



# Hazel Cooch FCCA

## Accounting and Tax Services

### Newsletter - February 2026

Hello and welcome to another issue of my mini newsletter.

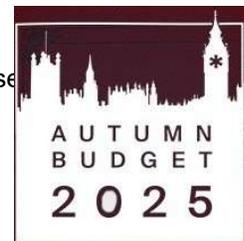
#### Pre tax year end reminders

As we are approaching the end of the tax year a quick reminder that you may want to review and if appropriate take actions such as make a final contribution into your personal pension, top up your ISA, sell shares to use your CGT allowance or make gifts to use your annual IHT allowances.

#### Budget - 26 November 2025

The following are the key budget changes affecting individuals and small businesses

- 1 From April 2026 there will be an extra 2% income tax on dividend income.
- 2 From April 2027 the extra 2% will also apply to interest income and rental profits.
- 3 Personal tax thresholds have been frozen for a further 3 years until 2031. This means more people will gradually be pulled into higher rate tax bands as inflation pushes up salaries etc.
- 4 There are changes to the cash ISA allowance from April 2027- The current limit of £20,000 stays but only up to £12,000 of this will be able to be invested in cash ISAs unless the person is over 65. The balance can be invested in stocks and shares ISAs.
- 5 From April 2026 minimum wage will rise to £12.71 per hour (from £12.21) for age 21 and over. For 18-20 year olds the rate will be £10.85 (from £10.00). Other rates apply for under 18 and apprentices.
- 6 Also from April 2026 capital gains eligible for business asset disposal relief will be taxed at 18% (currently 14%) up to the £1million lifetime limit. Above this the normal rate applies.
- 7 It is proposed that electric vehicles will be subject to a new pay per mile charge from April 2028 starting at 3p a mile (and 1.5p for hybrid vehicles).



#### Companies House Updates

##### 1 Identity verification for Directors and others.

This is now in force and it is no longer possible to file the annual Confirmation statement or change of Directors without the individuals Companies House Personal Code.

If you are a Director and have not already done so then you should obtain your code which can be done by following this link

<https://www.gov.uk/guidance/verify-your-identity-for-companies-house>

##### 2 profit and loss requirements

The upcoming requirement for small companies to file their profit and loss account at Companies House that was due to start in April 2027 has been paused and it is uncertain when, or even if, this will be implemented.

##### 3 Filing fees

New filing fee increases came into effect from 1st February including the confirmation statement fee rose to £50 and a new company formation will now be £100.



Companies  
House

## Payrolling of Benefits-in-kind

From April 2027 most Benefits-in-kind (eg company cars and private medical insurance) will be "payrolled". This means they will no longer be filed on a P11d at the tax year end and adjusted (frequently as an inaccurate estimate) through your tax code, but instead be taxed via your monthly payroll. This should lead to more accurate tax payments under PAYE.

## Making Tax Digital for Income Tax Self -Assessment

HMRC will have sent (or will shortly send) a letter to those who are mandated to join MTD from this April (Self-employed turnover and/or gross rents over £50,000 based on their last tax return).

Only the cessation of all relevant income in 2024/5 will stop you being included, a simple drop of income below the threshold will not be enough. Once you are in MTD you cannot leave until your income drops below the threshold for 3 years or you cease trading.

Note that the thresholds are due to fall so from April 2027 those with over £30,000 of qualifying income in 2025/6 will be mandated and those with over £20,000 in 2026/7 have to join from April 2028.

### How to prepare now:

- 1 Sign up with HMRC for MTD on your Government Gateway You will need to sign up each business separately if you have more than one. (UK rental income counts as one business and foreign rental as a separate one).
- 2 Prepare to keep digital records - it will probably be easiest if you have a different bank account for business expenses so they are not mixed with personal expenses. You need to decide if you want to use software (such as Sage individual which is a free basic app or maybe Hammock tailored for Landlords) or just use a spreadsheet with linking software. HMRC's site includes a list of approved software.
- 3 Quarterly submissions - the first submission for those starting from April 2026 will be income for the quarter ended 5/7/26 (or 30/6/26) which must be filed using the online process by 5/8/26.

More information can be found on HMRC's website:

<https://www.gov.uk/government/collections/making-tax-digital-for-income-tax-for-businesses-step-by-step>

## Other legislation

Although not accounting or tax matters there are two significant pieces of legislation coming into effect this year which may be relevant to you. If you need more information on these please consult a relevant specialist.

### 1 The Renters' Rights Act 2025

For all landlords of residential properties this Act will bring significant changes including the abolition of "no fault" evictions (section 21) from 1st May 2026, and other changes for grounds and notice requirements for tenancy terminations, rent increases, upfront rent etc. It also introduces severe penalties for any breaches of these new rules.

### 2 Employment Rights Act 2025

Various significant changes are being introduced over this year and next including:

From April 2026 - sick pay entitlement will be from day 1 of sickness (no more 3 day waiting period)

From January 2027 - protection from unfair dismissal after 6 months (currently 2 years)

Also during 2027 changes to zero hour contracts, flexible working, shift working and more.



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