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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!

### **Andy Burnham's new government, a balancing act**

Andy Burnham's first days as Prime Minister have been marked by a flurry of announcements designed to show that his government intends to move quickly. Presenting himself as a leader focused on easing pressure on households and rebuilding trust in politics, Burnham has begun reshaping government while signalling the priorities that will define his administration.

His first major moves were aimed directly at the cost-of-living crisis, announcing a reduction in VAT on household energy bills, followed by a single bus fare policy across England that will be capped at £2 for a year from January 2027.

Mr Burnham described affordable public transport as an essential service and argued that no one should be excluded from opportunities because they cannot afford to travel.

The Prime Minister has also promised a 20% reduction in business rates for pubs, clubs and live music venues for 2027-28. This is in addition to the 15% relief for 2026-27 with bills being frozen in real terms for a further two years. The new 20% discount will not be available to the very largest live music venues. Further details will be set out at the Budget.

However, questions are already being raised about how these promises will be funded as the government plans to divert hundreds of millions of pounds from other budgets, including money previously earmarked for international climate finance projects.

The government has said that the business rates reduction will be paid by reviewing reliefs for businesses that are not considered to make a positive contribution to local communities, such as vape shops. Businesses that sell through online marketplaces but do not comply with their tax obligations will also be targeted. A consultation on how this may be achieved was published in June 2026.

Mr Burnham has also started to build his ministerial team, with the surprise announcement being the appointment of John Healey as Chancellor. The former defence secretary, who resigned from Sir Keir Starmer's cabinet over spending plans, will be seen as an advocate for boosting defence spending. Companies such as BAE Systems and Babcock saw their share prices rise after his appointment.

Mr Healey is regarded as experienced and fiscally responsible.

The government insists that fiscal discipline remains a priority, but speculation continues about whether future spending plans will require higher taxes or additional borrowing.

Taken together, the first week of Burnham's government paints a picture of an administration trying to balance competing priorities, wanting to reduce living costs while maintaining fiscal credibility.

### **Deadline for first Making Tax Digital quarterly update fast approaching**

Sole traders and landlords that are required to use Making Tax Digital (MTD) to report their earnings are due to send their first quarterly update by 7 August 2026.

The quarterly update involves sending income and expenses for the first three months of the tax year to HMRC.

After an update is made, it is possible to see an estimated tax bill based on the figures provided. How accurate the estimate is will depend on earnings for the rest of the tax year, but it may help with budgeting for payments.

Quarterly updates do not replace the need to complete a tax return at the end of the year, and there is no change to the dates when tax payments need to be made.

If you have any questions about MTD or need help filing your quarterly update, please get in touch. We're here to help!

### **Self-drive start-up fishes for cash**

Earlier this month, British autonomous vehicle company Wayve became the first large company to trade its shares on the London Stock Exchange Group's new private markets platform.

So far, it was the largest deal under the new Private Intermittent Securities and Capital Exchange System (PISCES) legislated in Finance Bill 2025-26.

A PISCES platform, which requires FCA permission, can only operate as a secondary market for the trading of existing shares and not a way to raise capital through the issue of new shares (though participating companies may be more attractive to primary investors as a result of greater liquidity). It gives new investors easier access to growth companies pre-IPO and allows early-stage investors and other shareholders, including employees, to realise their investments.

The Cambridge company raised over \$1.2 billion in a fundraising exercise in February from investors that included Mercedes-Benz, Stellantis and Nissan and a later \$60 million from AMD, Arm and Qualcomm. Those investment rounds valued the company at \$8.6 billion.

The idea creates a Private Securities Market (PSM) that is especially beneficial to employees or management.

Share options have been around for some time, especially for tech startups that find it difficult to pay Silicon Valley salaries in their early years. Recipients of the options will not get any cash until there is an Initial Public Offering, which may never happen.

So far this year, only seven companies have listed in London, outstripped by private takeovers of British companies, with the *Financial Times* reporting that the value of bids for London-listed companies has outstripped new entrants' value by 27 to one.

Small companies should pay attention, too. The new market offers a way for existing company share schemes to benefit as well as helping the businesses grow.

#### Why companies should be aware

Joining the PISCES system comes with enhanced governance requirements and may mean updating a business's Articles of Association and being aware of changes in tax circumstances for both employees and the company.

Under the Employment-Related Securities (ERS) regime, if, at the time of an acquisition of shares by an employee, arrangements exist for the shares to be traded on a PISCES platform, they will be viewed as Readily Convertible Assets (RCAs).

Provided that Enterprise Management Incentive (EMI) options are granted for commercial purposes to recruit and retain employees, it will be acceptable for a PISCES trading event to be a specified occasion, allowing employees to exercise their options.

Company Share Option Plans (CSOPs) are subject to the requirement to hold options for three years from grant, but a PISCES trading event can be a specified event to allow employees to exercise their options. Existing option agreements can be amended to include a sale on a PISCES platform as a specified exercise event.

Share buybacks will not be permitted at the outset because of the associated complexity.

#### Background

The first company to be listed on the new PISCES market for private companies was QPlay, a board game maker. JP Jenkins pipped the London Stock Exchange (LSE) to list the first company under the scheme. JP Jenkins is a British company that has long facilitated the trading of shares in unlisted companies through its regulated platform and attained its approved status for PISCES three months after the LSE.

The LSE had announced that shares in Oxford Science Enterprises, an early-stage Venture Capital fund best known for investing in quantum computing firm Oxford Ionics, would be the first to trade on its Private Securities Market (PSM), but it was pipped by QPlay.

## **External examiners mark HMRC's performance as 'Poor'**

The latest annual report from the Charter Stakeholder Group remains highly critical of HMRC's service performance, with scores either stagnant or deteriorating across most standards. Alongside poor scores for responsiveness and ease of use, the report highlights overwhelmingly negative feedback on Making Tax Digital (MTD).

The Charter Stakeholder Group monitors HMRC's performance against the HMRC Charter, a set of service standards. The 2025-26 assessment was based on a survey of 719 taxpayers and agents who were asked to rate HMRC's performance against each standard on a scale of one to 10.

Of the seven charter standards assessed, only one recorded an improved score compared with 2025.

The poor score is a blow to the government that set out a plan to replace a paper-heavy agency with a 'world-class' digital-first organisation. Around £7 billion was committed to modernising HMRC's old computer systems and infrastructure. This would reduce the headcount in customer contact functions and increase compliance team numbers to bring in more revenue. The technology would be able to respond to customers faster and more accurately, reduce the tax gap of about £59 billion and deter fraud.

Unfortunately, the latest report shows HMRC failing on all levels.

### Key findings

#### Being responsive

Being responsive was HMRC's lowest-scoring charter standard for the third year in a row, with an average score of 2.8 out of 10, down from 3.0 the previous year.

Tax agents were more critical than taxpayers generally, giving HMRC a score of 2.6. The respondents highlighted persistent postal delays, poor first-time resolution, limited helpline expertise, no effective case tracking or escalation and slow complaints handling.

In particular, there was a feeling that there was one rule for HMRC and another for taxpayers, with an imbalance between HMRC's response times and the deadlines it imposes on taxpayers.

#### Making things easy

This category scored 3.25, making it HMRC's second-worst performing standard. Nearly two-thirds of respondents rated HMRC at three or below and more than a quarter gave a score of one.

Tax agents were particularly critical of HMRC's continued push towards online tools while their agent-dedicated phone line was staffed with people with insufficient technical knowledge and a lack of understanding of how agents work.

### Getting things right

Getting things right scored 3.97, down from 4.1 in 2025. Almost one-fifth of all respondents gave a score of one. Respondents said HMRC staff often lacked sufficient training and expertise and that helpline services provided inconsistent guidance.

A recurring observation was that correcting HMRC errors often requires multiple contacts and lengthy delays.

### Accountability

Nearly 82% of respondents felt HMRC were not sufficiently accountable for meeting the Charter requirements, noting that they would be more likely to address declining customer service if they were properly accountable under the Charter. HMRC face no penalties for failing to meet standards.

### Digitalisation and transformation plans

Nearly 89% of respondents felt HMRC had not done enough to keep Charter standards central to its Transformation Roadmap and that digitalisation was being prioritised over fairness, accuracy and support.

### Making Tax Digital

Probably unsurprising to anyone in business, the feedback on Making Tax Digital (MTD) was overwhelmingly negative. Respondents described it as, at best, poorly designed and generally not fit for purpose.

In complete contrast to HMRC's ongoing trope, the common concerns included its extra cost and administration, software dependence, quarterly reporting burdens and a lack of confidence in HMRC's ability to cope with the demands of MTD.

The general feeling was that MTD was uncommercial, offered little practical value and failed to reflect or support the realities of small businesses and agents.

### The other charter standards

Other charter standards scored slightly higher, although most ratings still fell slightly compared with the previous year. The scores were:

- Keeping your data secure: 6.86 (7.03 in 2025).
- Recognising that someone can represent you: 6.31 (6.01 in 2025).
- Mutual respect: 5.89 (5.98 in 2025).
- Treating you fairly: 5.25 (5.34 in 2025).

If you have any tax concerns, problems implementing MTD or dealing with HMRC, please get in contact. We'd be happy to help.

## **Insolvency Service has a busy year**

The Insolvency Service has released its annual report showing stronger enforcement activity while improving support for people in debt.

Two key takeaways from the report were the increasing use of Artificial Intelligence to tackle abusive phoenixism and continued tackling of COVID-19 fraud.

Overall, the Insolvency Service returned £42.7 million to creditors and the wider economy in 2025-26. It handled 11,668 insolvency cases, processed 70,633 redundancy payments and approved 48,344 Debt Relief Orders.

Enforcement activity also increased with 1,153 directors disqualified for misconduct, an increase of 11%. There are 185 live company investigations, up 39% on the previous year, with 163 criminal prosecutions completed.

The report showed that the Insolvency Service continued to modernise its services, including progress on a new digital Debt Relief Order service, investment in artificial intelligence and automation to improve the customer experience and the rollout of a new case management system to help investigators work more efficiently.

### The problem with COVID

In May 2025, the agency was tasked with taking over the recovery of funds lost to COVID-19 fraud. It reported that 65% of its civil and criminal enforcement outcomes related to it. The Insolvency Service admitted that it anticipated a decline in case volumes as the schemes receded, but activity has remained consistent with previous years, "... reflecting sustained investigative effort and a continuing pipeline of complex cases".

During 2025 to 2026, there were 773 Section 6 director disqualification outcomes and 55 bankruptcy restrictions and debt relief restrictions linked to COVID-19 financial support scheme misconduct. In the same period, there were 31 criminal convictions resulting in 25 custodial sentences.

Unfortunately, only £4.5 million was recovered.

### Abusive phoenixism

The agency also indicated that it had plans to do more to tackle the issue of abusive phoenixism - where directors repeatedly abuse the dissolution or insolvency process to avoid paying creditors or for fraud. This causes significant harm to creditors, honest businesses and public finances.

With an increased technology budget and a quickening rollout of Artificial Intelligence systems throughout the service, phoenixism is firmly within its sights.

It planned to spend an additional £25 million to fund 50 more staff with tech backup dedicated to director misconduct. Cross-government work includes strengthened data-sharing with HMRC and Companies House, using a combined threat assessment to catch dodgy directors.

In 2025-2026, it completed 148 civil investigations into companies where abusive phoenixism was identified and civil or criminal investigations were ongoing into a further 64 companies.

As a result of the abusive phoenix investigations, 18 companies were shut down for trading against the public interest, 87 directors were disqualified and five directors were convicted of criminal offences.

#### Key achievements in numbers

- £42.7 million returned to the economy through distributions to creditors and debtors.
- 1,153 directors disqualified for financial misconduct.
- 70,633 redundancy payments processed for employees affected by employer insolvency.
- 48,344 Debt Relief Orders approved, helping vulnerable people access debt relief.
- 80,542 Breathing Space protections granted to people struggling with debt.
- A £25 million government investment announced to strengthen action against abusive phoenixism and director misconduct.
- The Insolvency Service's full report can be found here:

<https://www.gov.uk/government/publications/insolvency-service-annual-report-and-accounts-2025-to-2026/insolvency-service-annual-report-and-accounts-2025-2026>

#### **New settlement terms for disguised remuneration loan charge**

HMRC have released new guidance for individuals who wish to settle their disguised remuneration loan charge liability under new settlement terms. HMRC will write to those who are eligible to settle under the new terms.

The disguised remuneration loan charge is a UK tax measure that applies to outstanding loans made on or after 9 December 2010 as part of tax-avoidance schemes, when income was paid as a non-repayable loan to avoid Income Tax and National Insurance contributions.

After years of rancorous litigation and political debate, an independent review was undertaken last year, with the response published in conjunction with the Autumn Budget 2025 and legislation included in Finance Act 2026.

Nine recommendations were made by Ray McCann, who led the review. Of these, HMRC accepted all but one of them.

### New terms

The new settlement scheme applies to those who have a disguised remuneration loan charge liability that has not yet been paid in full. This includes any settlements agreed after 1 June 2021.

The new terms include a maximum reduction of the settlement fee of £70,000 with another reduction for the scheme's promoters' fees. All loan charge liabilities will have an automatic deduction of £5,000, with late payment interest and penalties not included in the final liability.

Additionally, Inheritance Tax will not be collected on disguised remuneration schemes where trusts were used.

### Employers and employees

Where an employer was responsible for deducting PAYE from the loan payments, HMRC will attempt to settle the liability with them if they still exist.

HMRC will also write and make an offer directly to the employee which they can accept or refuse if the amount they owe is £0 or they wish to settle now to avoid waiting for HMRC to try to deal with the employer. If the employee does not accept the offer, they will still have the opportunity to settle under the new terms at a later date should HMRC be unable to retrieve PAYE tax from the employer.

HMRC have already issued letters to those they believe are affected and a further letter will be issued with an offer to settle under the new terms. It will include the amount due for settlement, loan details and any other income used to calculate the settlement offer.

### Options

A caseworker will be allocated to each individual and who will discuss settlement options and payment plans before any offer is accepted. Once an offer is accepted, an acceptance form must be completed and signed, which will be legally binding. Any open enquiries will be closed thereafter.

Even if there is nothing to pay, it is likely that HMRC will still require a formal signed acceptance of the offer and the form to be returned to them. For those who do not accept the offer, the full loan charge liability will be due.

If an individual believes they are affected but does not yet have a caseworker, HMRC can be contacted at: [CAGetHelpOutOfTaxAvoidance@hmrc.gov.uk](mailto:CAGetHelpOutOfTaxAvoidance@hmrc.gov.uk).

Should you have concerns about the disguised remuneration loan charge or communicating with HMRC, please get in contact. We'll be happy to help you.

### **Reminder for Self Assessment payments**

For those sole traders and directors that have self-assessment tax commitments, the second payment on account is due by 31 July 2026.

It will be important to check what's due and pay the bill online by the deadline. If there are problems with paying the full amount, there may be the option of using HMRC's Time to Pay arrangement.

Payments on account are advance payments towards the next tax bill, typically 50% of the previous year's tax bill, excluding Capital Gains Tax (CGT) and student loan repayments. These are usually due in two instalments on 31 January and 31 July.

If your income has fallen, there may be scope for reducing your payments on account to avoid overpaying.

If your tax bill was under £1,000 or more than 80% was collected at source, HMRC may not need to take payments on account.

If you need any help with payments on account, applying for a Time to Pay arrangement or applying to reduce payment on accounts correctly, please let us know as we'd be happy to help.

### **HMRC launch Advance Tax Certainty Service for major investment projects**

A first-of-its-kind service for the UK has been launched to provide tax certainty to businesses planning to invest in major projects.

HMRC have launched the Advance Tax Certainty Service to provide clarity on how UK tax rules will apply to major investment projects before project commitment. Businesses planning to invest £1 billion or more in qualifying UK expenditure over a project's lifetime will now be eligible to apply for certainty on key tax issues.

The government hopes that this assurance will help companies to invest with confidence in the UK. The service covers the following UK taxes and schemes:

- Corporation Tax.
- VAT.
- Stamp Duty Land Tax.
- Income Tax.
- PAYE regulations.
- Construction Industry Scheme.