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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!

Starting Up in Business: A Practical Guide

Have you reached a point where the idea of running a business feels like more than just a pipe dream? Perhaps you have identified a gap in the market, you want greater independence or your side hustle is telling you that it has the potential to become a full-time income.

Whatever the motivation, taking some time at the outset to understand the practicalities can make starting a business smoother and help you to avoid costly surprises later.

Here we review some of the things you will want to consider.

Selecting an appropriate legal structure

A first decision for a new business is to choose the structure under which it will operate. In the UK, most new ventures start either as a sole trader (or a partnership if there is more than one of you) or as a limited company.

Each option has advantages and disadvantages, so it pays to consider what the business will be doing, the expected income, and how you want to manage risk and growth before deciding which is best for you.

Setting up accounting and bookkeeping systems

Accurate financial records are essential for monitoring the performance of your business and complying with its legal reporting requirements.

For new businesses, using cloud-based bookkeeping software from day one is often a good approach. Software platforms can now connect directly to business bank accounts and identify expenses from receipts stored electronically. This can be a time saver for you.

Considering VAT

VAT is an area where early planning can prevent unexpected bills. Registration becomes compulsory once taxable turnover exceeds the VAT registration threshold on a 12-month rolling basis or will exceed the threshold in the next 30 days. However, for some businesses, it can be worth voluntarily registering earlier.

VAT registration can affect your cash flow, pricing and competitiveness, so understanding this before you cross the threshold is important.

Running payroll

If the business will employ staff, or if you set up as a limited company and want to draw a salary as a director, you will need to run a payroll.

A payroll is easy to set up, but it triggers ongoing and regular obligations, including calculating pay and PAYE tax and national insurance (NI), reporting to HM Revenue and Customs each pay period, issuing payslips, and potentially managing the requirements for workplace pensions.

Tax obligations: income tax and corporation tax

Sole traders pay income tax and Class 4 NI on their profits. One point that often surprises new business owners is the payment on account system, which can make your first tax bill larger than you might expect.

On the other hand, limited companies pay corporation tax on their profits. Directors then pay personal tax on any income taken from the company. This makes it important to consider how funds will be withdrawn from the business, as the tax effect can be significant.

Cash flow planning and forecasting

A business can be profitable on paper but still struggle financially if cash is not available when it is needed. For example, suppliers might need to be paid straight away, but customers do not pay until the end of the month.

Cash flow forecasting can help you predict when money may be tight, and allows you to plan on how to reduce pressure.

Accessing credit and finance

Many new businesses need some form of finance, perhaps to buy equipment or support working capital requirements. Options can include start-up loans, business overdrafts, hire purchase and leasing.

Lenders typically look for a clear business plan. Well-kept records and organised accounts are often a big help in getting approval.

How can we assist?

Clearly, there is a lot to think about when starting a new business, however, help is at hand!

Why not ask us for a copy of our free “New Business Kit”? This is a comprehensive guide to the financial, tax and accounting considerations of starting a business.

Starting a business well can make a significant difference to long-term success, and we are available to help you navigate each step with confidence.

Is a Change to Income Tax Devolution in Wales on the Horizon?

An independent report, commissioned by the Welsh government, has examined potential future options for income tax devolution in Wales. It compares keeping the current partially devolved system with moving to full devolution, while factoring in the effects of the block grant adjustment (BGA).

The report, prepared by the Fraser of Allander Institute at the University of Strathclyde and Bangor University, explores four options and their effect on the net tax position of the Welsh government.

The four options are:

- Partial devolution of income tax rates with a BGA calculated on a 'by-band' basis. This is the current approach used in Wales.
- Partial devolution of income tax rates with a single BGA.
- Full devolution of income tax rates and thresholds, with a single BGA. This is the current approach in Scotland.
- Full devolution of income tax rates and thresholds, with the BGA calculated on a 'by-band' basis.

Currently, the UK government reduces each of its basic, higher and additional income tax rates by 10 percentage points for Welsh taxpayers. Since devolution, the Welsh government has set its own rates of income tax at 10%. This means that Welsh taxpayers pay the same overall amount of income tax as those in England and Northern Ireland.

What is the block grant adjustment (BGA)?

The BGA reduces the amount of grant that is paid by the UK government to the devolved administrations in Wales and Scotland. The reduction is intended to reflect the amount of revenue the UK government would have received in the absence of devolution.

The method by which the BGA is calculated can vary.

- In Wales, where the devolved income tax rates apply to each of the income tax rate bands, the adjustment is separately calculated for each tax band.
- In Scotland, there is a single adjustment to the grant.

The devolved administrations effectively gain (or lose) on the difference between the tax revenues they collect and the amount of BGA that is deducted from their grant. The report, therefore, looks at how sensitive this difference is for the Welsh government under the four options reviewed.

What does the report conclude?

In short, the authors conclude that there is no single optimal model among the four options that were looked at. Each has benefits and drawbacks.

Partially devolved systems offer less control but also reduce how much the Welsh government is exposed to changes outside its control.

Full control of income tax rates and bands would allow the Welsh government greater control over the tax system. However, the report highlights that income tax rates cannot be set in a vacuum.

The report recommends that a decision on changing income tax devolution in Wales would need to balance the government's risk appetite against a realistic assessment of the possible negative outcomes. Potential changes in UK government policy and how Welsh income tax would interact with UK income tax would also need to be considered.

See: <https://www.gov.wales/future-options-for-income-tax-devolution-in-wales>

Health and Safety Campaign for Home Workers

The Health and Safety Executive (HSE) has launched a campaign to remind employers that they have the same legal duties for home workers as office-based staff.

According to the latest figures from the Office for National Statistics (ONS), over a third of workers in Great Britain now work remotely or in hybrid arrangements, which makes this an important area for employers to cover.

The HSE campaign focuses on three essential areas for employers to pay attention to. These are:

- Stress and mental health.
- The safe use of display screen equipment (DSE).
- The working environment - including accidents, emergencies, and lone working.

HSE advise that it is not necessary to physically visit someone's home for an employer to fulfil their duties since, most of the time, the risks are low and the steps to manage them are straightforward. HSE suggests that managers:

- Keep in regular contact with their teams.
- Talk openly about workloads and training needs.
- Make sure people aren't under pressure to work outside their normal working hours.
- Have simple conversations about the staff member's physical environment by asking them to visually check that their equipment is safe and not damaged, keeping work areas clear of trailing wires or obstructions, and making sure they know what to do in an emergency.

The HSE provides free resources to help businesses carry out home-working risk assessments.

Businesses in Northern Ireland are overseen by Health and Safety Executive Northern Ireland (HSENI). HSE NI's website also provides [free resources](#) to help employers fulfil their legal obligations towards staff working at home.

See: <https://press.hse.gov.uk/2026/03/09/home-workers-must-be-protected-like-any-other-employee/>

Employers: Are You Ready for a New Tax Year?

The end of the 2025/26 tax year will soon be here, which means a few additional tasks to carry out on your payroll, if you run one.

If you run a payroll, you will need to report information on the tax year that is ending to HM Revenue and Customs (HMRC). The tax year ends on 5 April 2026.

You will also need to prepare for the new tax year, which starts on 6 April.

HMRC provide the following handy list of tasks that need to be carried out and when.

- Send your final payroll report of the year on or before your employee's payday.
- Update employee payroll records and payroll software from 6 April.
- Give your employees a P60 by 31 May.
- Report employee expenses and benefits by 6 July.

If you would like help with any of these tasks, please do get in touch. We would be happy to help you!

See: <https://www.gov.uk/payroll-annual-reporting>

Increases to Intellectual Property Office Fees

The Intellectual Property Office (IPO) has announced increases to its fees for patents, trademarks and designs from 1 April 2026.

The new fees will mean an increase in current charges of 25%. For example, the cost of a patent search will increase from £150 to £200. A trademark application will cost £205, up from £170.

The IPO notes that this is their first fee increase in eight years, with inflation and cost pressures making it necessary to review the charges now.

Fees will be charged up to and including 31 March 2026, which may make it worthwhile accelerating an application to benefit from the lower rates.

Using the 'save for later' or 'draft' function when applying does not count as submitting an application. This will mean paying the higher charges if the actual submission occurs after April 1.

The IPO has published [guidance](#) that will be helpful if you have fees due around 1 April. These will be particularly useful if you are applying for a trademark or registered design.

See: <https://www.gov.uk/government/news/intellectual-property-office-fees-to-increase-from-april-2026>

Negotiations Underway on a UK-EU Agrifood Trade Deal

A UK-EU trade deal is currently being negotiated, which is hoped will benefit businesses in Britain and Northern Ireland, and make agrifood trade easier, cheaper and quicker.

Exports of food and agricultural products to the EU have seen a fall of 22% since 2018. It is estimated that this represents a real terms loss of £4 billion to businesses.

The Sanitary and Phytosanitary (SPS) agreement, which is at the heart of the deal, will enable the smoother flow of agrifood goods, including plants, from Great Britain to Northern Ireland. It aims to protect the UK's internal market while maintaining Northern Ireland's EU access.

Most agrifood goods moving from Great Britain to Northern Ireland will no longer need regulatory certificates, checks or paperwork.

The new trade deal will not affect the Windsor Framework, which protects Northern Ireland's dual market access.

Businesses in Northern Ireland, particularly, stand to benefit from being able to trade goods without additional paperwork and checks within both the EU Single Market and the UK Internal Market.

The Department for Environment, Food & Rural Affairs (DEFRA) has opened a [call for information](#) to find out what can be done to support businesses get ready for the changes. The call for information will run until 23 April 2026.

See: <https://www.gov.uk/government/news/businesses-in-northern-ireland-urged-to-prepare-for-smoother-gb-ni-and-eu-trade>

Digital Assets Legislation Approved

The Scottish Parliament has given approval to the new Digital Assets (Scotland) Bill. The legislation provides greater legal protection for digital assets and will give more confidence to businesses and individuals when trading and investing in them.

Scotland's financial technology sector is expanding rapidly and is now estimated to be worth £14 billion to the Scottish economy.

Business Minister Richard Lochhead said: "Digital assets are used for a wide range of purposes - from payments and investments to innovative financial products and services by businesses and individuals. As they become more integrated into our financial markets, providing greater legal certainty for those who invest in, trade and own them is increasingly important."

Associate at law firm CMS Euan Reid welcomed the new law and said: "The new legislation is technology neutral, providing flexibility for future technological advances and allowing Scots law to keep pace with other jurisdictions."

The new rules were introduced following the recommendations of an expert group chaired by Lord Hodge.

See: <https://www.gov.scot/news/new-law-supports-digital-economy/>