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Business News Scotland

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!

MTD for Landlords: Nearly There!

Making Tax Digital (MTD) for income tax will be mandated for a large group of self-assessment taxpayers from 6 April 2026, with even more individuals being mandated in 2027 and 2028.

If your combined turnover from a property or sole trade business was over £50,000 in the 2024/25 tax year, you will likely be required to comply with the MTD for income tax rules from 6 April 2026.

Reports from recent surveys indicate that many landlords are not confident that they understand the requirements of MTD for income tax. Many are concerned or worried about the changes.

If you are one of those landlords, do not worry! We can help you switch to MTD-compatible software to meet the new reporting requirements.

Over the past year, we have successfully helped many of our clients prepare for MTD. If you would like to discuss how you can meet the new requirements, please speak to us - we are happy to help!

Business Rates Relief for Pubs and Live Music Venues

It has been announced that eligible pubs and live music venues in England will receive a 15% discount on their business rates bills in 2026/27. Rates bills will then be frozen in real terms for a further two years.

The British Beer and Pub Association (BBPA) has said that pub landlords will breathe a sigh of relief and that the relief will “stave off the immediate financial threat posed by accelerating business costs.”

Wider concerns remain over the challenge of rising costs and squeezed profit margins.

Which pubs are eligible?

To be eligible, a pub must meet all of the following criteria.

- Be open to the general public.
- Allow free entry other than when occasional entertainment is provided.
- Allow drinking without requiring food to be consumed.
- Permit drinks to be purchased at a bar.

Businesses that will be specifically excluded are:

- Restaurants, cafes, nightclubs, snack bars.
- Hotels, guesthouses, boarding houses.
- Sporting venues.
- Festival sites, theatres, cinemas.
- Museums, exhibition halls.
- Casinos.

The government has advised local authorities that the above list is not intended to be exhaustive, and the local authority will have discretion to make the determination where eligibility is unclear.

The intent of the policy is to benefit pubs that would be classified as such by the natural meaning of the word. Being owned and operated by a brewery would be one example of this.

Which live music venues are eligible?

Properties that are wholly or mainly used for the performance of live music to entertain an audience will qualify for the relief.

The property is still likely to qualify if it is used for other ancillary activities, such as the sale of food and drink to audience members or is infrequently used in a way that does not affect its primary use, such as use as a polling station or fortnightly community event.

A property that is wholly or mainly used as a nightclub or theatre under the Town and Country Planning (Use Classes) Order 1987 (as amended) will not be considered to be a live music venue for the purposes of the relief.

What is the position in Scotland, Wales and Northern Ireland?

Business rates are devolved in Scotland, Wales and Northern Ireland.

The Welsh government has already indicated that it will explore whether additional support for pubs is needed once the final details of the announcement are known.

See: <https://www.bbc.co.uk/news/articles/c78vqj99168o>

£11 Billion Lending Package Announced to Support UK Exporters

The government has announced a significant new lending package that could make it easier for businesses to take on overseas work. Five major UK banks have agreed to make £11 billion available to help businesses invest, hire and expand into new international markets.

This is a sizeable collective move from these banks which, together, count half of all British businesses amongst their customers. This means the funding has the potential to be practical for many businesses, rather than theoretical.

Understanding the new lending

The money is coming directly from the banks, but UK Export Finance (UKEF) will guarantee up to 80% of eligible loans. For working-capital loans of up to £10 million, banks can apply this guarantee automatically.

Alongside the finance itself, businesses will be able to access support from bank relationship managers and UKEF's regional Export Finance Managers.

What this could mean in practice

The package could be useful if you have a specific overseas opportunity, but the timing or scale is putting pressure on your cash flow. For example, you might receive an order from a distributor abroad and need to buy materials upfront. Or you might want to set up a team to bid on a contract overseas but need funding to cover the early setup costs or get some certainty around the business's working capital.

International markets can sometimes prove an effective way to grow your business. The guarantee behind the lending could make financing such a move much easier to access and open up possibilities that may have felt out of reach.

What to do if this is relevant to you

If you already have overseas customers, or if you see international opportunities that you haven't been able to develop, it could be worth speaking to your bank about how this lending sits alongside your existing facilities.

If you would like help assessing the viability of overseas opportunities or a more general health check on your business finances, please get in touch at any time. We would be happy to help you!

See: <https://www.gov.uk/government/news/uk-lenders-step-up-with-11-billion-push-to-back-british-businesses>

FCA Launches Review into the Impact of Advanced AI

The Financial Conduct Authority (FCA) has launched a major review into how advanced artificial intelligence (AI) could affect consumers, financial markets and regulators over the coming years.

With AI already built into many services across banking and insurance, the FCA wants to understand the effects it is likely to have over the next few years.

The purpose of the review

Evidence gathered will help the FCA decide how best to support innovation while ensuring retail financial services remain safe and trustworthy. The FCA does not plan to introduce AI-specific regulation, but it wants to consider how regulators need to evolve as AI becomes more embedded in financial services.

The FCA is seeking views on four key themes:

- How AI might develop, including how more autonomous or “agentic” AI systems.
- How these developments could affect firms and markets.
- What the impact on consumers will be.
- How financial regulators may need to evolve.

Wholesale markets and wider societal issues fall outside the scope of this review but will be considered where they indirectly affect retail services.

To read more about the review and respond to the call for views, see the [FCA website](#).

VAT Flat Rate Scheme: Could It Work for You?

If you are a small VAT-registered business, how you calculate your VAT could make a real difference to your cash flow and the time you spend keeping records.

For some businesses, the standard method for calculating VAT is the best choice, but for others, their circumstances mean the VAT Flat Rate Scheme may be worth considering.

Here we review some of the factors involved in determining whether the VAT Flat Rate Scheme could work for you.

Comparing methods

Under the standard method you charge VAT on your sales and reclaim VAT on your purchases. You then pay the difference to HM Revenue & Customs (HMRC).

The Flat Rate Scheme uses a different calculation. You still charge your customers the usual VAT rate. However, instead of reclaiming VAT on most purchases, you pay a fixed percentage of your VAT-inclusive turnover to HMRC. The percentage amount depends on the industry your business belongs to.

Eligibility rules apply. Businesses may be able to join the VAT Flat Rate Scheme if their VAT turnover is £150,000 or less (excluding VAT).

When the Flat Rate Scheme might help

The Scheme can work well for businesses when VAT-able expenses are low. For example, a consultant or designer who mainly sells their time may find the flat rate percentage more favourable than reclaiming VAT under the standard method.

Some business owners also prefer the simplicity. Because you don't claim VAT on purchases, other than certain capital assets over £2,000, the calculations can be quicker.

When the standard method may be better

If your business regularly buys goods or services with VAT on them, reclaiming VAT through the standard method is often more cost-effective. The same can be true if you regularly make larger purchases.

Choosing a method

The best way to be sure which method is right for you is to run the numbers and compare.

If you would like advice on whether the Flat Rate Scheme is right for you, give us a call. We are happy to help!

Business Confidence Falls Again as Tax Concerns Reach Five-Year High

The latest Business Confidence Monitor, an Institute of Chartered Accountants in England and Wales survey, shows confidence continuing to fall. Confidence has now fallen for six consecutive quarters and is now at its lowest since the final three months of 2022.

The survey, which gathered views from 1,000 business leaders, shows growing concern over tax complexity and the wider outlook for business activity.

Tax pressures rising

A record 64% of businesses said the tax burden was becoming a greater challenge, up from 60% in the previous quarter. According to the report, this reflected uncertainty over what tax changes might be included in the Autumn Budget 2025, combined with the effects of previous tax rises feeding through.

Regulation was the second biggest reported challenge, with 51% of businesses saying it was holding back performance. Many cited the Employment Rights Bill as a contributing factor.

Differences between sectors

Some sectors remain noticeably more pessimistic. Property, retail and wholesale continue to show the weakest sentiment, with construction close behind.

Exporters, however, were more upbeat than non-exporters. IT and communications was the only sector to report a positive score, at +0.3.

Employment and pay trends

Employment growth slowed to 0.8% in the quarter, the lowest figure since mid-2021. Manufacturing and engineering, retail and wholesale and transport reduced their headcount as 2025 ended. However, it seems that transport and storage are the only sectors expecting to cut jobs further during 2026.

Salary growth also eased to 2.9%. This is still above pre-pandemic levels but lower than the rises seen in recent years. The expectation is for pay to increase at a similar pace over the next 12 months.

Sales expectations improving

Despite the fall in overall confidence, there are some bright spots. Expectations for domestic sales improved for the first time since 2024, even though actual growth slowed slightly to 2.9%. Export sales growth rose to 2.5% and is also expected to continue improving in 2026.

Capital investment grew modestly to 2%, although businesses expect to slow their spending plans over the coming year.

What this means for your business

The report paints a picture of businesses managing rising costs while holding back on hiring and major investments. At the same time, the slight improvement in sales expectations suggests many firms are cautiously optimistic about trading conditions in 2026.

If you would like to review how these economic trends might affect your business plans, particularly around staffing, investment or cash flow, please feel free to get in touch. We would be happy to help you!

See: <https://www.icaew.com/insights/viewpoints-on-the-news/2026/jan-2026/tax-worries-pull-business-confidence-further-into-negative-territory>

Low Pay Commission Seeks Views on the National Minimum Wage

The Low Pay Commission (LPC) has announced a series of visits across the UK in 2026 to gather first-hand evidence on how the National Minimum Wage is affecting employers and workers. These local meetings will help shape its recommendations to the government later in the year.

Where the LPC will be visiting

- Bradford - 18/19 March 2026.
- Aberdeen - 15/16 April 2026.
- Blackpool - 13/14 May 2026.
- Peterborough - 10/11 June 2026.
- Wrexham - 01/02 July 2026.
- Derry - 29/30 July 2026.

The LPC will be looking to hear about:

- The economy and labour market in the area.
- The outlook for pay and employment in businesses.
- How employers and workers are affected by the rising minimum wage.
- The views of attendees on the future of the minimum wage.

To take part, contact details can be found [here](#).