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Business News Northern Ireland

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!

Disincorporation: Does it Make Sense for You?

At one time, incorporating a business once profits reached a modest level was almost the default advice. Today, the conversation is more nuanced, and some existing company owners may even be asking themselves, “Do I still need a limited company?”

The question may be prompted by rising tax bills caused by reductions to the dividend allowance and increases in dividend tax rates. In some cases, it may now be more tax effective to trade as a sole trader rather than as a limited company. However, tax is only one part of the picture.

This article looks at some of the key factors involved in disincorporating a business that can help you decide whether this is something you need to look at.

Loss of limited liability

A limited company is a separate legal entity. While this does not eliminate all risks, it does provide a layer of protection between the business and your personal assets.

As a sole trader, that protection is not there. That means if something goes wrong, you could be personally exposed.

For some businesses, this risk is low and can be well insured against. For others, limited liability remains a compelling reason to stay incorporated even if there are few tax savings.

What happens to the company’s assets?

Because of the separate legal status that a company has, disincorporation involves assets moving from the company to the shareholders personally.

This is an issue when property or goodwill is being transferred. The transfer will normally be considered to take place at market value with corporation tax payable, even if no money has changed hands.

This is a key reason why disincorporation needs careful planning rather than a quick decision.

How about VAT?

Ordinarily, when a VAT-registered business sells an asset, the sale will be subject to VAT. In many cases, the transfer of a business from a company to an individual can qualify as a transfer of a going concern. If the conditions are met, then VAT is not chargeable.

Of course, meeting those conditions is vital to avoiding a problem and an expensive VAT bill.

How is the company closed?

Besides moving the trade out of the company, the company itself also needs to be closed down. In some cases, a members' voluntary liquidation may be the best way to do this. This can be relatively costly and involves an insolvency practitioner.

However, for smaller companies, a voluntary strike-off can work. This is relatively cheap and straightforward.

The method of closing down the company also affects how reserves or retained profits that are distributed to the shareholders are taxed.

Ongoing tax position after disincorporation

As a sole trader or partner, profits are taxed as they arise. In other words, there is no ability to time when you extract income from the business, or to retain profits in the business at a lower tax rate while you are growing it.

Some find the cash flow effect of the tax payments difficult to manage because of the account system that applies to sole traders and partners.

Commercial and practical considerations

Tax aside, disincorporation can affect:

- Contracts that are in the company's name.
- Banking arrangements and finance agreements.
- Professional registrations and insurance.
- How the business is perceived by customers and suppliers.

Is disincorporation a good idea for you?

As you can see, disincorporation is not just the reverse of incorporation. The tax system makes it easier to go into a company than to come back out.

If you are thinking about it, make sure to take the time to work through the numbers as well as the mechanics of the process.

If you are thinking about it and would like personalised advice on how disincorporation may or may not benefit you, please feel free to get in touch. We would be happy to work through the numbers and the mechanics of the process with you!

Are You Ready for E-Invoicing?

HM Revenue & Customs (HMRC) recently released a research paper on how small and medium-sized businesses (SMEs) view electronic invoicing, also called e-invoicing.

In the Autumn Budget 2025, plans were announced to make e-invoicing mandatory for VAT invoices from 2029. The research paper was designed to help deliver an e-invoicing policy that will suit the competitive needs of SME businesses.

An e-invoice is an invoice that is sent and received in a structured digital format and is suitable for automatic electronic processing. E-invoicing systems can integrate with accounting systems, which can make it easier to manage a business's bookkeeping.

The government believes that e-invoicing will assist businesses in submitting more accurate tax returns.

The research indicates that 59% of businesses are familiar with what e-invoicing is. However, only 29% of businesses appear to be currently using e-invoicing, and only 10% of SMEs report both sending and receiving e-invoices.

The most common method used by SMEs both for sending and receiving invoices was reported to be PDF or email. Many businesses are also still using paper and physical mail for invoicing.

With a change to e-invoicing not becoming mandatory until 2029, there is still plenty of time to prepare. If you would like help exploring whether your accounting system can handle e-invoicing, please give us a call. We would be happy to help you!

See: https://www.gov.uk/government/publications/electronic-invoicing-sme-usage-and-attitudes/electronic-invoicing-quantitative-research-into-small-and-medium-sized-enterprises-usage-and-attitudes

State Pension Amounts Increase… But So Does the State Pension Age

Last week marked a 4.8% rise in both the basic and new State Pensions. This could mean an additional £575 annually for many pensioners.

The Pension Credit has also increased by 4.8% and is worth an average of £4,300 a year.

The full rate of the new State Pension increases from £230.25 to £241.30 a week. The full basic State Pension increases from £176.45 to £184.90 a week.

The Standard Minimum Guarantee in Pension Credit is now £238.00 per week for a single pensioner, and £363.25 for a couple.

The increases, which are part of the government's Triple Lock Guarantee, apply automatically. If you receive the State Pension, you should notice the increase in your next payment.

State Pension age starts rising to 67

The current State Pension age is 66 but beginning April 2026, it will start to rise.

The rise will happen gradually. First, those born between 6 April and 5 May 1960 will have to wait an extra month before they start to receive any State Pension. Those born between 6 May and 5 June 1960 will have to wait an extra two months.

By next April the State Pension age will have risen to 67.

The change aims to reflect longer life expectancy and may signal future pension age rises, with many now expecting to have to work into their 70s.

See: https://www.gov.uk/government/news/over-12-million-pensioners-to-receive-575-state-pension-boost

New Rules to Eliminate Costly Subscription Traps

New rules, which are expected to come into force from spring 2027, will make it easier for people to avoid costly subscription traps.

The rules will mean:

- Clear, simple information to be provided before any subscription is signed up for.
- Reminders before free or discounted trials end, or before annual (or longer) contracts automatically renew.
- Cancellations will be made straightforward, including online exits for online sign-ups.
- A new 14-day cooling-off period, after a free or discounted trial ends, or when an annual (or longer) contract renews.

The government has confirmed that initial cooling-off rights and refunds will be broadly consistent with existing Consumer Contract Regulations. This includes retaining a waiver for digital content.

For the cooling-off refund period for renewals, consumers will be able to receive a full or proportionate refund if they decide to cancel. Proportionate refunds will allow businesses to be compensated for the proportion of contract services or digital content that has been supplied.

Certain memberships of charitable, cultural and heritage organisations will be excluded from the new rules.

Businesses that receive revenue from subscriptions will want to keep an eye on these regulations as they develop over the next year.

See: https://www.gov.uk/government/news/consumers-to-save-around-400-million-every-year-from-government-crackdown-on-costly-subscription-traps

Farewell to the Valuation Office Agency

With effect from April 2026, the Valuation Office Agency (VOA) has been brought into HM Revenue & Customs (HMRC) as a cost-saving measure. The change means that the VOA has ceased to exist as an executive agency.

The Valuation Office will now be part of HMRC and will have responsibility for valuing business rates and council tax.

Businesses have been advised that the change will not affect the services the VOA previously delivered. The Valuation Office will still handle business rates valuation checks and challenges, council tax band challenges, and the work carried out by rent officers.

The Valuation Office customer helpline and online contact form are still available. You may notice that caseworker email addresses change to '@hmrc.gov.uk'.

See: https://www.gov.uk/government/news/valuation-office-joins-hm-revenue-and-customs

New Access to Sick Pay and Parental Leave for Workers in Great Britain

New provisions in the Employment Rights Act took effect from 6 April 2026. These include:

- Employees will now be entitled to receive Statutory Sick Pay from their first day of sickness absence, instead of waiting until the fourth day.

- In addition, new fathers and partners have also gained the right to paternity leave from their first day in a new job, instead of needing to wait six months.

- Day one rights to unpaid parental leave have also begun. Previously, parents had to wait a year before qualifying.

- Parents are also granted a new right to take Bereaved Partner's Paternity Leave following the death of a child's mother or primary adopter.

- The launch of the Fair Work Agency, which combines three separate agencies to enforce employment rights more effectively and efficiently.

Employers will need to make sure that their sickness and employment policies are updated to reflect the new laws. Employers who operate in Great Britain as well as Northern Ireland will need to make sure their policies and payroll software correctly account for the employee's location.

If you need any assistance with managing payroll under the new requirements, please let us know. We would be happy to help you.

See: https://www.gov.uk/government/news/millions-of-workers-get-new-access-to-sick-pay-and-parental-leave

Pioneering Employment Rights for Employees in Northern Ireland

New employment rights have been introduced in April 2026 that make Northern Ireland the first jurisdiction in the northern hemisphere to provide support for miscarriage and early pregnancy loss.

New entitlement

The new entitlement for miscarriage means that an employee in Northern Ireland who experiences a miscarriage, or anyone with a defined connection to a woman who has experienced a miscarriage, will qualify for Parental Bereavement Leave and Pay.

No medical evidence will be required to be entitled to the leave. The employee simply needs to submit a written self-declaration, including their name and the date the miscarriage occurred or was discovered to have occurred.

This means that Parental Bereavement Leave and Pay will now apply to parents who experience:

- The loss of a child under age 18, including stillbirth from 24 weeks of pregnancy.
- A miscarriage, whether due to spontaneous loss or a specified medical intervention.

Statutory Parental Bereavement Pay now a day one right

From April 2026, Statutory Parental Bereavement Pay will also become a day-one right. Previous service and minimum earnings requirements no longer apply.

Where entitlement was gained before 6 April 2026, then the previous rules apply. The miscarriage entitlement is not retrospective.

Who do the changes apply to?

The changes only apply to employees in Northern Ireland.

For employers who operate in and employ workers in both Northern Ireland and other areas of Great Britain, it will be important to ensure that the entitlements are correctly applied in payroll software and employment policies are correctly updated.

The Labour Relations Agency has published updated guidance as well as a webinar explaining the changes and dealing with frequently asked questions.

See: https://www.nibusinessinfo.co.uk/content/changes-parental-bereavement-leave-and-pay-april-2026