards whistleblowers are changing. They are increasingly seen as a critical source of intelligence and organisations have a responsibility to be more proactive in supporting them.

Writing in the Financial Times, the interim director of the SFO, Graham McNulty, argued that insider information was often the key to unlocking complex investigations and whistleblowers can significantly reduce investigation times by identifying evidence and paper trails that might otherwise take years to uncover.

The government's consultation has taken SFO proposals on board, especially boosting an incentivisation scheme - paying for information. While the U|K has long wrestled with the idea of law enforcement agencies paying whistleblowers for information, the success of such schemes in the US and Canada has changed minds.

And paying for information also gives protection to whistleblowers who, like Simon Andriesz, face financial ruin.



HMRC have already moved in this direction, strengthening their informant and reward scheme. Their Strengthened Reward Scheme allows informants who report serious tax avoidance or evasion of at least £1.5 million to receive 15-30% of the tax collected.

HMRC also reported that for the 2025-2026 tax year, they paid out a record £1.4 million to tax informants with 170,992 reports.

The FCA also said whistleblowing reports were on the increase, up 22% over 2024-2025. Significantly, 42% of those reports led to direct action to reduce harm, while a further 53% informed wider regulatory work.

The message for employers is clear. Organisations need to recognise that whistleblowers are not merely reporting issues; they are often placing themselves in stressful and potentially vulnerable situations. The reality for companies is that if a whistleblower's claims have genuine merit, they have implications for a company's bottom line. Addressing the accusations may not only be reputationally beneficial but are likely to produce economic benefits too. How concerns are handled can have a major impact on workplace culture and trust.

The government has now launched a consultation on the UK's whistleblowing framework, including possible financial incentives for those who expose serious economic crime. The United States already operates a reward system under which whistleblowers may receive between 10% and 30% of financial penalties recovered by regulators. Supporters argue that these schemes increase both the quantity and quality of reports and encourage individuals to come forward sooner.

What employers should consider

Against this backdrop, employers should review their whistleblowing arrangements. Although there is currently no legal requirement to have a whistleblowing policy, government guidance makes clear that having robust procedures is considered best practice. An effective policy should explain what whistleblowing is, how concerns can be raised, the protections available to workers and the organisation's commitment to investigating reports fairly and confidentially.

Your globally mobile employees can be exceptions

HMRC have told employers to prepare for the mandatory payrolling of Benefits in Kind (BIKs) and expenses being introduced in phases from 6 April 2027. It is worth noting that should you have Globally Mobile Employees (GMEs), they can be excluded from the mandatory payrolling rules.

This is a voluntary exception to the rules for those employees whose globally mobile working arrangements create genuine practical difficulties in calculating or reporting BIKs through payroll in real time.



What employers need to do

Employers must tell HMRC which eligible GMEs should be excluded from mandatory payrolling by submitting an online G-Form to HMRC. The form will be available from November 2026. Once the G-Form has been submitted for excepted GMEs, employers should leave their BIKs out of mandatory payrolling. They should continue using the existing year-end reporting process through forms P11D and P11D(b).

If employers do not utilise the exemption when BIKs are voluntarily payrolled from 6 April 2027, any associated Class 1A NICs and Income Tax must also be reported and paid through payroll in real time and together, not separately.

Employers can register to voluntarily payroll non-mandated benefits for the 2027-28 tax year from November 2026.

If you need help with payrolling or the GME exception, please contact us.

Mandatory tax adviser registration coming soon

New rules on giving tax advice come in on 18 November 2026. If a business provides payroll or PAYE services and communicates with HMRC on behalf of clients, they are likely to need to register. It is worth companies checking to see if their agent or payroll operator has signed up.

The mandatory tax adviser registration requirements go beyond accountancy companies and any business handling payrolls, for example, are included. An organisation that, in the course of its business, assists other persons with their tax affairs is expected to register.

HMRC say that assisting another person with their tax affairs includes providing tax advice, acting or claiming to act as the person’s agent in matters relating to tax or helping to prepare or complete documents that HMRC may use to assess the person’s tax position.

HMRC view 'interaction' as including contacting them by phone, post or email, sending a message to HMRC through a website or internet portal, filing returns and making payments. Examples of businesses that may be required to register are given in HMRC's guidance:

- Sole traders providing tax advice and other services to clients who interact with HMRC.
- Agents who submit repayment claims on behalf of clients.
- An accountancy firm that provides tax advice and compliance services and interacts with clients in relation to those services.
- A financial adviser or wealth manager providing tax advice who interacts with HMRC.
- In-house tax professionals who prepare or file returns for other entities in a group.
- A multi-disciplinary professional firm such as an insurance firm with a tax advisory function where the services are provided to clients in the course of business and the firm interacts with HMRC.

HMRC have published a checker tool to find out if your business needs to register.
https://www.tax.service.gov.uk/guidance/check-if-you-need-to-register-with-hmrc-as-a-tax-adviser/start/business-provide-tax-services?c=1

Getting your CIS monthly returns correct

It can be a costly error getting the Construction Industry Scheme (CIS) monthly returns wrong and HMRC note that they are paying more attention to them.

HMRC say that the most common mistakes they see are using the wrong deduction rate, missing out material costs and entering figures incorrectly.

Brush up on the 'deduction' rules

Contractors must verify a subcontractor with HMRC before paying them for the first time and again if they have not been included on a CIS return in the current tax year or the previous two tax years. This verification will then see HMRC tell contractors which deduction rate to use: 20% for registered subcontractors, 30% for unregistered ones or 0% where the subcontractor has gross payment status.



Businesses should realise that subcontractors' deduction rates can change and HMRC will write to the contractor if this happens. Contractors should not rely on an old rate or a rate used on a previous return and must check that what's used matches the latest rate HMRC has provided.

Record the cost of materials

Another common mistake is leaving material costs out of the CIS monthly return. This can make the tax statements incorrect, even if the correct contractor deduction rate was used.

CIS deductions usually apply to the labour part of a subcontractor's invoice, not the cost of materials. Materials costs should be recorded separately on the return so the payment, materials and deduction figures match records.

Entering incorrect figures

Small data entry mistakes can cause problems. For example, entering the wrong payment amount, material cost or deduction amount can make the return inaccurate. Each figure needs to be matched against the payroll, invoice or accounting records before submitting the return.

Monthly returns checklist

Before submitting each monthly return, contractors should:

- Verify subcontractors when required.
- Use the latest deduction rate provided by HMRC.
- Record the cost of materials separately when materials are included on the invoice.
- Check payment, material and deduction figures against their records.
- Correct any errors as soon as possible if a mistake is discovered.

If you need help with your CIS returns, please get in contact.

Electronic payment deadlines to consider

HMRC are reminding businesses about two difficult payment deadlines.



Firstly, the 22 November 2026 electronic payment deadline falls on a Sunday. To ensure payment for this month reaches HMRC on time, funds need to clear their account by 20 November 2026. It is the employer's responsibility to ensure payments are on time and if a payment is late, penalties may be charged.

RTI reporting obligations for early Christmas payments

Some employers either need or want to pay their employees earlier than usual in December. This can be for several reasons, such as businesses closing during the festive period. HMRC are reminding employers of the permanent easement on Real-Time Information (RTI) reporting that applies during this time. If businesses do pay early, this must be reported on the normal or contractual payment date on the Full Payment Submission (FPS).

For example, if an employer pays on 19 December but the normal payment date is 31 December, the employer must report the payment date as 31 December. The FPS would need to be sent on or before 31 December. This helps protect employees' eligibility for income-based benefits such as Universal Credit, as an early payment could affect current and future entitlements.

If you need help with RTI returns, please get in contact. We're here to help.

Statutory Neonatal Care Pay (SNCP) and Neonatal Care Leave

SNCP and Neonatal Care Leave apply to eligible employees whose baby is born on or after 6 April 2025 and requires specialist neonatal care. Both entitlements are available to employees in England, Scotland and Wales.

Employees may be entitled to one week's SNCP and Neonatal Care Leave for every seven consecutive full days their baby spends in specialist neonatal care, up to a maximum of 12 weeks, provided the baby has entered specialist neonatal care within 28 days of birth. Both SNCP and Neonatal Care Leave are in addition to other statutory family leave and pay entitlements, such as maternity, paternity, adoption and shared parental leave.

SNCP is paid at the statutory rate, or 90% of average weekly earnings, whichever is lower.

If you need help in calculating reliefs, please get in contact.

Please do contact us if you would like to talk about any of the articles. We are here to support you and your business!

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