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NEWSLETTER

SELF-EMPLOYED & PROPERTY OWNERS - QUARTERLY TAX RETURNS

From **6 April 2026**, any **SOLE-TRADER** or **PROPERTY LANDLORD** with Turnover of more than **£50,000 pa** will have to keep **digital** accounting records and make **four** quarterly online submissions via approved accounting software as well as filing the annual Tax Return. From 6 April 2027 the Turnover limit reduces to £30,000 pa. (Partnership Income is **not** included in these new rules).

HMRC will be sending more letters to individuals they expect to be caught by these new rules (based on their 2024-25 Tax Returns) to warn them what is coming.

For those affected, we **recommend** that if you are not currently using accounting software or a very robust spreadsheet method to record your business transactions you should look into this now so the transition is as pain free as possible.

EMPLOYERS PAYROLL MATTERS

From **6 April 2026** all employees who are off sick for at least four days will be entitled to Statutory Sick Pay from Day One at a weekly rate of £123.25 or 80% of their normal pay if this is lower.

From 6 April 2025 employers paying National Insurance on their employees wages will have seen an increased rate of 15% on earnings above £5,000 p.a. To compensate for this increase the annual Employment Allowance was increased to £10,500 p.a. except for single Director Companies. There has been no increase in the employees national insurance rates.

FREE CHILDCARE

Working parents can get some free childcare but they have to both be currently receiving a 3 monthly salary of at least £2,539.68. If you are a Director in your own Company and we operate a payroll scheme for you then you will need to make us aware if you wish to increase your salary to claim this relief.

DIVIDENDS OR SALARY

From **6 April 2026** the Dividend Tax rate is increasing from 8.75% to 10.75% for a basic rate taxpayer and from 33.75% to 35.75% for a higher rate taxpayer. In certain circumstances it maybe beneficial to look at a salary instead of dividends when taking funds from a Limited Company. Please call us to discuss your personal situation. The Dividend allowance is unchanged at £500 pa.

NATIONAL LIVING & MINIMUM WAGE

From **April 2026** employees minimum wage rates are as follows:

- * Over 21 the rate increases to **£12.71** per hour
- * Over 18 the rate increases to **£10.85** per hour
- * First-Year Apprentices and under 18 the rate increases to **£8** per hour



BOOST YOUR STATE PENSION

You can pay voluntary National Insurance contributions to fill gaps in your contribution record for the past six years. You can check your National Insurance record on your Personal Tax Account which you can set up or login to at www.gov.uk/personal-tax-account.

HIGHER INCOME TAX PAYERS - For 2025-26 & 2026-27

- ◆ Taxpayers with a total income exceeding **£100,000** per year will gradually lose their Personal Allowance of £12,570 until their income reaches £125,140 when the allowance disappears, increasing their annual tax bill by up to £5,000.
- ◆ Taxpayers with total income exceeding **£125,140** per year will pay 45% tax on their income over this limit.
- ◆ If a taxpayer or their partner receives **Child Benefit**, and either of them has an annual income above £60,000 they will not be entitled to the full Child Benefit and they will have to repay all or part of the benefits through the self assessment tax system, unless they cancel the benefit. With income between £60,000 and £80,000 it will still be beneficial to receive the benefit and make the sliding scale repayment. More information is available at www.hmrc.gov.uk/childbenefitcharge. Please note we will require Child Benefit details if we complete your personal **Tax Returns**.

There may be some planning possibilities with the use of companies and pension contributions, depending on individual circumstances, which Wendy or Martin will be pleased to review with you.

INCREASE IN CORPORATION TAX RATES

For Limited Companies a higher tax rate of 25% applies on taxable profits exceeding £250,000 with a 19% rate on profits below £50,000. The profits between the two limits will be taxed at a marginal rate of 26.5%. You may therefore want to consider the use of pension premiums and capital equipment purchases before your year-end to help reduce the marginal tax if your profits are in this band. Please note that the £50,000 and £250,000 limits are reduced by the number of Companies you control.

WINTER FUEL ALLOWANCE

Retirees born before 21/09/1959 with taxable income in excess of £35,000 pa are not entitled to the Winter Fuel Allowance from 6 April 2025. If you have received it please let us know in case it has to be repaid through your next Tax Return.

COMPANY ID VERIFICATION

If you are a Company Director or Person of Significant Control of a Company you will need to get your identity verified at Companies House before your next Confirmation Statement can be filed.

CAPITAL GAINS AND RESIDENTIAL PROPERTY SALES



The Annual Exemption Allowance is still unchanged at £3,000 for 2025/26 and future years.

If Capital Gains Tax is payable on a residential property sale, the calculation has to be submitted online to HMRC and any tax paid within **60 days** of the sale completion date.

In order to deal with this you will need to:

- ◆ Set up a Personal Tax Account with HMRC at www.gov.uk/personal-tax-account
- ◆ Create a Capital Gains Tax UK Property Account and reference at www.gov.uk/report-and-pay-your-capital-gains-tax using your Personal Tax Account.

Once you have your reference number we will be happy to help you prepare and submit the online Return.

DIRECTORS & EMPLOYEES ELECTRIC CARS



It can be beneficial to have a car in your company as long as it has a very low CO² level or is electrically powered. From **6 April 2026** there is a 4% taxable benefit charge for electric cars increasing by 1% in each subsequent year. Hybrid plug-in vehicles will have a benefit between 4% and 16% of list price dependant on electric mileage range which is also increasing by 1% p.a. each year.

Hybrid vehicles with a low mileage range are becoming **less** attractive as the benefit charge is increasing and you can only claim capital allowances on the cost at 18% p.a. of written down value.

FOREIGN INCOME

Please be aware if you are resident in the UK you have to declare your **worldwide** income, which includes savings income and rents arising on properties owned abroad. The Taxman is more aware of foreign assets and income nowadays and is chasing more aggressively with significant penalties for incorrect Tax Returns.



This Newsletter is a brief synopsis of matters which may affect you as we approach another tax year end. If you would like to discuss any of these items in more detail and their effects on you personally, please do not hesitate to call us. If you do not want to receive our newsletters in the future please contact us and you will be removed from this mailing.