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## **Business News Wales**

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!

### **Should You Incorporate Your Business?**

If you have been running a business for a while, maybe as a sole trader or in a partnership, you may have heard someone say, "You should incorporate".

Sometimes that is well-meaning advice, but is it true that incorporation is the smart move for all business owners?

Let's look at some of the factors you should consider if you are thinking about incorporating your business.

#### The tax angle

For some years, incorporation was seen as a straightforward tax win. Company profits are taxed at corporation tax rates, and if you took money out of the company using a mix of salary and dividends, that often worked out to a lower tax cost than paying income tax as a sole trader.

Today, heading into the 2026/27 tax year, the picture is more nuanced. Particularly where profits are all withdrawn from the business to cover living and other personal costs, incorporating may no longer lead to a tax advantage.

It is important to carefully review your personal situation and future goals to assess how incorporating would affect your tax bill.

#### Limited liability

Even when incorporating does not lead to a tax advantage, the limited liability that a company provides can still offer a strong reason for incorporating a business.

To explain, a limited company is a separate legal entity. That means that if things go wrong, your personal risk is generally limited to any money you've put into the company.

You may, however, find that after incorporating, some lenders require personal guarantees for leases, bank loans or supplier credit so they can reduce their own risk.

Even so, for many businesses, the company structure provides a sensible layer of protection.

#### How the business is perceived

Sometimes a company name and registration number can give your business a more 'established' appearance.

This might help when it comes to bidding for contracts, as some organisations will only contract with limited companies.

### Admin work

A company comes with some additional responsibilities that translate to more paperwork.

Some enjoy the discipline needed to run a company, but others find it a nuisance or an unnecessary cost.

### Paying yourself

As a sole trader, any money you earn is yours as soon as it arrives in your bank account.

Because a company is a separate legal entity, it means any money in the business belongs to the company and not you personally. That means you need to arrange to take money out of the company. For instance, you might take a:

- Salary, which involves having to run a payroll.
- Dividend, which requires some paperwork and can only be taken if the company has enough profits available.

This gives you some flexibility and may provide some tax advantages, but it also requires discipline. You cannot simply dip into the company bank account as if it were your own and you may face unexpected tax charges if you do.

### Final thoughts

Incorporation can be a good tool for many businesses, but it is not necessarily the best choice for everyone. Weighing up the various factors involved will help you reach a decision that is right for you and your business.

If you would like tailored advice on whether incorporation would be a good fit for you, please give us a call. We would be happy to help you.

## **CMA Tackles Fake Reviews**

The Competition and Markets Authority has launched investigations into five companies to tackle fake and misleading online reviews.

The investigations will examine how reviews are obtained, the way they are moderated and displayed and the star ratings that people rely on.

The Digital Markets, Competition and Consumers Act 2024 outlawed obtaining and posting fake reviews as well as the use of paid-for reviews that are not clearly marked as incentivised. Hiding negative reviews and presenting an inaccurate picture through star ratings are also dealt with by the Act.

Reviews form a key part of many purchasing decisions, making this area of the law vital for maintaining confidence in the information that businesses make available.

The businesses under investigation are:

- Autotrader and Feefo - to look at whether 1-star reviews were not published and did not count towards star ratings.
- Dignity - to consider whether staff were asked to write positive reviews and so give an inaccurate picture of the experience of genuine customers.
- Just Eat - to review whether certain restaurant and grocers' star ratings were inflated.
- Pasta Evangelists - to find out whether customers were offered discounts on future orders in exchange for leaving 5-star reviews, without disclosing this.

The CMA has said that the investigation does not mean they have already concluded whether the businesses have infringed consumer law.

Once an investigation is complete, and where the CMA finds an infringement of the law, they can require the business to change its practices and impose fines of up to 10% of global turnover.

For businesses that use online reviews, [detailed guidance](#) is available to help stay on the right side of the law.

#### What can you do to avoid being caught by fake reviews?

The CMA provides four Top Tips to help you spot some of the warning signs that may suggest a review is fake or misleading.

1. Read the reviews rather than just relying on the star rating. If a review sounds dubious, overly vague or even totally unrelated to the item being endorsed, that could indicate that the review is fake.
2. Look out for reviews generated by AI. AI can make fake reviews sound fluent, polished and highly convincing. However, trust your instincts. If a review seems a bit too slick in the way it is written, then you may be best to look for more detail elsewhere.
3. Don't just look at the 5-star ratings. A three or 4-star review is less likely to be fake. Someone might have taken a star off for a minor gripe but still give you a good idea of the core service the business provides.
4. Use multiple sites. This may help you to spot patterns and make sure you are seeing a consistent picture.

See: <https://www.gov.uk/government/news/fake-and-misleading-reviews-5-businesses-under-cma-investigation>

## Support Confirmed for Mortgages

Following a meeting with the Chancellor of the Exchequer, the UK's six largest lenders and building societies have committed to proactively contact 1.6 million customers whose fixed-rate mortgage deals end between now and the end of 2026.

They will set out options and explain how to access any bespoke support needed, well before there is any change to payments.

The conflict in Iran has led to increases in mortgage rates being offered by lenders. Many businesses and households already on fixed-rate deals will not be affected for now. However, those looking to take out new finance or renew deals will be concerned about these recent increases.

To help with this, the [Mortgage Charter](#) was also reaffirmed at the meeting. The Charter sets out the standards lenders will adopt when helping their customers. It provides the option for customers to:

- Book a new rate up to six months ahead.
- Switch to a new deal with their existing lender without a fresh affordability check.
- Move to interest-only payments for six months to get some temporary breathing space. Any discussions about support will not affect credit scores.

Currently, lenders report that lending continues to hold up well despite the recent changes and arrears remain low.

If the increase in rates is creating pressure for your business and you would like to consider the different financing options that might be available to you, please do get in touch. We would be happy to help you.

See: <https://www.gov.uk/government/news/chancellor-gets-banks-to-step-up-mortgage-support-for-customers>

## Review of Approved Mileage Rates Promised

The government has confirmed that it will review its approved mileage rates before a future Budget.

Many businesses use HMRC's approved mileage rates to reimburse directors and employees for the cost of using their own vehicle when travelling for business. The current rates have not changed since 2011, although motoring costs have increased significantly in that time.

There is no indication when a review will take effect, with the government's statement simply specifying 'a future Budget'.

In the meantime, to inform its work it appears that the government will meet with people struggling with increased costs.

As a reminder, the current mileage rates, which remain unchanged for now, are:

Type of vehicle	First 10,000 business miles in the tax year	Each business mile over 10,000 in the tax year
Cars and vans	45p	25p
Motor cycles	24p	24p
Bicycles	20p	20p

See: <https://www.gov.uk/government/news/mileage-rates-review-to-support-working-people>

## Is Vibe Coding the Future?

The National Cyber Security Centre (NCSC) has published a blog post exploring the potential for 'vibe coding' replacing the Software-as-a-Service (SaaS) business model. While not suggesting that vibe coding is ready to take over now, they conclude that vibe coding is following a pattern similar to cloud adoption 20 years ago.

Here we review some of the ideas discussed.

### What is vibe coding?

Vibe coding is a term used for writing computer code using Artificial Intelligence (AI), often without any human review.

Currently, vibe coding does not necessarily work well for someone who has little or no technical experience. While anyone can create code using AI, it's often unreliable, hard to maintain or may have critical issues.

However, experienced developers who know how to code and review the work of others are finding that vibe coding can greatly increase their productivity.

While there are concerns about the quality and how to maintain the code, businesses are beginning to find that vibe coding can offer a viable alternative to expensive SaaS subscriptions.

### How have we got to here?

In the past, running a software application in a business usually meant buying the software, installing and configuring it on computers and/or servers owned by the business and kept at the business' premises. Applying an update to the software could take significant time and energy.

With the advent of cloud computing and SaaS, this process was simplified. The software remains on the servers of the software supplier, with the user accessing it online, usually through a web browser. This approach means that the supplier updates the software themselves, and each user is always able to access an up-to-date version.

Examples of SaaS used by many businesses include:

- Sage, Xero and QuickBooks for bookkeeping.
- Trello, Jira or Monday for project management.
- Google Docs for word processing.

While convenient, SaaS does come with some downsides. For instance, there is the security concern of data being held outside the business. Also, because SaaS is built to meet the requirements of many customers, it does not always address the specific needs within a business. In addition, the cost of software continues to increase, with suppliers moving desirable functionality into higher-priced tiers.

As a result, some businesses are finding that vibe coding enables them to self-build relatively inexpensive solutions that reduce their reliance on SaaS and the costs that go with it.

What may the future look like?

Vibe coding does not come without risks. Potentially, AI could be used to generate code that no human ever reviews. If so, what guarantees will there be about how secure the code is? How will the code be maintained?

These are questions that the IT profession will need to address before vibe coding will be accepted by a wider audience.

To be clear, the NCSC is not advocating for vibe coding and the risks currently involved in vibe coding are considerable. However, their article does indicate that we could be hearing a lot more about vibe coding in the coming years.

See: <https://www.ncsc.gov.uk/blogs/vibe-check-ai-may-replace-saas-but-not-for-a-while>

## **Mental Health: A Key Reason for Sickness Absence**

A new YouGov survey commissioned by Acas shows that almost one in three employers are finding that stress, anxiety, depression or other mental health problems are a reason that staff give for sickness absence.

The top reason for sickness is minor illnesses, such as coughs, colds and the flu.

The Employment Rights Act 2025 brings new rules into effect from 6 April 2026 that will make workers eligible for statutory sick pay for their first day of illness rather than the fourth day. Workers also no longer need to earn more than a minimum amount to be eligible.

Acas have provided four suggestions that can help employers manage, and perhaps reduce, sickness absence.

- Provide training to managers on how to support employees through a period of illness.
- Offer flexible working that helps to promote a healthy work environment.
- Have processes in place to help resolve workplace issues that can spark sickness absences.
- Have accessible and clear illness and absence policies so that everyone knows what is expected should someone need time off work.

Acas has updated its [guidance on sick pay](#) in light of the new rules.

See: <https://www.acas.org.uk/a-third-of-workplace-sickness-absence-is-due-to-stress-anxiety-depression-or-other-mental-health>