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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!

Bonds, oil and AI

Andy Burnham's first visit to take Prime Minister's Questions in Parliament came just as the country's 10-year borrowing costs rose to levels only seen during the credit crisis.

Even worse, the yield on a 30-year gilt hit 5.89%, the highest level since 1998.

While Mr Burnham sought to reassure political opponents and the City of London that his government would maintain fiscal responsibility, pointing out that Britain was cutting its deficit faster than any other G7 country, the effective cost of borrowing is likely to grow.

For companies and households, it could be bad news. Mr Burnham did not rule out more tax hikes in the upcoming October budget, if only to maintain current government expenditure. That doesn't include the demands to increase defence spending.

And as far as bond buyers are concerned, debt levels stand at 98.2% of Gross Domestic Product (GDP), their highest since 1960. That makes them nervous.

But what has spooked the market is more systemic. Debt levels in the US are at 120%, and many countries in the EU see debt levels in excess of 100%.

And the UK can no longer rely on the domestic pensions industry and insurers to be the buyers of gilts. In 2000, nearly 70% of gilts purchased were bought by this sector. It has fallen to around 20%.

The global reality is that borrowing costs in US, Japanese and European bond markets have seen multi-decade highs in market interest rates. In other words, investors have a lot of choice when buying government debt and the interest rates they get. They're also getting pickier in assessing macroeconomic risk.

There's also more competition for the cash to buy the bonds.

Andrew Bailey, the governor of the Bank of England, has already warned G20 finance ministers that Artificial Intelligence (AI) could cause a global economic downturn.

Apart from the cybersecurity risk to financial systems, he acknowledged that AI and AI-related projects have been sucking money from investors at levels not seen before. Much of this investment has come from credit markets and debt for financing.

These investments have also produced over-priced stock markets at levels not seen since the dot.com crash, increased levels borrowing by both retail and institutional investors along with huge concentration of money into a small number of major technology companies.

All are elements of global economic risk.

What may be of more immediate concern though is the pressure on inflation. Periods of inflation result in interest rate hikes.

The conflict with Iran has so far had little impact on the UK. Expected oil price rises haven’t been fully realised as China has reduced demand, and other producers have increased production.

The closure of the Strait of Hormuz is expected to begin to bite though, and affect UK energy prices.

North Sea Gas prices have more than doubled this year. The UK gets about half of its gas from the North Sea, with the rest from Norway and the USA. Currently, the price of natural gas in Britain is eight times higher than in the USA.

With rising energy costs, inflation will again go up, followed by interest rates.

Of course, times of uncertainty also create opportunities. However, these economic signals suggest businesses should plan for the potential of higher costs and borrowing costs.

If you need any help with forecasting costs or if there are ways to reduce your borrowing costs, please contact us. We’d be happy to help you.

Business optimism rises, sort of

The media’s ‘Burnham Bounce’ seemed absent from the latest Institute of Directors (IoD) Economic Confidence Index. Fewer than 24% felt optimistic that Mr Burnham and his new cabinet would improve either their business outlook or that of the UK.

One standout statistic was the proportion of respondents concerned about climate change and extreme weather events. This has more than doubled, rising to 17% from 7%.

While the August survey showed overall optimism rising slightly for the UK’s prospects, the view was more negative for their own business. The Index measures business leader optimism with underlying indicators showing modest improvements across the board during the month.

- Revenue expectations increased.
- Headcount expectations were little changed.
- Investment intentions improved slightly.
- Export expectations remained stable.
- Cost expectations remained elevated.

Despite an improved level of confidence, the impact of the new Prime Minister and Cabinet on business leaders' optimism was in negative territory, with over 76% believing there would be no change or had a pessimistic view of the change.

When asked about the factors holding back business growth and investment, business leaders overwhelmingly pointed to uncertainty. Tax uncertainty (58%), general policy uncertainty (55%) and demand uncertainty (40%) were the most frequently cited barriers. Weak expected demand (27%) and labour and skills shortages (23%) also featured.

Among the factors harming businesses (asked quarterly):

- UK economic conditions remain the most significant factor impacting business (selected by 73% of survey respondents, down from 75%).
- Concerns about taxation increased sharply, with employment taxes rising to 62% from 54%, and business taxes rising to 56% from 47%.
- Compliance with government regulations (40%, up from 35%) and the cost of energy (38%, up from 35%) both overtook global economic conditions (36%, down from 43%) as sources of concern.

Several areas of risk saw notable increases in pessimism. Citations of misuse of artificial intelligence rose to 36%, from 29% in May, while concern about a global trade war increased to 31%, from 24%.

Should you have concerns about either business or employment taxes, please get in contact. We're here to help.

Companies House brings the changes

Companies House has changed its login process and from December objections to a limited company being struck off must be made through its 'Make an objection' online service.

As of last month, all new users must use a GOV.UK One Login to find and update company information services.

For existing users with a registered account, their current login details will continue to work with the option found further down the login page. These account login details will have to be moved to the GOV.UK One Login system in the future and users will be told by Companies House when to do it.

A GOV.UK One Login allows the use of one email address and password to access many government services. To sign in, individuals will need an email address, password, and a second check (Multi-Factor Authentication) using an authenticator app or SMS.

Shared Companies House accounts

If a business currently has a team sharing an account to access Companies House records, it should prepare for change. Each GOV.UK One Login must belong to one person.

To avoid problems, each person who needs access should create their own Companies House account linked to their own GOV.UK One Login. Sharing a single account after linking to GOV.UK One Login can trigger security checks that lock users out.

Objections

From 1 December 2026, objections to a limited company being struck off must be made through the 'Make an objection' online service and email objections will no longer be accepted. Companies House says this change will make submitting objections easier, quicker and more secure.

Foreign investors clean up on UK companies

The latest Mergers and Acquisitions (M&A) data from the Office for National Statistics (ONS) reveal a depressing landscape for UK companies. Foreign acquisitions of UK companies soared in value to £25.4 billion, up £9.7 billion from Q1 2026 and £15.7 billion higher than Q2 2025, highlighting how cheap UK company valuations are compared to foreign markets.

This compares with only seven companies listing in London so far this year.

The domestic UK M&A landscape is a mixed one. On the one hand, UK-on-UK deals rose in value to £4.2 billion, more than doubling from £1.8 billion in Q1 2026. On the other, the number of domestic transactions dropped to 130, down from 142 in the previous quarter and much lower than the 241 recorded in Q2 2025.

The UK deal value of £4.2 billion compares poorly to foreign investment in the UK (£25.4 billion).

Outward UK investment saw a major decline, falling to £2.7 billion from £4.1 billion in Q1, but was only £1 billion lower than the previous year's second quarter.

The ONS cautions that these figures are provisional and subject to revision, but the data points to a market shaped by volatility and a few high-value deals. Inward M&A values were buoyed by several large acquisitions, while the number of transactions, both inward and domestic, continued a downward trend. Outward M&A, meanwhile, reflected a more cautious approach by UK firms to overseas expansion.

The Bank of England's June 2026 summary highlighted subdued investment intentions, citing the ongoing Iran conflict, heightened uncertainty and tighter financing and tax conditions as factors dampening business appetite for new projects.

The ONS's M&A statistics only include deals worth £1 million or more that result in a change of ultimate control.

With global uncertainties and domestic economic pressures persisting, the outlook for UK M&A remains mixed.

To read the ONS research, see here: https://www.ons.gov.uk/businessindustryandtrade/changestobusiness/mergersandacquisitions/bulletins/mergersandacquisitionsinvolvingukcompanies/apriltojune2026

Compulsory smart meter roll-out for small businesses

The UK government has unveiled its comprehensive response to the consultation on the post-2025 rollout of smart meters for non-domestic sites.

The initiative targets approximately three million smaller businesses and public sector locations across Great Britain, aiming to accelerate the adoption of smart meters as a cornerstone of the Clean Power 2030 Mission.

Smart meters are seen as vital for enabling a flexible, efficient power system, offering organisations real-time insights into their energy consumption. This helps businesses manage costs, identify savings and make informed decisions about tariffs and operational efficiency.

A key feature of the new framework is the introduction of smart-contingent contracts for non-domestic consumers.

Smart-contingent contracts are fixed-term non-domestic energy contracts (which are significantly cheaper than alternatives) that require the installation of a smart meter. The consultation response, 'Non-domestic smart meter rollout post-2025', had noted a growing trend among energy suppliers to use such contracts to drive smart meter uptake, particularly among smaller organisations that have been slower to engage with the technology.

There were concerns about inconsistent implementation, including complex contract terms or unfair penalties if installations are delayed for reasons beyond the customer's control.

To address these issues, the government proposes to standardise the rollout of smart-contingent contracts.

From January 2027, suppliers must begin communicating upcoming changes. By September 2027, all new fixed-term contracts for designated premises must include a smart meter installation clause. Suppliers will also be required to adhere to a legally binding consumer protection code, ensuring transparency, fairness, and flexibility - especially for customers facing financial difficulties or those needing additional works before installation.

The government's policy package has been shaped by stakeholder engagement, with 46 responses received from energy suppliers, consumer groups, metering organisations and intermediaries.

Most stakeholders supported the government's direction, recognising the need for regulatory intervention to protect consumers and drive consistent implementation. Some concerns were raised about the timelines for compliance and the complexity of managing installations, particularly during peak contract renewal periods. In response, the government has adjusted the implementation schedule to allow suppliers a full year to prepare.

An assessment accompanying the policy estimates significant net benefits, with anticipated smart meter uptake reaching 88% of non-domestic sites by 2030 and annual bill savings of up to £29 million.

New £100m AI procurement competition for UK firms

The Chancellor, John Healey, has launched the first set of procurement competitions under the new £100 million Sovereign AI R&D Procurement Scheme.

The government says the scheme has been designed to help innovative British startups compete on a level playing field, drive growth and improve public services. The move backs British Artificial Intelligence (AI) companies to develop solutions to some of the UK's challenges. Initially, the government has identified four areas as 'challenges'.

The first four competitions launched are:

- The NHS productivity challenge: Working with the Department of Health and Social Care, firms will develop AI systems that can automate workflows, coordinate care and support decision-making across health services, helping deliver the ambitions of the NHS 10 Year Health Plan while improving productivity and staff experience.
- Driving compute efficiency: Led by the Department for Business, Innovation, Science and Trade and ARIA's Scaling Inference Lab, this challenge will support technologies that improve the efficiency of AI computing infrastructure, helping deliver the government's ambition to significantly expand the UK's public AI compute capacity while reducing costs for researchers and businesses.
- Integrate AI at pace across Defence mission environments: Working with the Ministry of Defence, firms will develop solutions that securely connect data and frontier AI capabilities across defence systems, strengthening operational effectiveness and supporting sovereign national security capabilities.

- Agent security and resilience testing: In partnership with the National Cyber Security Centre, this challenge will support technologies that help organisations understand, manage and mitigate the risks associated with increasingly capable AI agents, helping unlock the safe adoption of AI across the economy.

The focus is on technology that has moved beyond early research but needs the opportunity, funding and environment to prove what it can do.

Successful companies will also keep the intellectual property they create, allowing them to take those innovations beyond the pilot stage and develop commercial products for customers in the UK and around the world. They will work with government departments to develop demonstrator-stage technologies with the potential to scale up.

The Sovereign AI R&D Procurement Scheme is designed to be different from any previous government-backed unit, acting like a venture capital fund. Further competition challenges are expected to follow as the programme expands.

Consultations

Tax treatment of predevelopment costs

The government is consulting on the tax treatment of predevelopment costs. These are costs incurred in the early stages of an investment project before work begins. They can include costs to assess feasibility, obtain regulatory approvals and carry out preparatory activities.

The consultation follows the recent Supreme Court judgment in the case of *Orsted West of Duddon Sands (UK) Ltd & others v HMRC [2026} UKSC 12,* where the cost of preliminary studies and surveys relating to offshore wind farms did not qualify for Plant and Machinery capital allowances (PMA's), as there was not a close enough connection between the expenditure and the plant provided.

The government believes that while the decision in the *Orsted* case was clear, there is still some uncertainty for businesses about how the judgment could impact the availability of capital allowances on wider predevelopment costs.

The consultation closes at midnight on 21 September 2026. Details can be found at https://www.gov.uk/government/consultations/tax-treatment-of-predevelopment-costs--2

Customs Modernisation call for evidence

In June 2026, HMRC launched a 'Call for evidence on Customs Modernisation'. It seeks views on how international trade is evolving and what this means for customs processes in the UK and aims to identify where the current system works well, how it supports modern trade and what further improvements can be made.

The call for evidence closes at midnight on 15 September 2026. Taxpayers with questions should contact the customs modernisation team by email: customsmodernisation@hmrc.gov.uk. The call for evidence documents can be found here: https://www.gov.uk/government/calls-for-evidence/customs-modernisation

And in other news…

IP exit tax

The Financial Times has reported that the business secretary, Jonathan Reynolds, is seeking to quell rumours that the government is planning an ‘exit fee’ for businesses that move abroad after spinning out of UK universities.

The unofficial briefings from the Department for Business, Innovation, Science and Trade sought to rebuff a Sunday Times report that the government was planning an exit fee. The paper said that Lord Vallance, a former science minister and current chairman of Andy Burnham’s AI taskforce, was behind the move in an effort to stem the outflow of the UK’s valuable Intellectual Property (IP).

The idea was initially floated in 2024, in a report by academics at the London School of Economics and the Centre for the Analysis of Taxation who argued that an exit tax or levy should be based on the percentage of a company’s valuation if it sells or floats overseas.

The UK has seen an exodus of high-growth companies moving abroad and more than 2,000 spinouts have emerged from British universities since 2010.

Banks start to act on COVID bounce-back loans

Banks have begun legal action to regain the state-backed loans they administered during COVID. Starling Bank, Barclays and HSBC have filed winding-up petitions against nearly 70 companies that have defaulted on loans, reported the Financial Times.

It says that government pressure has pushed them to go after debtors, especially small businesses that appear to have been dormant for years or those that failed to file accounts.

At least £2.8 billion was lost through the business Bounce Back Loans aimed at supporting floundering businesses through COVID. Although administered by the high-street banks, the taxpayer underwrote the loans.

The UK Carbon Border Adjustment Mechanism (CBAM)

The UK CBAM will be introduced from 1 January 2027 and places a carbon price on highly traded, carbon-intensive products imported into the UK, ensuring a comparable carbon price to that paid by UK manufacturers.

HMRC have published guidance to enable businesses to check whether their goods are in scope, understand their record-keeping obligations and check whether they may need to register. To stay up to date, taxpayers should register with the CBAM mailing list by emailing: cbampolicyteam@hmrc.gov.uk.

Government guidance on the Carbon Border Adjustment Mechanism can be found here: https://www.gov.uk/money/carbon-border-adjustment-mechanism