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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!

Consultation launched on details for High Value Council Tax Surcharge

The government has opened a consultation on the High Value Council Tax Surcharge (HVCTS) expected to come into force in England from 1 April 2028.

HVCTS will apply to owners of residential properties in England worth £2 million or more and is payable in addition to the existing Council Tax. It is estimated that the charge will affect less than 1% of properties.

The consultation outlines the proposed details of how HVCTS will work in practice, showing how properties will be identified, valued and placed in a band for the surcharge.

Here we highlight some of the proposals.

How will properties be valued?

The Valuation Office will carry out a targeted valuation exercise to identify which properties will fall into the scope of HVCTS. Properties will be placed in one of four bands based on their value.

To determine the value of a property and its band for HVCTS purposes, the Valuation Office will look at the sales prices of similar properties as well as other attributes.

Revaluations will be carried out every five years, with the next valuation taking place in 2033.

Properties built after April 2028 will be valued either on completion or from the day the property is occupied. In most cases, where a property has been significantly improved or changed, it will be revalued when disposed of or when the next general revaluation takes place, whichever is sooner.

What type of properties will HVCTS apply to?

HVCTS will apply to dwellings, defined as a self-contained unit of residential property used as living accommodation.

It will include properties with a mixed-use where the residential element is distinct and self-contained will be included. Gardens, garages and private storage buildings that form part of the dwelling will be included.

Who will be liable for HVCTS?

The legal owner of the property, rather than the occupier, will be liable for the surcharge. Where a property is jointly owned, the owners will be jointly and severally liable.

The beneficial owner of a property could be different to the legal owner. For instance, trustees may legally own a property until a minor, the beneficial owner, comes of age. In such situations, it is the legal owner who will be liable for the surcharge.

The government has confirmed that trustees will be liable to pay the charge, even in bare trust arrangements.

The government is proposing to charge HVCTS to the leaseholder, rather than the freeholder, if the lease they hold is defined as a long lease. This means that the lease was initially granted for more than 21 years, or the law treats it as such. Where the lease is not a long lease the surcharge will be assessed on the freeholder.

Are there any exceptions?

For eligible individuals, a deferral scheme will be available allowing HVCTS payments to be delayed until the property is disposed of.

Proposals show that the deferral will be available to those with income and capital savings below thresholds used in the welfare system, and where the property is the main home of someone who is disabled or severely mentally impaired.

Some property types will also be exempted or receive a discount.

How will HVCTS be billed?

The first HVCTS bills will be sent out in March 2028, and local authorities will collect the payment in the same way as Council Tax. The default will be to make 12 monthly payments, but it will be possible to request 10 payments.

Will there be a premium charged to non-UK resident owners?

As part of the consultation, the government is also collecting information to explore whether to charge an additional HVCTS premium to non-UK resident owners of homes that are liable for the tax.

Is there a way to challenge or appeal HVCTS?

Owners who believe that their property band is incorrect or that their property is not within the scope of HVCTS will be able to challenge and appeal the Valuation Office's decision.

The same is true if they receive a bill but do not believe they are the liable person or the bill has been calculated incorrectly.

If unhappy with the outcome of the challenge, it will be possible to appeal to the Valuation Tribunal for England.

Consultation timeframe

The consultation will run until 14 July 2026.

For full details on the consultation and to respond, see the [consultation webpage](#).

HMRC introduces targeted advance assurance service for R&D claims

Originally proposed in last autumn's Budget, HM Revenue & Customs (HMRC) have introduced a targeted advance assurance service for Research and Development (R&D) tax relief claims. The service, which is a pilot, aims to provide businesses with clarity on complex or high-risk areas before they make a claim.

HMRC are now offering two types of advance assurance for R&D claims. The new service will run alongside the existing full claim advance assurance service.

Full claim advance assurance has not been popular and only applies to companies claiming R&D tax relief for the first time. However, targeted advance assurance is open to any eligible small or medium-sized enterprise (SME).

The pilot for this service will run until May 2027 and will help HMRC to test demand and decide which parts of the service are most useful to businesses.

Companies will now need to choose which advance assurance service they want to use. It is not possible to apply for both targeted and full claim advance assurance for the same period or project.

Under targeted advance assurance, companies can seek assurance on:

- Whether a project meets the definition of R&D for tax purposes.
- Whether overseas expenditure qualifies for relief.
- Whether R&D relief can be claimed where work is contracted by one company to another.
- Whether the exemption from the PAYE and National Insurance contributions cap applies.

Targeted advance assurance is, however, limited to providing assurance on a maximum of two areas of the R&D work or project for the same period.

An application can only include one project and one area of R&D relief. For companies seeking assurance on a second project or area, a second application must be submitted.

Requesting advance assurance is not the same as making a claim. A company will still need to make a claim in the usual way.

If you think the targeted advance assurance could be useful to you, or you would like help on any aspect of your R&D tax relief claim, please do get in touch. We would be happy to help you!

Pensions Commission highlights challenges in retirement saving

The Pensions Commission has published an interim report showing that many people are not saving enough for retirement.

The report estimates that 15 million people are under-saving for retirement and this could increase to 19 million if no action is taken.

Findings in the report include:

- Around half of low and middle-earners are only saving at minimum Automatic Enrolment levels with little else to fall back on.
- 45% of working-age adults are not saving into a pension at all.
- Statutory minimum contributions made by employers mainly benefit higher earners.
- Only one in 25 of wholly self-employed workers is saving for retirement. For younger self-employed people, it is even fewer.
- Based on current trends, around three in 10 private pension pots are accessed at the earliest opportunity, with half of all pots taken out in full. Nearly half of these are spent on things like a car, a holiday or renovations.

The Pension Commission is looking at why tomorrow's retirees risk being worse off than today's and will make recommendations on how to reverse this.

A final report will be published in early 2027. Baroness Jeannie Drake, Pensions Commissioner, said: "The recommendations we present in our final report will address the need to secure adequate income in later life and a pension system that is fit for decades to come."

If you would like help with your retirement savings plan, please feel free to get in touch anytime. We would be happy to help you!

See: <https://www.gov.uk/government/news/britain-is-undersaving-for-retirement-warns-pensions-commission>

Relief on fuel duty and hauliers get road tax holiday

The government have announced some fuel duty and road tax changes designed to help with the increased costs caused by the Middle East conflict.

A 5p fuel duty cut has been in place since March 2022. The relief was due to end between September this year and March 2027. It has now been confirmed that the cut will be extended until the end of the year.

Hauliers are being given a 12-month road tax holiday. The normal annual charge of £600 for a typical heavy lorry and £912 for the biggest vehicles will be reduced to £1 at the vehicle's next road tax renewal.

Fuel duty on red diesel will be cut by over a third until the end of the year. This will benefit farmers, rail freight and other red diesel users.

See: <https://www.gov.uk/government/news/chancellor-protects-drivers-and-businesses-from-rising-fuel-costs>

Consumer Credit Act to be overhauled for the digital age

HM Treasury has announced reforms to the Consumer Credit Act (CCA) to make it suitable for the digital age.

The CCA first came into force in 1974 and many of its provisions are now out of date with developments in recent years of technology and consumer behaviour.

The reforms will include moving many of the CCA's detailed, prescriptive requirements out of the law and into the Financial Conduct Authority's (FCA) rulebook. This will make the rules easier to update as technology evolves.

One expected benefit is that those taking out loans, credit cards and overdrafts should be given clearer information about the costs and key terms of their finance, leading to more informed decisions.

The reforms will be part of the Financial Services and Markets Bill introduced in the King's Speech on 13 May 2026.

See: <https://www.gov.uk/government/news/consumer-credit-act-reformed-to-protect-consumers-and-support-modern-finance>

Nationwide crackdown on dodgy high street shops

A major police offensive was announced last week that will tackle dodgy shops linked to organised crime. Rogue high street businesses will face raids, closures and cash seizures.

New police officers are being recruited across the country in an initiative that aims to build intelligence and have more dedicated officers tackling organised crime on the ground. Training will help operatives to identify suspicious businesses.

The National Crime Agency estimates that some £12 billion of criminal cash is generated each year in the UK, with £1 billion laundered through high street businesses like mini-marts, barber shops, vape stores and sweet shops. Some businesses are also involved in selling fake goods, tax evasion, illegal working and illegal drug supply.

Trading Standards is also set to receive an additional £6 million to bolster its response to sham businesses.

A new High Street Organised Crime Unit involving government departments, policing partners and Trading Standards is being set up to help identify what else is needed.

Business leaders have welcomed the initiative. Association of Convenience Stores Chief Executive Ed Woodall said: "Local shops tell us that rogue traders on high streets are causing massive damage to their businesses and the wider community,

so we strongly welcome this government action to back responsible retailers and crack down on the organised crime gangs that are fuelling illicit trade.”

See: <https://www.gov.uk/government/news/new-high-street-unit-set-up-in-nationwide-blitz-on-dodgy-shops>

Independent review commissioned on face-to-face banking access

An independent review will consider what needs to be done to protect access to face-to-face banking in the UK. The report’s findings will influence government policy and actions where banking access is at risk.

Bank and building society closures continue to make news headlines and many businesses now choose to bank online. However, for businesses and consumers who rely on in-person banking services, the closures are creating some considerable headaches.

The independent review will be headed up by Richard Lloyd, who has previously served as a Which? director and a board member of the Financial Conduct Authority. The review will gather evidence on the impact of branch closures, identify who is most affected and assess whether further action is needed to protect access.

A report and recommendations are expected by October 2026.

See: <https://www.gov.uk/government/news/government-reviews-access-to-face-to-face-banking-services>

UK unemployment rises to 5% but inflation drops to 2.8%

Official figures from the Office for National Statistics (ONS) show that the unemployment rate in the three months to March 2026 has risen to 5% from 4.9%.

Combined with a drop in the number of job openings and slowing wage growth, the figures paint an uncertain picture for the labour market in the coming months.

Some analysts are suggesting that the figures are showing the effect of the Middle East war on the jobs market.

The ONS also reported that inflation fell to 2.8% for the year to April. This compares to 3.3% in the year to March.

The drop is largely attributed to lower gas and electricity bills. Analysts still expect inflation to increase over coming months due to the conflict. Some estimates suggest that inflation could reach 4% by the end of the year.

Slowing wage growth and increasing unemployment usually create the expectation that the Bank of England will cut interest rates. However, with the jury still out on how the Middle East conflict will impact inflation this seems unlikely in the short term.

The Bank of England will next meet to decide on interest rates on 18 June 2026.

See: <https://www.ons.gov.uk/>