

# Monthly Business News

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

**September 2025**

## **New Legal Requirement: Directors and PSCs Must Verify Their Identity from November 2025**

### **What do you need to know?**

As of 18 November 2025, identity verification will become a legal requirement for all company directors and People with Significant Control (PSCs). This is part of a wider reform under the Economic Crime and Corporate Transparency Act 2023, and it's set to impact millions of individuals connected to UK companies.

If you're a company director or PSC, this change will affect you, and it's important to understand what's required - and when.

#### What's Changing?

From 18 November 2025:

- New directors will need to verify their identity when incorporating a company or being appointed to an existing one.
- Existing directors will be required to confirm they've verified their identity when filing their company's next confirmation statement - this forms part of a 12-month transition period.
- Existing PSCs will also need to verify their identity within a specific 12-month period, depending on their role and date of birth.

#### Why Is This Happening?

The aim is to make the companies register more transparent and trustworthy, and to help tackle fraud and economic crime. With identity verification in place, it will be harder for individuals to hide behind fake names or false company appointments.

#### What Does It Mean for Your Company?

This is a one-off process for most people, and Companies House says it will be quick and simple, taking just a few minutes in most cases.

The verification process can be completed via your GOV.UK One Login. Or you can verify through us, as we are an Authorised Corporate Service Provider (ACSP).

Once the new rules come into effect, it will be an offence to act as a director without being verified.

#### When Do You Need to Act?

- If you're appointed as a new director or PSC from 18 November 2025, you must verify within 14 days of being registered.
- If you're an existing PSC, your deadline depends on your circumstances:
  - If you're also a director, you must confirm that you have verified your identity within 14 days of the company's confirmation statement date.

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- If you're not a director, your 14-day deadline starts on the 1st day of your birth month (as shown on the Companies House register), for birthdays on or after 1 December 2025.

Companies House is contacting all companies via their registered email addresses with details and guidance. You'll also be able to log into Companies House after 18 November to check identity verification due dates for all roles you hold.

If you have any questions or need help, please just get in touch with us. We'll be happy to help guide you or your company through the new requirements.

## **Government Unveils Small Business Plan**

### **Will it help your business?**

The government launched its Small Business Plan in August which it believes will help small businesses grow and encourage entrepreneurs to start businesses.

The plan recognises that small businesses make a vital contribution to the economy, employing 60% of the UK's workforce and generating £2.8 trillion in turnover.

Here is a breakdown of some of the key measures and how they may impact your business.

#### Could This Be the End of Late Payments?

Likely not, however, the government is promising the toughest late payment legislation in the G7.

They plan to introduce:

- A legal requirement for large businesses to pay within 60 days, moving to 45 days over time.
- Mandatory interest charges on late payments.
- Greater powers for the Small Business Commissioner, including the ability to fine persistent offenders and carry out spot checks.
- Audit committees to be legally obliged to scrutinise payment practices.

These reforms could ease cashflow pressures for you and reduce the amount of time spent chasing invoice payment.

#### Better Access to Finance

The plan includes several measures that could increase access to finance, including:

- 69,000 Start-Up Loans, paired with business mentoring.
- A £3 billion boost to the British Business Bank to help more lenders offer loans.
- £340 million in regional equity investment to help entrepreneurs across the UK.
- A new Code of Conduct on personal guarantees for government-backed loans.

These changes could mean that there will be more routes to affordable finance.

#### Cutting Red Tape

The plan promises to make a 25% cut in regulatory administration costs, and reform the tax and customs system to make things simpler and quicker.

Any time saved on compliance and admin means more time for growing your business.

### Other Measures

Other measures included in the plan include targeted support for high street businesses, education and training for the next generation of entrepreneurs, and helping businesses to take advantage of additional opportunities at home and abroad.

To review the Small Business Plan in full, see [here](#).

## **Making Tax Digital for Income Tax - Are You Ready?**

### **2.9 million individuals will be affected**

The government is pressing ahead with Making Tax Digital (MTD) for Income Tax - and it will affect many sole traders and landlords over the next few years.

Here's what's changing, when it's changing, and how to get ready.

### What is MTD for Income Tax?

Under MTD, sole traders and landlords whose "qualifying income" is above a certain level will need to:

- Keep digital business records.
- Use HMRC-approved software to send quarterly updates.
- Submit an annual final declaration.

"Qualifying income" basically refers to your total gross income from self-employment and property in a tax year, before expenses.

### Who Will Be Affected and When?

HMRC have released statistics showing how many will be impacted by the introduction of MTD. Their figures are based on the 2023 to 2024 tax year.

The rollout is happening in stages, as follows:

| Qualifying Income | When MTD Becomes Mandatory | Number of People Affected |
|-------------------|----------------------------|---------------------------|
| Over £50,000      | 6 April 2026               | Around 864,000            |
| £30,000 – £50,000 | 6 April 2027               | Around 1,077,000          |
| £20,000 – £30,000 | 6 April 2028               | Around 975,000            |

In total, about 2.9 million individuals will eventually need to follow the MTD rules.

### Are You Ready?

The requirement to send quarterly updates means that you will need to keep up to date with your bookkeeping. Doing it all after the year-end will no longer be an option.

The need to use software will also mean that keeping paper records of your income and expenses will no longer be sufficient.

HMRC's latest figures show that software use is common but not universal:

- Over £50,000 income: 63% already use commercial software.
- £30,000–£50,000 income: 49% use software.
- £20,000–£30,000 income: 48% use software.

### What You Need to Do Now

1. Check your qualifying income - add up your total gross self-employment and property income for the year.
2. Review your record-keeping - paper records won't be allowed.
3. Consider software options - cloud accounting tools make quarterly submissions easier and keep you compliant.

Don't wait until the deadline. Switching to digital record-keeping now means you can get comfortable with the software and avoid last-minute headaches.

If you'd like some personalised advice, please get in touch with us. We can help you choose the right software and show you how to use it. If you'd prefer to stay away from software altogether, we can also provide a bookkeeping service.

Whatever the case, we'll work with you to make the transition smooth and stress-free so when MTD arrives, you're already ahead of the game.

## **Work Starts on Setting Minimum Wage Hourly Rates for 2026**

### **Prepare for potential increases**

The Government has published the official remit for the Low Pay Commission (LPC) to begin its work on setting the National Minimum Wage (NMW) and National Living Wage (NLW) rates that will apply from April 2026.

While the final figures won't be confirmed until later in 2025, the direction of travel is already clear. Employers should be prepared for further increases in wage costs in April 2026.

#### National Living Wage likely to rise again

The Government has reiterated its commitment to ensuring the National Living Wage doesn't fall below two-thirds of UK median earnings - a benchmark that defines the level of low hourly pay. Based on current forecasts, that means we could be looking at a NLW rate of £12.71 from April 2026, a 4.1% increase.

To put that into context, the current NLW rate for workers aged 21 and over is £12.21, up 6.7% from the previous year.

#### Narrowing the gap for younger workers

As part of its remit this year, the LPC will be consulting on narrowing the gap between the full NLW rate and the rate that applies to workers aged between 18 and 20 years old. The LPC will be putting forward recommendations on how to achieve a single adult rate in the years ahead.

#### What should employers do now?

Although the final rates won't be known until October, these latest estimates are a strong indication of where things are headed. Here are a few things to consider:

- Factor in these increases when reviewing your payroll budgets for 2026.
- Consider the knock-on effect. If the NLW rises, pay for other roles may need to be adjusted to maintain structure and morale.
- Remember employer NICs and pensions. Increases in wages can also affect National Insurance contributions and pension auto-enrolment costs.

### Final thoughts

The Government is clear in its aim to raise living standards through wage growth - and the LPC's remit is designed to support that. For employers, this means keeping a close eye on wage forecasts and planning ahead for higher employment costs.

We'll keep you updated as more information becomes available. In the meantime, if you'd like help reviewing your payroll plans or budgeting for potential increases, we're happy to help.

## **Business Banking: Trends for SMEs**

### **Who are the top-rated banks in 2025?**

The latest Business Banking Service Quality survey organised by the Competition and Markets Authority shows a shift in the way UK businesses are choosing their banking partners. Challenger banks are steadily gaining popularity, while it seems that some traditional high street banks are losing ground.

#### Who came out on top?

The three top-rated banks for overall service quality were Monzo, Mettle, and Starling Bank. Challenger banks appeal to businesses with their streamlined digital platforms, faster account openings, and easy-to-use online tools, which can make day-to-day banking more efficient.

However, it's also notable that Handelsbanken, a bank that holds itself to providing banking where relationships matter, came fourth in the poll. This was despite it not featuring highly under the online and mobile banking services category.

This suggests that while businesses value digital convenience, there is still demand for personalised support.

#### Is it time to switch?

Moving to a provider with better digital tools can save time on your routine transactions and the time spent dealing with your finances. Some banks may offer lower fees, more flexible lending, or a better interest rate, which can positively affect your bottom line.

A bank that understands the sector your business works in and provides proactive support can also be an asset that helps your business grow.

Of course, switching banks is not without its considerations. The process can take time and needs to be well managed to avoid causing issues for your customers and suppliers. It's also worth noting that not all digital-first banks provide the full suite of services that a business might need.

#### Are there any other takeaways?

While the survey is about banking, the results provide some broader takeaways for businesses.

The growing popularity of the challenger banks suggests that convenience, speed and user-friendly digital tools are highly valued by many. The success of a relationship-driven provider also shows that personal contact, trust and tailored advice remain essential. For businesses of all types, balancing these two priorities can be a key factor in building loyalty and satisfaction.

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You might ask: Are my systems easy to use? Do my customers and employees feel supported and valued? Even small improvements in these areas can have a meaningful impact.

The business banking market is evolving. This might provide you with an opportunity to improve your own banking arrangements, or it might be a prompt to review how your own business is doing. Whatever the case, staying aware of changing expectations can help you ensure your business remains responsive and well-prepared for the future.