

Monthly Business News

Welcome to our latest monthly business news. We hope you enjoy reading this newsletter and find it useful. Please contact us if you wish to discuss any issues further.

February 2026

Getting Ready for Making Tax Digital

What you need to know before MTD begins

With just a few weeks to go until the new tax year, many businesses are preparing for the changes that Making Tax Digital (MTD) will bring. From April, sole traders and landlords with an income of over £50,000 will need to submit quarterly updates to HMRC.

It is estimated that around 900,000 individuals will be joining in April. If you are affected, this will be a major change and the earlier you can prepare, the better.

Using approved software

MTD requires the use of software. Whether you are already a 'digital native' with your bookkeeping or have not yet made the jump, it will be vital to make sure that any accounting software you use is HM Revenue & Customs (HMRC) approved for MTD use.

Using software for keeping your accounting records can have benefits beyond helping you comply with MTD. For instance, software can help streamline some of your work, make it easier to forecast your cash flow, help inform you in making financial decisions and reduce mistakes.

That means that when you are selecting accounting software, it is worth considering some of the other advantages it could give you and your business.

Registering for MTD

Based on your tax return information, HMRC will get in touch with you if you need to get ready for Making Tax Digital.

However, HMRC will not sign you up automatically. This is something you will need to do, and it is important to do this in time.

Are there any exemptions?

There are some automatic exemptions from MTD. For instance, if you are submitting a tax return as a trustee or as a personal representative of a taxpayer who has died, there is no need to sign up for MTD. Generally, HMRC will tell you if you are automatically exempt.

In addition to automatic exemptions, there are situations where an exemption can be applied for. So, it pays to check whether your situation might mean you can apply.

What if your income is less than £50,000?

MTD is being given a phased introduction. MTD will become mandatory for sole traders and landlords as follows:

- 6 April 2026 - those with income above £50,000.
- 6 April 2027 - those with income above £30,000.
- 6 April 2028 - those with income above £20,000.

It is possible to voluntarily sign up sooner if you wish.

Does MTD apply to partnerships?

Not yet, however, HMRC have advised that business partnerships will also need to use MTD in the future. The timeline for when this will happen will be set out at a later date.

Would you like help with MTD?

Choosing software can be a bit of a minefield, so if you would like support, we can offer you a tailored recommendation and any training you need. We can also handle your registration with HMRC.

If you would like ongoing help with bookkeeping, filling in the quarterly returns, or you just want us to handle the end-of-year return, please get in touch. We would be happy to help you!

Chancellor Increases Agricultural and Business Property Relief Allowance to £2.5 Million

Surprise amendment to IHT proposals

The government has announced a major change to the agricultural property relief (APR) and business property relief (BPR) reforms that will take effect from 6 April 2026.

The full 100% relief from inheritance tax will now apply to the first £2.5 million of qualifying assets, up from the previously announced £1 million.

This means that a couple can now pass on up to £5 million of agricultural or business assets between them tax-free, in addition to the standard inheritance tax allowances that apply.

The proposed reforms to inheritance tax on agricultural and business assets were first announced as part of the 2024 Autumn Budget, and this is now the second amendment to the original proposals. The first amendment was included in the 2025 Autumn Budget and the new allowance can now be transferred between spouses or civil partners.

HM Treasury has said that the increase in allowance will halve the number of estates that will be affected by the reforms, and that around 85% of estates will pay no more inheritance tax than they would have done without the reforms.

If you would like personalised advice on how these inheritance tax reforms and the new increase in allowances will affect your estate, please get in touch. We would be happy to help you!

Choosing the Right Managed Service Provider

What to ask to get the right IT support

Most smaller businesses use a Managed Service Provider (MSP) to provide IT and website support. If you are not an IT expert yourself, it can be challenging to know how to select an MSP and ensure that they will deliver the services you need for your business.

With UK businesses increasingly under attack from cyber criminals and your MSP having access to your systems and data, it's also important to know that your they are serious about cybersecurity.

The National Cyber Security Centre (NCSC) has published a handy guide that can help you ask the right questions and be able to take a proactive approach with your MSP.

What's in the guide?

The following subjects are covered in the guide:

- Choosing an appropriate MSP - The guide includes information on the certifications you should expect to see and what should be contained in a clear contract.

- Security issues to discuss with your MSP - These include ideas for conversations to have with your MSP on patching and updates, backups, access, logs and incident response.
- Details to check in your MSP contract - For instance, you will want to know about your Service Level Agreement (SLA) response and resolution times, and what plans you have for systems that are coming to the end of their life.

The guide concludes with an MSP due diligence checklist that could be a useful resource when discussing your IT systems and website with your current MSP or when you need to find a new one.

To review the guide, see the [NCSC website](#).

Spring Forecast Scheduled for 3 March 2026

Will there be any changes to tax policy?

The Chancellor, Rachel Reeves, has requested the Office for Budget Responsibility (OBR) to publish an economic and fiscal forecast on 3 March 2026. This will be accompanied by a statement to Parliament.

As set out in the Budget, the Spring forecast will provide an interim update on the economy and public finances, rather than assessing the government's performance against the fiscal mandate.

This means the forecast is unlikely to result in changes to tax policy, however, the full details will only be completely clear once the forecast is published and the Chancellor has responded. We will, of course, keep you updated once the forecast is published.

Agentic AI: Is It the Future of Shopping?

ICO weighs in on privacy concerns

The Information Commissioner's Office (ICO) has published a new report on the ways agentic artificial intelligence (AI) could soon be used as digital personal assistants or shopping agents.

The development of AI means that, perhaps within the next five years, it could be used to make purchases, look out for sales, source financing agreements and negotiate prices with sellers.

As users train their personal AI-powered agent, it could begin to make decisions and take independent actions, anticipating needs and even making proactive purchases. These 'AI-gents' would check personal bank accounts, assess how a purchase fits with other spending plans, and schedule purchases for sales events.

The report indicates that some consider that agentic AI could be the cash cow that provides the pay-off for the investment that has been made in generative AI in recent years. Some are predicting that AI and agentic AI could have a bigger impact on the world economy and finance than the internet. Others express a more cautious view, feeling that agentic AI's potential and capabilities are being exaggerated.

The ICO, naturally, is concerned about the challenges agentic AI would raise in relation to privacy and data protection. Its report also highlights the potential for using agentic AI to support data protection, privacy and information rights.

The report does not create new guidance or formal regulation but shows the ICO's early thinking and understanding of these technological developments.

If it is able to deliver as promised and gains the trust of users, Agentic AI could make significant changes to the business environment. To read the report in full, it is available on the ICO's website [here](#).

Backtrack on Digital ID Requirements

Digital right to work checks will be mandatory, ID optional

It appears that the government has backtracked on plans to require workers to register with its new digital ID programme to prove their right to work in the UK.

While right-to-work checks will still be carried out digitally by 2029, such as by using biometric passports, registering for a digital ID will be optional.

Transport Secretary, Heidi Alexander, confirmed that mandatory digital right-to-work checks will be brought in to help crack down on illegal working, but that the digital ID will be one way that a worker could use to prove their eligibility to work.

The idea of compulsory digital IDs has proved unpopular with nearly three million people signing a parliamentary petition to oppose their introduction.

Details on how the digital ID will work are not yet available. Many expect it to be based on the Gov.uk One Login and the yet to be launched, Gov.uk Wallet.

In the meantime, it is already possible to use government-certified digital verification services to do passport checks on British and Irish citizens. The Home Office also provide an online service for verifying the status of non-British or Irish citizens where the individual's immigration status is held electronically.