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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!

Employers can now register to payroll benefits for April 2027

From 6 April 2027, employers must report company cars, vans, fuel and medical insurance through their payroll each time they pay staff, instead of on form P11D after the tax year ends. HMRC have now published guidance and reopened their online service, so employers can register to voluntarily payroll any other non-mandated benefits.

A benefit in kind is a non-cash benefit that an employer provides to an employee or director, such as a company car or private medical insurance.

What changes in April 2027

HMRC's guidance says that from 6 April 2027, employers must report these benefits on their Full Payment Submission. This is the report an employer sends to HMRC each time it pays its employees.

- Company cars and fuel.
- Company vans and fuel.
- Medical insurance.

Employers must deduct Income Tax and Class 1A National Insurance contributions on these benefits in real time, using payroll software. Class 1A contributions are paid by the employer, not the employee.

Payrolled benefits will not need to be reported on forms P11D and P11D(b). The existing rules for valuing benefits and for exemptions will continue to apply.

All other benefits, except loans and accommodation, must be payrolled from 6 April 2028.

Payrolling other benefits by choice

Employers can choose to payroll other non-mandated benefits from April 2027 by registering with HMRC's online service before the tax year starts. The service reopened on 5 November 2026, and living accommodation and loans can now be payrolled. Registering does not change how benefits are reported for the current tax year.

Company cars, vans, fuel and medical insurance cannot be registered through the service, as they must be reported through payroll software. Any benefits that are not payrolled must still be reported on electronic P11Ds.

Employees who work abroad

Employers can apply for an exception for eligible globally mobile employees. Their benefits would then be reported on forms P11D and P11D(b) after the tax year ends. Applications must be made by 5 April 2027.

An employee may be eligible where both:

- they are likely to receive benefits or expenses in at least two pay periods in a tax year; and
- the employer will not have enough information to payroll them when the employee receives them.

HMRC say employees are not usually eligible if they only have short-term business travel, remote working outside the UK or occasional overseas meetings. An exception changes only how and when benefits are reported, not the amount of tax due.

What to do now

HMRC suggest that employers:

- Review all benefits and expenses currently reported on P11D forms.
- Review their payroll, human resources and benefits administration processes.
- Check that their payroll software provider is ready for the changes.

HMRC also suggest telling employees that tax on payrolled benefits will be collected through payroll during the year, and that their tax codes will no longer include an adjustment for those benefits. Payslips and take-home pay may change. HMRC say employees will not pay more tax because of the change.

After each tax year, employers will need to give employees a statement of the benefits they have payrolled.

To read HMRC's guidance, go to: https://www.gov.uk/guidance/prepare-for-mandatory-payrolling-of-benefits-in-kind

To register benefits for voluntary payrolling, go to: https://www.gov.uk/guidance/paying-your-employees-expenses-and-benefits-through-your-payroll

If you need help getting your payroll ready for these changes, please get in contact. We are here to help.

HMRC interest on late tax rises to 8%

HMRC will charge interest at 8% on late tax payments from 24 November 2026, up from 7.75%. The interest HMRC pay on overpaid tax will rise from 2.75% to 3% on the same day.

HMRC interest rates are set in law and linked to the Bank of England base rate. The Bank's Monetary Policy Committee raised the base rate from 3.75% to 4% on 5 November 2026.

Late payment interest is set at base rate plus 4%. Repayment interest is set at base rate minus 1%, with a minimum of 0.5%.

Which taxes are affected

The new rates apply to the main taxes that HMRC collect, including Income Tax, National Insurance contributions, Capital Gains Tax, VAT and Corporation Tax.

Larger companies pay Corporation Tax in instalments during the year. The interest charged on underpaid quarterly instalments is 6.5% from 16 November 2026, up from 6.25%.

What it means

Anyone who pays tax late will pay more interest. For example, if you do not pay the Self Assessment tax due on 31 January 2027 in full and on time, HMRC will charge interest at 8% on the amount outstanding.

The changes take effect automatically on 16 November 2026 and 24 November 2026.

To see HMRC's full table of interest rates, go to: https://www.gov.uk/government/publications/rates-and-allowances-hmrc-interest-rates-for-late-and-early-payments/rates-and-allowances-hmrc-interest-rates

If you need help planning for your tax payments, please get in contact. We are here to help.

Statutory pay and student loan thresholds for 2027-28

Statutory Sick Pay (SSP) will rise from £123.25 to £127.55 a week in 2027-28, under proposed rates published by the Department for Work and Pensions (DWP). The repayment thresholds for some student loans have also been confirmed for the same year.

Statutory pay

The standard weekly rate of the following payments will rise from £194.32 to £201.11:

- Statutory Maternity Pay.
- Statutory Paternity Pay.
- Statutory Adoption Pay.
- Statutory Shared Parental Pay.
- Statutory Parental Bereavement Pay.
- Statutory Neonatal Care Pay.

The earnings threshold for these payments will rise from £129 to £133 a week. This is the average weekly pay an employee needs to qualify.

The DWP published the rates on 11 November 2026, following a written ministerial statement on 28 October 2026. They are described as proposed rates for 2027-28. The document does not give the dates in April 2027 from which they apply.

Student loans

The Department for Education and the Welsh Government have confirmed these repayment thresholds for 6 April 2027 to 5 April 2028:

- Plan 2 stays at £29,385.
- Plan 5 rises to £26,025.
- Plan 3, for postgraduate loans, stays at £21,000.

Plan 5 covers undergraduate loans in England from the 2023 academic year onwards. The announcement does not cover Plan 1 loans or Plan 4 loans, which are student loans from Scotland. The Plan 4 threshold for 2027-28 was not part of this announcement.

Employers make student loan deductions through payroll, so payroll software will need the new thresholds from April 2027.

To read the DWP's list of rates, go to:
https://www.gov.uk/government/publications/benefit-and-pension-rates-2027-to-2028

To read the student loan announcement, go to:
https://www.gov.uk/government/news/student-loans-repayment-threshold-announcement

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Employers will have to show salaries in job adverts

The government has announced that it will make it a legal requirement for employers to publish salaries in job adverts. It has not yet published the legislation or said when the rule will start.

The Prime Minister, Andy Burnham, announced the plan on 5 November 2026. The government says it will bring forward legislation as soon as possible. In the meantime, the Prime Minister is asking all businesses to include salaries in their job adverts now, rather than wait for the law to change.

The reasons given

The government estimates that 41% of employers always publish salary ranges, and that 18% always publish specific salaries. It says early analysis of its consultation shows that 94% of respondents back the requirement, including 93% of businesses.

The government says publishing salaries will help jobseekers, particularly young people looking for their first job. It also says it can help expose unjustified differences in pay that disadvantage women.

Prime Minister Andy Burnham said, "Whether you're a young person starting out or a parent trying to support your family, you should know what a job pays before spending your time and effort applying for it."

What is not yet known

This is a policy announcement and there is no Bill yet. The announcement does not say when the requirement will start, whether a salary range will be enough or how the rule will be enforced.

To read the government's announcement, go to: https://www.gov.uk/government/news/new-say-what-you-pay-law-to-help-young-people-into-work

HMRC letters and texts to expect this winter

HMRC have started writing to landlords, sole traders and people with missing tax returns as part of several new campaigns. HMRC list these contacts on GOV.UK, so you can check that a letter or text is genuine before you respond.

Missing Self Assessment returns

From 9 November 2026 to 5 February 2027, HMRC may write to people who have not submitted a Self Assessment return for any tax year from 2020-21 to 2024-25. The letter will ask them to:

- Submit any outstanding tax returns.
- Pay any tax they owe.
- Tell HMRC if they no longer need to complete a tax return.

A text message reminder may follow within two weeks of the letter.

Making Tax Digital for Income Tax

From 9 November 2026 to 31 December 2026, HMRC are writing to people who need to use Making Tax Digital for Income Tax from April 2026. The letter explains how to check their Self Assessment tax bill and how their tax information will be shown while they move to Making Tax Digital. HMRC say they will not ask for any personal or financial information.

HMRC have also confirmed that people using Making Tax Digital for Income Tax must still file their 2025-26 Self Assessment return in the usual way, and pay any tax owed by 31 January 2027.

Furnished holiday lettings

From 11 November 2026 to 11 January 2027, HMRC may send a letter, email or text to people affected by the end of the furnished holiday lettings tax regime on 6 April 2025. The message will explain the main changes, what to do if you dispose of a property and how Making Tax Digital applies.

Start your tax return now

HMRC are also urging people to start their 2025-26 Self Assessment return now, ahead of the 31 January 2027 deadline for online returns and payment. HMRC say around 12 million people file a return each year, and around five million leave it until January. Those who file now do not need to pay until the deadline.

Myrtle Lloyd, HMRC's Chief Customer Officer, said, "There is still plenty of time to submit a Self Assessment tax return. By starting early, you have time to check your tax return thoroughly and spot any potential mistakes."

If you received the 2025 Winter Fuel Payment, or the Pension Age Winter Heating Payment in Scotland, HMRC will show it on your online return where possible. You should add it yourself if it is not shown. If your total income is over £35,000, you will pay it back through your Self Assessment tax bill.

To check whether a letter from HMRC is genuine, go to:
https://www.gov.uk/guidance/check-if-a-letter-youve-received-from-hmrc-is-genuine

To check other recent HMRC contacts, including texts and emails, go to:
https://www.gov.uk/guidance/check-genuine-hmrc-contact-that-uses-more-than-one-communication-method

If you receive one of these letters, or need help with your tax return, please get in contact. We are here to help.

Glass bottles sold to pubs to be exempt from packaging fees

From April 2027, glass drinks containers that producers sell directly to pubs, restaurants and other licensed hospitality venues will no longer be liable for

Extended Producer Responsibility (EPR) fees. The government says this will end double charging for recycling the same packaging.

Under EPR, businesses that supply packaging pay fees towards the cost of dealing with packaging waste. The government says EPR was introduced to encourage businesses to switch to more sustainable packaging.

The savings

The government says the change will save businesses up to 6p per beer bottle and 10p per wine bottle. It says a pub selling 10,000 beer bottles and 3,700 wine bottles could save up to £870 a year.

The exemption covers glass containers supplied directly by producers. The British Soft Drinks Association says it will work with the Department for Environment, Food and Rural Affairs on a solution for drinks supplied indirectly.

Fees for other packaging

Businesses will also be consulted on changes to the fees they pay for packaging waste. The aim is for easy-to-recycle packaging, such as glass and paper, to cost less and hard-to-recycle packaging, such as some plastics, to cost more. The government says this could reduce fees for the most recyclable packaging by up to 40% a year.

The exemption is due to start in April 2027. The consultation on fees has not yet been published.

To read the government's announcement, go to: https://www.gov.uk/government/news/government-steps-in-to-reduce-packaging-costs-for-british-businessesand-pubs

And in other news…

Economy grows by 0.7% in the third quarter

The UK economy grew by 0.7% between July and September 2026, according to the first estimate from the Office for National Statistics (ONS). This follows growth of 0.5% in the previous three months. Gross domestic product (GDP) was 1.9% higher than in the same quarter a year earlier.

Services grew by 0.9% and production by 0.1%, while construction fell by 0.7%. Accommodation and food services fell by 0.5%. Monthly figures show growth of 0.2% in September, after no growth in August. Business investment rose by 0.4% in the quarter.

The ONS says early estimates are subject to revision.

To read the ONS figures, go to: https://www.ons.gov.uk/economy/grossdomesticproductgdp/bulletins/gdpfirstquarterlyestimateuk/julytoseptember2026

Care workers repaid more than £107,000 for mileage

A Fair Work Agency investigation has found that domiciliary care workers at a care provider were not being properly reimbursed for business mileage. The agency worked with the employer, which has identified more than £107,000 to repay to current and former staff. The employer has also raised its mileage rate from 5p to 40p per mile for 2026.

The investigation began after the agency's contact centre received information about the employer. The agency says it will continue to work with employers and workers to improve compliance.

To read the announcement, go to: https://www.gov.uk/government/news/fair-work-agency-recovers-over-100000-in-unpaid-mileage

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Planning tools for venues ahead of Martyn's Law

The Security Industry Authority (SIA) has released planning tools for premises and events that will fall within Martyn's Law. The SIA expects the law to come into force in spring 2027. It aims to make sure that publicly accessible premises and events are better prepared for terrorist attacks.

For the standard tier, a planning tool helps businesses work through their procedures for evacuation, lockdown, communication and moving people to safe areas inside the premises. For the enhanced tier, a template helps them record how they will comply.

When the law comes into force, premises and events in scope will need to notify the SIA. The SIA is inviting feedback on the tools until 23 December 2026.

To read the announcement, go to: https://www.gov.uk/government/news/new-tools-to-support-preparation-for-martyns-law

Number of UK businesses falls by 1.8%

There were 5.6 million private sector businesses in the UK at the start of 2026, according to estimates from the Department for Business, Innovation, Science and Trade. This is 104,000 fewer than a year earlier, a fall of 1.8%.

Of these, 5.54 million were small businesses with fewer than 50 employees. A further 39,220 were medium-sized, with 50 to 249 employees, and 8,355 were large.

The figures include an estimate of businesses that are not registered for VAT or Pay As You Earn (PAYE). The department describes them as official statistics in development.

To read the statistics, go to: https://www.gov.uk/government/statistics/business-population-estimates-2026