Emtacs NEWS

Spring 2026

In this issue:

● Autumn Budget ● MTD for ITSA
● Companies ● Capital Allowances ● Other News

AUTUMN BUDGET

Time seems to fly by these days but back in November, Rachel Reeves and her band of 'financial experts' put together the Autumn Budget outlining the up to date tax system and financial spending. There are a few changes within the tax system that will impact some of you, so here goes with trying to explain the changes and what they will mean:

The National Insurance (NI) and Income Tax thresholds will be frozen for an additional three years beyond 2028, taking this through to 2031. If your fee income rises in line with inflation, this will drag more people into higher bands over time.

There will also be no change to the main NI rates meaning Class 1 for Employees will remain at 8% and Class 4 for the self-employed will be at 6%. 2% is paid in both instances on higher rate taxable income.

Class 2 NI will continue to be treated as paid for all self-employed individuals with profits over a certain threshold. This threshold will rise for 2026/27 to £7,105, up from £6,845 in 2025/26. Should you have profits below this amount and you wish to have credit towards your State Pension, voluntary Class 2 contributions can be paid. The annual amount will rise to £189.80 from April 2026, up from £182.00 (amount for the 2025/26 Tax Year). Class 3 voluntary NI will also rise to £956.80 per year.

One way HMRC will be attempting to bring in more Tax is via a 2 percentage point rise on specific areas. Some of these will be brought in from April 2026, with others in April 2027.

The first measure will be a 2% increase in the basic and higher rates of Income Tax applicable to dividends and this will come in to effect as of April 2026.
Dividends received above the unchanged Dividend Allowance of £500, will be taxed at the following rates for 2026/27:
10.75% for basic rate taxpayers, 35.75% for higher rate taxpayers.
The additional rate will remain unchanged at 39.35%.

The current tax rates on savings income will be maintained for 2026/27, however from April 2027 (2027/28), a 2% increase will be applied to all tax bands. This means taxable savings income that falls in the basic rate band will increase to 22%, the higher rate band will increase to 42% and the additional rate band will increase to 47%. The allowances of £1,000, £500 and £0 respectively, will continue to apply with savings income only being taxable over and above these thresholds.

Finally, again from April 2027, tax charged on rental profits will be increased by 2 percentage points meaning the government will be introducing the following separate tax rates for property income for 2027/28 onwards:
22% for basic rate taxpayers, 42% for higher rate taxpayers, 47% for additional rate taxpayers.

There will be no change to the Capital Gains Allowance or rates for 2026/27 with these being set at 18% and 24% for basic and higher rates since the change on 30th October 2024.

MAKING TAX DIGITAL FOR INCOME TAX SELF ASSESSMENT (MTD FOR ITSA)

MTD is here!! The lucky ones amongst you who will be mandated from 1 April 2026 (turnover from both Self-Employment and Rental being over £50,000 combined) should by now have been contacted by us regarding being registered. Should you not have responded, please ensure you do so asap. You will also have received, alongside this newsletter, a separate document outlining all you need to know in relation to the info we will need and the dates and deadlines by which the quarterly updates have to be completed and filed by. Please refer to this for details and should you have any further questions, call the office and one of us will be able to help. Please remember this does not impact Partnerships or Limited Companies.

As mentioned previously, those with a combined turnover of over £30,000 (which will be based on your 2025/26 figures), will be next to be mandated, this time from 1 April 2027. This threshold will then be lowered further down to £20,000, with individuals surpassing this threshold to be mandated from 1 April 2028. This will also apply to the non-residents amongst you who will not be mandated until April 2027 at the earliest.

To get everyone ready for what is the biggest change to the UK Tax System since self assessment was introduced back in 1997/98, we would recommend all clients make use of a dedicated bank account for business transactions. All income received as well as all business expenses paid would then be made from this dedicated account making accounting simpler going forward not only for us but also yourself. Of course, you would then be able to transfer any money you wish out to a personal account for you to live on.

In addition to this, ensuring your accounts analysis is completed digitally is something we would also recommend happens now. You do not need any special software as we will file all MTD updates via our own software which will guarantee compliance with all the rules. We would suggest however the use of Excel or similar to log and analyse your income and expenses and this be sent to us alongside your bank statements for cross referencing. Getting in to the habit of this now will aid a smooth transition to MTD as and when that applies to you.

Emtacs NEWS

Spring 2026

COMPANIES

Companies House will soon be making a change to the information available on their website. The change will make your profit and loss figures available for all to see. I do not think there is currently a way round this but awareness is key as for some, this may impact you or your work should individuals or the press want to question you on it.

Another thing to mention is that by April 2027 all Benefits in Kind will have to be payrolled rather than being drawn up on a P11D. This means that any changes to benefits such as vehicles etc will need to be communicated with us in a timely manner so that the correct payroll information can be filed. We would therefore ask you to speak to/inform us regarding any such changes prior to making them.

CAPITAL ALLOWANCES

Capital Allowances will continue to be claimable as previously. The Annual Investment Allowance (AIA) is available to both Limited Companies and the self-employed and gives a 100% write-off on certain items. The limit for this remains at £1 million.

The government will however reduce the main rate Writing Down Allowance (WDA) from 18% to 14% per year from 1 April 2026 for Corporation Tax purposes and 6 April 2026 for Income Tax purposes. This is the amount of pool carried forward that can be claimed per year. The WDA on the special rate pool remains at 6% per year.

OTHER NEWS

Bills

We will continue to aim to keep any such fee rises to a level below inflation. That said, the introduction of MTD will inevitably cause a rise in overall fees for a year for those that are mandated. This will be down to the time involved in completing and filing updates each quarter. A final submission of your combined yearly accounts and Tax Return will also still need to be filed, albeit it taking much less time than the current end of year work. In summary, the combined fees will be higher than they are currently but we will do our best to keep everything as low as feasible. That just leaves me with the usual reminder that the more analysis and prep work done by yourselves prior to sending, the more likely it will be that your accounts take less time to complete, therefore leading to a smaller bill.

Deadlines and EMTACS workload

With MTD coming in from April, this will create quarterly deadlines. We are also mindful that the EMTACS workload due to this will not be even across the year. We will therefore be assigning the months of April, July and October solely to complete MTD quarterly updates. All non MTD clients who need accounts completing will therefore be worked on during the other months of the year. The final MTD quarter not mentioned above, the December quarter, will fall in line with the Tax Return filing deadline in January. To account for this and for the reduced time available to attribute to Tax Return filings, EMTACS will have to bring forward our own deadline both for guaranteed filing and the overtime surcharge. With this in mind, the deadline for guaranteed filing will move forward by a couple of months to **31 August** for all 2025/26 Tax Returns, with the surcharge moving forward one month to **30 September**. This will then be reviewed each year with any future changes being communicated accordingly. We appreciate this puts added pressure to get your information to us sooner but hopefully you understand the necessity for this to maintain our ongoing commitment to get as many Tax Returns completed and filed before the deadline as possible.

Please can you therefore make sure all your documents are sent to us in enough time to arrive before this deadline.

Banking

As mentioned in the MTD section, now is a perfect time to simplify your banking and set up a dedicated bank account for your business income and spending. This will not only help with accounting going forward but will enable you to stay on top of your business finances on a day by day basis. It will also reduce our time to complete accounts and/or MTD quarterly updates, therefore reducing our bills.

This newsletter is for guidance only and no actions should be taken on information in it without first consulting with us.

EMTACS, 69 Loughborough Rd, West Bridgford, NOTTINGHAM, NG2 7LA

Phone: 0115-981-5001

Website: www.emtacs.co.uk ***Email: info@emtacs.co.uk***