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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!

Energy prices set to rise

Energy regulator Ofgem has announced a 4% increase in the energy price cap for the period covering 1 October to 31 December 2026. This increase reflects higher wholesale gas prices due to the ongoing conflict in the Middle East, with volatile global gas markets remaining the dominant driver of price changes.

This includes the government's removal of VAT from all domestic electricity bills.

While this price cap increase does not directly affect businesses, as the cap applies only to domestic customers, the indirect effect of rising wholesale energy prices is likely to push the costs of commercial contracts upwards.

The energy price cap protects around 22 million households on default tariffs by limiting the maximum rates and standing charges that energy suppliers can charge. It is updated every three months to reflect changes in the underlying costs of supplying energy.

Prepare to be signed up for MTD

Last week, HMRC confirmed that, from September 2026, they will sign up taxpayers who are required to use Making Tax Digital (MTD) for Income Tax for 2026-27, but who have not yet registered for the service themselves. They have now published guidance setting out the steps affected individuals should take.

HMRC will automatically sign up taxpayers if their records show qualifying income exceeded £50,000 in the 2024-25 tax year and they have not yet registered.

For taxpayers whose level of income means that they are not required to join MTD until 2027-28 or 2028-29, there is no change. It is only taxpayers who were required to sign up to MTD for 2026-27 that will be automatically signed up by HMRC.

What happens if HMRC automatically signs you up?

HMRC will contact you directly, either by post or digitally depending on your contact preferences, asking you to complete a 'checking step'.

You can complete this checking step yourself, or you can ask us as your agent to do it for you. Because HMRC will not write to us to say that they have signed you up, you will need to let us know if you would like us to help you.

If you would like to complete the checking step yourself, it can be carried out in the 'Making Tax Digital for Income Tax' section of your HMRC online services account; this will be your Personal Tax Account or Business Tax Account. If you have never used an HMRC online services account, you will need to set up an account.

The 'checking step' will involve verifying the information HMRC holds on your business and property income. It is important to remember that HMRC's information derives from historical data for 2024-25. This means it is possible that HMRC could include details for businesses that have ceased.

If your business has ceased, you do not need to use MTD and HMRC will confirm this once they have been contacted.

Once joined, you will need to use compatible software to catch up and create digital records from the start of the tax year. Any overdue quarterly updates will need to be submitted as soon as possible (the first quarterly submission was due on 7 August 2026).

HMRC have confirmed there will be no penalty points for missing a quarterly update for 2026-27. A final quarterly update will be required before the 2026-27 tax return can be submitted, and penalties will be charged if the tax return is submitted late.

If you have been signed up and are not sure why or need any other help with MTD, please contact us. We'd be happy to help you!

How the ONS Collects Statistics

Tougher social changes have affected the reliability of some labour productivity statistics gathered by the Office for National Statistics (ONS) and the organisation has come under increased scrutiny.

The ONS collects information from a wide range of sources to produce official measures of the UK economy, labour market and living standards. These include household and business surveys, employer returns and administrative data held by government departments such as HMRC.

With a reputation for being the 'gold standard' for national statistics, the criticism of the reliability of labour productivity, which looks at how much is produced for each hour worked across the economy, has stung.

It's a criticism that Richard Heys, Deputy Chief Economist at the ONS, accepts but explains.

Traditionally, many key economic indicators have relied on surveys.

For example, labour productivity, a measure of how much output is produced for each hour worked, was historically calculated using UK Gross Value Added (GVA) alongside hours worked data from the Labour Force Survey (LFS).

But there have been declining response rates to the LFS in recent years that has made some employment and productivity estimates less reliable, prompting the ONS to review its methods.

To strengthen its statistics, the ONS increasingly combines survey findings with administrative records.

Since 2024, it has published an experimental productivity measure based on HMRC payroll data collected through the Real-Time Information (RTI) system, supplemented with data on self-employment and working hours. The organisation is now developing a new 'components' approach that draws together information from several sources, including RTI, the Labour Force Survey and the Workforce Jobs survey completed by employers.

Alongside these methodological changes, the ONS is introducing technology to improve efficiency and data quality. Artificial intelligence is being used to classify occupations and industries from survey responses, reducing manual processing and improving accuracy. The agency also plans to automate the extraction of spending information from household receipts collected through the Living Costs and Food Survey.

These developments come as the ONS works to address long-standing issues with labour market statistics, update measures such as GDP, develop a new business register and prepare for the 2031 Census. While additional funding has been allocated for census preparations, tight budgets mean the organisation is focusing resources on its core economic statistics and seeking more efficient ways to gather and process data.

The ONS's current direction reflects a broader shift away from relying solely on surveys towards combining multiple sources of information. This approach is designed to improve the reliability of official statistics while reducing costs and responding to the challenges of falling survey participation.

New trade union rules

From October 2026, companies will have to comply with new rules on trade unions introduced as part of the Employment Rights Act.

Companies need to be attentive to the rule changes. Employers will have a duty to tell workers of their right to join a trade union and will need to give them a written statement setting out this right. This applies even if the workplace is already unionised.

These changes could also mean a review of current Human Resource materials for employees both new and existing.

Employers also need to be careful that language in documentation or from managers could be seen as discouraging or discriminating against union membership.

Zero-hour contracts

The government had previously issued its consultation on the future of zero-hours contracts. Its main proposals include giving employees the right to guaranteed hours, where the number of hours offered reflects the hours worked by a qualifying worker during a reference period.

There needed to be reasonable notice of shifts and changes to these, along with payment for shifts cancelled, curtailed or moved at short notice.

Although these measures have not yet taken effect and the government awaits one last consultation, the proposals indicate policy.

Mandatory payrolling of Benefits in Kind: Actions to take now

The tax rules on Benefits in Kind (BIKs) are changing. From 6 April 2027, Phase 1 of HMRC's 'Mandatory payrolling of Benefits in Kind and expenses' comes into force. Phase 1 will apply only company cars, car fuel, vans, van fuel and medical benefits.

Mandatory payrolling for most other benefits will be introduced from April 2028.

Employers will need to begin preparing for the changes, which will include ensuring that payroll software and processes are correctly set up. However, to avoid employees being surprised, employers should also consider communicating the changes to their staff.

Early communication is key to making sure staff will understand how this change may affect their tax code and take-home pay.

What to explain

It would be good to help staff understand that if they currently pay tax in arrears on BIKs they will not do so from April 2027 onwards for any BIKs that are included in Phase 1.

Many employees may not realise this is how they are paying tax on BIKs, and that next year they will pay tax on their BIKs for cars, vans, fuel (for both cars and vans) and medical benefits in the year they receive them.

They may currently have a deduction in their tax code so they pay tax on an estimated benefit. This will no longer be the case from April 2027.

Tax on Phase 1 BIKs must be paid in real time in the year they are received.

What this means in practice is that some employees could end up paying tax in real time on some benefits they are receiving in 2027-28, while at the same time also be catching up with payments for any BIKs from the previous tax year. It might seem to them that they are paying tax twice. This is not the case but could be confusing if it is not explained.

Employees can be advised to contact HMRC to discuss options based on their circumstances if this overlapping taxation causes them hardship.

Should you have queries or need advice on payroll or BIKs, please get in touch. We'd be glad to help.

Mileage allowances changed for tax year 2026-27

HMRC have reminded businesses that the Approved Mileage Allowance Payments (MAPs) have been updated for the 2026-27 tax year. Rates have:

- Increased to 55p per mile for the first 10,000 miles.
- Remained at 25p per mile after 10,000 miles.

These changes are backdated to 6 April 2026.

If you reimburse your employees at or below the approved MAP rate, you may want to increase the amount you reimburse your employees for business mileage, in line with the new approved MAP rates.

Reimbursement?

If you paid your employees mileage payments above the old rates, Income Tax and/or Class 1 National Insurance contributions may have been deducted that may no longer be due.

If so, you can correct the payroll for previous months so that overpaid tax and both employers' and employees' Class 1 National Insurance contributions can be refunded.

If you need any help in doing this, please feel free to get in touch. We'd be happy to help you!

What's your view for the future of Wales?

The Welsh Government is looking for opinions, plans and policies from companies and individuals on the nation's future.

Currently known as Future Wales, the government is looking to revise the National Development Framework, "To reflect the priorities and ambitions of this Government and to ensure Wales is well placed to respond to future challenges and opportunities".

Since the adoption of the National Development Framework in 2021, significant changes to demographic, economic, geo-political and climate-related issues have called for a rethink on infrastructure and energy issues and primarily national resilience.

This latest consultation aims to focus on the long-term future of the nation and "the role of places, communities, infrastructure, environment and culture" rather than consulting on individual planning policy issues.

The evidence obtained through the National Conversation will also help inform the development of a range of other plans and strategies to be developed by the Welsh Government between now and 2030.

It says, “This will help to ensure that there is better co-ordination where there are cross-cutting implications, or where different spatial plans interface such as Marine Planning and the National Development Framework.”

The draft Statement of Public Participation (SoPP) sets out how the Welsh Government will engage and involve people in the development of the National Development Framework. It also provides details on the procedural requirements, timescales and consultation during the National Development Framework process.

The consultation runs until 20 November 2026. For more information see:
<https://www.gov.wales/national-development-framework-draft-statement-public-participation-html>