

Written by 30 March 2026

## **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!

### **Government Responds to Late Payments Consultation**

The government has published its response to the late payments consultation that ran from July to October last year.

It is estimated that late payments cost the UK economy £11 billion every year, and most businesses are familiar with the pain of dealing with late payments.

Here we summarise the changes that the government intends to legislate for to help address the problems created by late payments.

#### Powers for the Small Business Commissioner

The Small Business Commissioner will be given powers to:

- Investigate businesses suspected of poor payment practices or inaccurately reporting payment performance.
- Settle payment disputes outside of the court process.
- Fine businesses, including significant potential fines for large companies that persistently pay their suppliers late or fail to comply with late payment legislation.

#### Maximum payment terms and mandatory interest

Other than for strictly limited exemptions, maximum payment terms of 60 days will be imposed.

A requirement will be introduced that all commercial contracts will contain a right to statutory interest at 8% above the Bank of England base rate.

#### Disputing invoices deadline

A statutory time limit will be introduced for raising disputes and compensation required when deadlines are not met.

#### Scrutiny of payment practices

Boards or audit committees of any persistently late-paying large company will need to publish a commentary on why payment performance is poor and what actions are being taken to improve this.

#### Construction retention payments

The practice of deducting and withholding retention payments under construction contracts will be banned.

## What happens next?

The government has said that it intends to legislate these changes as soon as Parliamentary time allows.

In the meantime, take a look at our accompanying article that gives you three practical tips that can make a real difference to reducing late payments.

See: <https://www.gov.uk/government/news/time-to-pay-up-government-unveils-toughest-crackdown-on-late-payments-in-over-25-years>

## **Three Practical Tips to Deal with Late Payments**

If you run a small business, you will know that late payments can quickly turn from an irritation into a full-blown cash flow problem. The government's response to the recent late payments suggests that there will soon be additional legislation to help deal with the problem.

In the meantime, here are three practical steps you can take that can make a real difference.

### 1. Make it easy and obvious for customers to pay

Late payments from customers are not necessarily deliberate. At times, they are caused by confusion or missing information.

A few small tweaks can cut down on a surprising number of overdue invoices. For example:

- Put your bank details on every invoice and make them large enough to spot at a glance.
- Add a clear "Payment due by [date]" line in the top section of the invoice.
- Offer more than one payment method if possible.
- Send the invoice on the same day the work is completed. When a job has gone well and the customer is pleased, payment may be more rapid.

### 2. Set expectations early and repeat them often

Embed payment terms into your communications with the customer throughout the work you are doing for them. For instance:

- Before you start work, confirm the price and payment terms in writing.
- Reconfirm those terms on the quote, on the invoice, and in the first reminder.

If you need deposits or staged payments, say so upfront. Many customers will take this well when it is framed as a normal part of your process. For example, you might say: "We take a 25% deposit to secure the work, with the balance due within 14 days of invoice."

### 3. Be polite but firm when chasing, and follow a set routine

Chasing overdue invoices feels awkward, so it can be tempting to leave it in the hope that the customer will pay before you have to say anything. However, that can mean leaving it too long.

A routine takes the emotion out and keeps things consistent. For instance, you might try:

- Day 1 after the due date has passed - Send a friendly reminder to check that the invoice has not been missed.
- Day 7 - Be firmer, include the invoice again and ask for a specific payment date.
- Day 14 - Let the customer know that late payment interest may be charged under the Late Payment of Commercial Debts Act. You do not need to actually apply the interest unless it is appropriate.

Some customers will still be slow, whatever you do, but many will respond well when you keep things polite, clear and businesslike.

#### In conclusion

In practice, managing late payments is mostly about consistency and having a simple system that you stick to.

If you would like a hand setting up reminders in your accounting software or working out a set of payment terms that are fair and easy to communicate, please just let us know. We can look at what you are doing now, suggest a few practical adjustments and help you put something in place that's straightforward for you and clear for your customers.

### **Extracting Dividends from Your Company Ahead of the April 2026 Tax Rise**

If you are a shareholder, from 6 April 2026, the tax you pay on dividends is increasing, as follows:

- Basic rate moves from 8.75% to 10.75%
- Higher rate moves from 33.75% to 35.75%
- Additional rate remains at 39.35%

For shareholders of owner-managed companies, dividends are still one of the most tax-efficient ways to take money out of the company. But with these increases coming in, it will be worth taking a fresh look at your extraction strategy.

#### Using 2025/26 allowances and rates

There are a few days left before the 2025/26 tax year ends.

Where the timing of dividends can be controlled, it may be beneficial to accelerate the payment of dividends before 6 April 2026. Please contact us to find out whether this would work for you.

## Salary v dividends in 2026/27

While there are several options for drawing profits from a company in a tax-efficient way, it often comes down to a combination of salary and dividends.

For many individuals, taking a small salary equal to the £12,570 personal allowance and then taking dividends as the balance of the income required, can be a good approach.

This will continue to apply in 2026/27, even though the tax on dividends will be higher. However, the additional tax involved may mean you need to increase the amount of your dividends to retain the same amount of income.

There are situations where taking a higher salary could be advisable, including where the employment allowance is available to offset any employer's national insurance arising on salaries.

Please do contact us for personalised advice on how to maximise income from your company.

## **CMA Report to Bring New Obligations for Vet Practices**

The Competition and Markets Authority (CMA) has concluded its investigation into the veterinary sector and set out its final reforms coming into force later in the year.

The legally binding measures aim to provide clearer information for pet owners but will mean increased regulation for veterinary businesses and practices.

### Key changes

The final remedies and recommendations in the report include the following changes:

- Practices will need to publish a comprehensive price list for their standard services - including consultations, common procedures, diagnostics, written prescriptions and cremation options.
- Price and ownership information will be made available to pet owners through the Royal College of Veterinary Surgeons (RCVS) 'Find a Vet' service. RCVS will share this data with third-party comparison sites.
- Vet businesses will need to make it clear whether they are part of a group or an independent business. Common ownership will need to be displayed on signage, both at the business's premises and online.
- Except for emergencies, practices will have to provide a written estimate in advance for any treatment that is expected to cost £500 or more (including aftercare costs). An itemised bill will also be required.
- Pet owners will need to be told that they can have a written prescription, which could save them money.
- Written prescription fees will be capped at £21 for the first medicine and £12.50 for any additional medicines.

- Practices will need written policies in place that ensure that vets are empowered to offer independent and impartial advice. This is to avoid the potential for being compromised by commercial pressure.
- Pet care plans will need to clearly set out the price of each component, the total cost and how any advertised savings are calculated.
- Clear, upfront prices will need to be provided for all cremation options, including any add-ons. A lower-cost option for a communal cremation will also need to be offered.
- Out-of-hours providers will be banned from imposing unreasonably long notice periods. This will make it easier for practices to end a contract if there's a better service elsewhere.
- Practices will need to have a transparent, accessible in-house complaints process and engage in mediation where disputes cannot be resolved.

### Reforms to regulations and legislation

The CMA has backed the government's proposed reforms to the Veterinary Services Act, which will make veterinary businesses, and not just individuals, accountable to an independent regulator.

The RCVS will take a central role in monitoring compliance with its work funded by a levy on veterinary businesses. The levy will be charged based on the size of the business. The CMA estimates that the levy will be in the region of £150 to £250 per practice for the initial costs and £450 to £550 per practice on an annual basis for ongoing costs.

### Next steps

The CMA now have until 23 September 2026 to put in place the legally binding Orders that will bring their remedies and recommendations into effect. Depending on the measure, businesses will need to implement these in the following three to 12 months.

The CMA have confirmed that smaller veterinary businesses will be given an additional three months to implement many of the changes than larger businesses.

See: <https://www.gov.uk/government/news/cma-concludes-market-investigation-with-major-reforms-to-veterinary-sector>

## **Increased Opportunities in the Public Sector for Small Businesses**

For the first time, government departments have set individual targets for how much they will spend with small and medium-sized businesses (SME). In total, the government plans to spend £7.4 billion a year with SMEs by 2028.

The targets are part of the government's Plan for Small Business and aim to help businesses and the economy grow.

To hold government departments accountable, they will be required to publish yearly progress updates. Departments that fall behind will need to show how they will improve.

Small Business Minister Blair McDougall said: “These new targets will ensure thousands of smaller businesses have greater opportunity to win lucrative government contracts and grow their businesses.”

See: <https://www.gov.uk/government/news/billions-to-go-directly-to-small-businesses-across-the-country-as-government-sets-new-targets-for-spending>

### **Could Early Warning from NCSC Help Your Defences Against Cyber Threats?**

The National Cyber Security Centre (NCSC) offer a free Early Warning service to all UK organisations.

Early Warning is a free NCSC service that can give you a head start on potential cyber threats that they are aware of. Cybersecurity researchers may uncover malicious activity on the internet or discover weaknesses in organisations’ security controls and release this in information feeds.

The NCSC uses trusted information feeds, including some that are not available elsewhere, for Early Warning.

Depending on the information you provide when registering, NCSC will send you tailored alerts via email.

According to the 2025 Cyber Breaches Survey, 43% of businesses reported a cybersecurity breach or attack in the last 12 months. Cyber threats continue to endanger businesses of all sizes, and the advance alert provided by NCSC’s Early Warning service can provide an additional layer of defence.

To find out more and register, see: <https://www.ncsc.gov.uk/section/active-cyber-defence/early-warning>