Written by 19 October 2026

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!

What the professional tax bodies suggest for Budget 2026

The UK's professional tax and accounting bodies have made a number of suggestions to HM Treasury for the upcoming budget. Whether the invited representations will be taken on board by the Chancellor, John Healey, in his first budget on 28 October 2026, remains to be seen.

The Association of Taxation Technicians (ATT)

The ATT published six suggestions, including on Inheritance Tax (IHT) simplification, Making Tax Digital (MTD) penalties and HMRC-approved mileage rates.

Inheritance Tax

The ATT recommended a simplification of the IHT regime for a fairer system for those affected. It argued that the Nil Rate Band (NRB) and the Residence Nil Rate Band (RNRB) should be merged into one single enhanced NRB. As unused pensions come into scope for IHT from April 2027, the ATT felt this change would avoid more families having to 'grapple' with the complexities of the RNRB.

It said that pension property should be treated as a separate component of the estate when testing for the 36% reduced rate, to avoid discouraging gifting to charity on death. This would protect those who have already planned to make gifts under the existing rules and give more flexibility to those who want to make charitable gifts to reduce IHT on their pension assets only.

Employment and mileage rates

On employment, the ATT advocated further consultations on options to introduce a single common statutory framework for UK employment status. This would have a statutory underpinning similar to the Statutory Residence Test (SRT), clarifying the treatment for most arrangements while being consistent for tax and employment rights purposes.

Once a framework is in place, the ATT recommended that the HMRC Check Employment Status for Tax (CEST) tool should be overhauled and replaced with a tool reflecting the new test. The government should also consider whether employment tribunal decisions should apply for tax purposes, and vice versa.

The ATT argued that mileage rates for cars, motorbikes and bicycles should be increased to reflect the current costs of running and maintaining a personal vehicle and be reviewed annually. It suggested a rate of at least 60p per mile for a car or van.

Party time

The tax exemption for annual parties and social functions should be increased, said the ATT, allowing employers to organise social events without incurring a tax liability. The exemption has remained at £150 per head (including VAT) since April 2003.

It should be increased to at least £280 per head (including VAT) to reflect higher costs and inflation.

Likewise, the limit on trivial benefits should be increased, as it has not changed since April 2016. The £50 trivial benefits limit should be increased to £70. The £300 annual cap on benefits provided to directors and their households/families should increase to £425.

Relief should also apply where an employer reimburses an employee for a purchase that would have qualified had the employer paid for it directly, including where the employee reimbursed is not the recipient of the benefit.

Making Tax Digital

The existing late-filing penalty easement for MTD should be extended to the one million lower-income taxpayers who are joining the system for the first time in 2027-28. An extension to the soft landing for penalties would give these newcomers time to get to grips with the complexity of MTD without worrying about penalties.

The Chartered Institute of Taxation (CIOT)

The CIOT made a single submission recommending six targeted legislative changes to the new IHT rules for pensions. It has concerns that time is running out to fix administrative hurdles that the new rules face before they take effect on 6 April 2027.

Where pension funds are discovered after HMRC have issued a certificate of discharge, the CIOT wants the estate rate of tax to be paid by the pension beneficiaries and pension administrators should notify HMRC of such payments. This would avoid having to recalculate the tax on the rest of the estate.

Loss relief should also be available for pension assets where the scheme administrator sells the assets within 12 months of death, and should any tax need to be paid, the IHT instalment payment provisions should be available.

It also wants the interaction between the charitable giving rules and the reduced rate of IHT to be reformed.

Once pension wealth is included in estates, some estates will no longer satisfy the 10% rule needed to obtain the reduced rate of 36%. Conversely, percentage-based legacies may produce larger charitable gifts than intended, at the expense of residuary beneficiaries.

The CIOT recommends a separate component for pension assets. It also considered the six-month payment deadline as unrealistic and unreasonable and recommended extending it to 12 months.

Family companies and IHT

The CIOT also wants families to be helped to fund IHT liabilities in family companies. The Agricultural Property Relief and Business Property Relief changes have brought more family companies into the scope of IHT, with assets often tied up in family companies.

To avoid the sale of businesses to cover these liabilities, the undue hardship condition for a company purchase of its own shares should be removed. The current legislation only allows capital treatment on a company's purchase of its own shares used to fund IHT where the personal representatives would otherwise face undue hardship.

The Institution of Chartered Accountants in England & Wales (ICAEW)

The ICAEW representations were aimed at turning around the public finances, kickstarting growth and unlocking investment based on tax reform.

It wanted tax administration fixed by prioritising quality and modifying the tax dispute resolution system. This involves requiring HMRC to provide an accessible, reliable and effective service to taxpayers and agents. A recent report from the Administrative Burdens Advisory Board (ABAB) found that 31.4% of respondents remarked that their experience of dealing with HMRC had worsened in the past year.

Again, the issue of MTD for Income Tax arose for the ICAEW. Like the ATT, it wanted to extend the soft landing for penalties for each population of mandated taxpayers. It also wanted to delay the adoption of MTD for the £30,000 threshold until a full review of the initial rollout was done.

Growth suggestions

It called for taxes to be reformed to promote growth, including a radical reform of business rates to reduce costs for businesses. This includes moving towards a simplified VAT system with a wider base, fewer exemptions and a lower single rate.

The ICAEW wants the tax 'cliff edges' to be fixed, as currently they discourage people from working more or growing their businesses.

Again, it found the current employment status rules needed clarifying to help businesses comply with both tax and employment law.

Other suggestions included ruling out further increases in employment taxes during this Parliament and targeted tax relief on pre-development costs to attract more infrastructure investment. An expansion of HMRC’s current advance tax certainty service to cover more projects would help.

It again warned government to be cautious about using Capital Gains Tax to raise revenue, as further changes could deter investment in businesses, particularly Small to Medium-sized Enterprises (SMEs).

Should you have concerns about MTD, IHT, tax reliefs or any tax issues, please contact us and we would be happy to advise you.

Avoiding late payments with an invoicing strategy

For Small to Medium-Sized Enterprises (SMEs), the issue of late payments can mean the difference between survival or liquidation. The Department for Business & Trade estimates it costs the economy £11 billion annually, forcing 38 businesses to close their doors every day.

The government is taking steps to change this, with the Commercial Payments Bill having its first reading in the House of Lords in May 2026. It proposes a 60-day hard cap on business-to-business payment terms, new powers for the Small Business Commissioner to fine persistent late payers and a requirement for the boards of large businesses with poor payment records to publish an explanation of how they intend to improve.

But companies need to ensure they have robust procedures for collecting money owed on invoices, as cash flow is the blood of the business. There are steps to take.

For SMEs, the advice is remarkably consistent: make it easy to pay, make expectations clear and follow up systematically.

1. Agree payment terms before starting work

Set out payment terms in writing before work begins. This should include due dates, payment methods and what happens if invoices become overdue. Clear, documented terms reduce disputes and payment delays.

2. Invoice promptly

Invoice as soon as goods or services are delivered rather than waiting until month-end. The quicker the invoice is issued, the sooner the payment clock starts.

3. Make invoices accurate and easy to understand

Ensure that invoices clearly contain all required information, including purchase order numbers, contact details, payment instructions, due dates and a clear description of the work carried out.

4. Offer convenient payment options

Offer customers multiple ways to pay, such as bank transfer, card payment, online payment links or direct debit.

5. Check customer creditworthiness

Before taking on a new customer, conduct credit checks and basic due diligence. This includes previous bankruptcies or a string of liquidated companies. This helps avoid future bad debts.

6. Ask for deposits or staged payments

For larger projects, and certainly those that might strain the company's resources, request a deposit upfront and agree on milestone payments. This reduces financial exposure.

7. Automate reminders and follow-up

Use accounting software to send automatic reminders before and after payment due dates. Many late payments are simply the result of oversight rather than unwillingness to pay. This involves a structured credit control process:

- Reminder before due date.
- Reminder on due date.
- Follow-up email or call after the due date.
- Escalation procedures for persistent non-payers.

9. Build strong customer relationships

Maintaining regular communication with your customers can help resolve invoice queries quickly.

10. Use your legal rights when necessary

Companies must be prepared to exercise legal muscle when required. Businesses may be entitled to charge statutory interest and claim debt recovery costs on overdue invoices, subject to relevant rules and contractual terms. Just making customers aware of these rights can encourage payment.

A summary of best practice

Many successful SMEs follow this sequence:

1. Credit check new customers.
2. Agree terms in writing.
3. Take a deposit where appropriate.
4. Invoice immediately.
5. Include a payment link.
6. Send automated reminders three to five days before the due date.
7. Phone the customer within a few days of any missed payment.
8. Escalate quickly if payment remains outstanding.

If you need help with your invoicing and collections strategy, please contact us. We're here to help.

Business concerns over costs hit record highs as AI adoption accelerates

UK businesses are increasingly worried about rising operating costs, with concern over both energy and fuel prices reaching their highest levels since the Office for National Statistics (ONS) began tracking them.

The latest ONS data came as the International Monetary Fund (IMF) reported that the UK economy would expand faster than expected - 1.3% in 2026, up from the 1% it predicted in July. But like the ONS, it said that despite encouraging figures, higher energy prices and interest rates will hit the economy in 2027.

The findings suggest UK businesses are facing a combination of rising cost pressures, ongoing supply chain uncertainty and growing climate-related concerns, while at the same time accelerating their investment in AI technologies.

ONS data for late September 2026 show that 72% of businesses were concerned about energy prices, the highest proportion recorded since the question was introduced in March 2026. The accommodation and food services sector reported the greatest level of anxiety, with 91% of firms expressing concern.

Worries about fuel costs were even more widespread. Nearly three-quarters of businesses (73%) said they were concerned about increases in fuel prices, the highest figure since the measure was introduced in May 2026. Businesses in the transport and storage sector were particularly affected, with 60% describing themselves as 'very concerned'.

Supply chain questions

International conflict emerged as the most commonly cited risk to supply chains, with 32% of businesses mentioning it, along with shipping disruption at 21%. Almost half (48%) of businesses employing 10 or more people reported concerns about at least one factor that could affect supply chains, including climate issues, over the next year. While this was little changed from August, it was 17 percentage points higher than a year earlier.

Concerns about environmental risks are rising, with 41% of firms expressing worries about the potential impact of climate change on their operations. This is the highest level recorded since February 2023.

AI use increases

The ONS found use of Artificial Intelligence (AI) continues to grow rapidly across the economy. Around 30% of businesses reported using at least one form of AI technology in September 2026, more than triple the 9% recorded when the question was first asked in September 2023. Adoption is particularly strong among larger organisations, with 51% of businesses employing 250 or more staff now using AI, compared to 19% three years ago.

Among AI users with at least 10 employees, administrative and clerical roles were most likely to be affected by the technology. Some 38% of businesses identified these occupations as the most impacted, up from 35% in June 2026 and 29% when the question was introduced in December 2025.

To read the full report, go to:
https://www.ons.gov.uk/businessindustryandtrade/business/businessservices/bulletins/businessinsightsandimpactontheukeconomy/latest

New transport security funding for UK companies

Small UK companies are being asked to develop security ideas and products for Britain's transport sector with an unusually tight deadline. As the geopolitical situation becomes increasingly dangerous, with sabotage to the UK's physical and cyber infrastructure by countries such as Russia and Iran increasing daily, new security projects are topping the government's 'hopeful' list.

A second cycle of the UK's Security Open Call has been launched by UK Defence Innovation (UKDI), with the addition of areas focused on by the Department for Transport (DfT) and successful proposals can access funding up to £350,000.

Submissions for stage one have a deadline of 29 October 2026.

Cycle 2 of the Security Open Call is now looking for technologies that can detect threats, improve screening and protect passengers and goods, while keeping the UK moving.

The funding opportunities follow on from Cycle 1, which sought ideas for Home Office and National Protective Security Authority (NPSA) priorities including cyber resilience, border security and protective security technologies. The Department for Transport (DfT) focus areas are a new addition alongside the Home Office and National Protective Security Authority projects.

What innovations

This Open Call is looking for 'innovative' technologies and approaches to areas such as:

- Aviation hold baggage screening.
- Detection of explosive threats in complex freight and large loads.
- Low divestment walk-through people and bag screening.
- Security situational awareness sensor integration with autonomous and robotic platforms.
- Passenger screening - alarm resolution.

Overall, the solutions should improve the detection of malicious threats, support screening operators through automation by exploiting emerging technologies to enhance the security and resilience of the UK's transport network.

Application process

The Security Open Call uses a two-stage application process to identify promising ideas at pace. Applicants will first submit a Stage 1 overview proposal. Ideas that align well with the Competition Focus Areas, demonstrate a strong chance of successful delivery and meet the customer's needs will be invited to progress to a full Stage 2 submission.

UKDI's Innovation Partners are available to support innovators throughout the application process.

Funding available

Successful proposals can be funded up to £350,000. Projects can run for a maximum of 12 months, with an optional testing and trialling phase costed into proposals to extend activity to 18 months.

Submissions to Stage 1 will close at midday on 29 October (GMT). Please see the full competition document for full details of stages and submission dates.

The full competition document can be found here: https://www.gov.uk/government/publications/competition-document-ukdi-security-open-call-2026-cycle-2

Further information on working with UK Defence Innovation (UKDI) can be found here: https://www.gov.uk/guidance/how-to-work-with-uk-defence-innovation-ukdi#advice-and-guidance-contact-your-local-innovation-partner

Welsh heritage contributes £738 million

New research says that Wales' historic and heritage attractions contribute over £738 million to the nation's economy each year.

The study found that the 'historic environment' - historic sites, museums and parks - supported nearly 18,000 jobs, produced 13 million visits and showed the importance of heritage as an economic asset.

The research was carried out by AMION for Cadw (the Welsh Government's service which cares for some of the country's beloved historic places) and argued that the sector also produced 'social value'. It defined that as volunteering opportunities, visits, education and community engagement, which was worth more than £107 million. Across Wales, volunteers contribute more than 902,000 hours to heritage annually, generating an estimated £9.8million in wellbeing value.

The report also notes that these benefits depend on continued investment and participation, with climate pressures, skills shortages and maintenance challenges all posing risks to the historic environment.

Currently, the Welsh Government is calling for evidence to help shape its new Culture and Sport Strategy for Wales, which will set out a 10-year vision for culture, heritage, the arts, creative industries, sport and physical activity.

To submit your views to the consultation, 'A vision for culture and sport in Wales', go to https://www.gov.wales/vision-culture-and-sport-wales.