



28 July 2025

BUSINESS NEWS – Round up

Welcome to our weekly round up of the latest business news for our clients. [Please do contact Cognitor Accountancy](#) to talk with us about how these updates may affect your business. We are here to support you!

HMRC Releases Transformation Roadmap

On 21 July 2025, HM Revenue & Customs (HMRC) announced its Transformation Roadmap – a plan to modernise the UK's tax and customs systems by 2030.

HMRC have said that the aim of the Transformation Roadmap is to make the tax administration system more automated, more focused on self-service and better set up to get things right first time. The roadmap includes more than 50 IT projects, services and measures.

Let's see what some of these include.

New PAYE service

As part of the Transformation Roadmap, a new online PAYE service will be launched that's designed to give all UK PAYE taxpayers easier access to their tax affairs. Through their Personal Tax Account or the HMRC app, employees will be able to check and update things like:

- Income details
- Tax codes
- Allowances and reliefs
- Work-related expenses

For employees, this should mean more visibility and control of their tax. For employers, it could mean fewer questions from staff about their tax codes or deductions - especially if you're already fielding those awkward "why has my tax changed?" queries.



If you run payroll or support employees with benefits or expenses, it's a good idea to keep an eye on these updates. Over time, staff might expect you to understand and even guide them through using these services.

Push for 90% Digital by 2030

HMRC is clear that they feel the future is digital. Their goal is for 90% of customer interactions to happen digitally by 2030.

That means less reliance on letters and phone calls, and more emphasis on apps, online forms, and AI-powered assistants. In fact, HMRC believes they can save £50 million a year just by reducing paper correspondence.

Post will still exist, but only for critical correspondence and those who genuinely need it.



AI and Automation

Artificial Intelligence (AI) is playing a big role in this transformation. HMRC will use it to:

- Help staff summarise calls and cases
- Improve online guidance with digital assistants
- Spot fraudulent documents using biometric checks
- Develop principles for how third-party software (like payroll or tax apps) should interact with HMRC systems



It seems there is a growing emphasis on real-time data and compliance. For example, the introduction of a Digital Disclosure Service will allow taxpayers to correct mistakes more easily - but also means HMRC will have better tools to spot issues.

What Else is Coming Soon: A Few Key Projects

A few measures that HMRC are planning to rollout in this tax year include:

- SMS confirmations for Self Assessment updates and some PAYE services
- A more streamlined process for registering or exiting Self Assessment
- Voice biometrics to speed up telephone verification
- A new option for higher earners to manage Child Benefit charges through their tax code

There's also a focus on tackling offshore tax avoidance, especially among high-net-worth individuals. Tax avoidance amongst non-compliant umbrella companies will also be targeted.

What's Coming Later?

HMRC will be looking at how they can modernise the penalties they charge for late tax payments and will be providing an update on how they plan to do this later in the year.

Other measures that are in the pipeline include:

- Digitising the Inheritance Tax service
- Allowing agents to submit information that affects a tax code digitally
- An electronic trade documentation pilot looking at how to improve customs operations

New legislation is also planned for April 2026 that will make recruitment agencies legally responsible for accounting for PAYE where they use umbrella companies - so if you use workers in such an arrangement that's going to be worth a closer look.

What Should You Do Now?

Here are a few simple steps to consider:

- Encourage employees to activate and explore their Personal Tax Accounts if they have questions about their tax code.
- If you use payroll software, keep an eye on updates from your software provider to make sure your system remains compatible with future HMRC requirements



- Stay informed - we'll be keeping an eye on the rollout and will continue to share relevant updates.
- Plan ahead for compliance - it looks as though HMRC will be quicker to penalise when things aren't done right.

If you're unsure how these changes might affect your business - or you'd like help reviewing your payroll, compliance processes, or digital readiness - [we're here to support and help you](#).

To read the Transformation Roadmap in full, see:

<https://www.gov.uk/government/publications/hmrc-transformation-roadmap/hmrcs-transformation-roadmap>

New Charity SORP Is on the Way: What Trustees and Finance Teams Should Know

If you're involved with a charity - whether you're on the board, manage the accounts, or provide support behind the scenes - you may have heard that there are some changes coming to the way charities report their finances.

The biggest step in that process has been completed with the consultation into the new Charities Statement of Recommended Practice (SORP) now closed. Over 140 stakeholders submitted their views, and these are now being analysed to help shape the final version of the guidance.

So, what should charities be doing in the meantime?

What Is the SORP?

The SORP (Statement of Recommended Practice) is the framework that sets out how charities should prepare their accounts to comply with UK accounting standards.

The SORP-making body includes the Charity Commission for England and Wales, the Office of the Scottish Charity Regulator (OSCR), and the Charity Commission for Northern Ireland.



When Will the New SORP Apply?

The updated SORP is expected to be published in October 2025. It will apply to financial years starting on or after 1 January 2026.

So, if your charity's financial year runs from January to December, you'll be using the new SORP from January 2026. If your year starts in another month, the changes will kick in at the beginning of whichever month starts your 2026/27 financial year.

What Should You Do Now?

While the full guidance won't be finalised until October, the Charity Commission are urging charities to get ready for the changes the Financial Reporting Council introduced on lease accounting and revenue recognition.

Those changes involve:



- Lease accounting: There are changes to how leases are reported in the accounts. Most leases will now appear on the Balance Sheet, although there are some exceptions.
- Revenue recognition: This is all about when income is recognised in your accounts. The new rules may change how you account for grants, donations, contracts, and trading income - particularly where there are conditions attached.

If you'd like a friendly chat about what these changes might mean for your charity, or if you want to schedule a SORP-readiness review later this year, [just get in touch](#). We'd be happy to help you.

See: <https://www.gov.uk/government/publications/charity-commission-news/charity-commission-news-july-2025>

Government Borrowing Jumps – Are Tax Rises on the Way This Autumn?



UK government borrowing was £20.7 billion for June, according to new figures from the Office for National Statistics (ONS) - an increase of £6.6 billion compared to the same month last year.

While the overall figure is broadly in line with forecasts for the year so far, the rise has added pressure on Chancellor Rachel Reeves ahead of the Autumn Budget. Higher spending on public services, rising interest payments on debt, and weaker-than-expected tax receipts have contributed to the increase.

What does this mean for taxpayers?

Economists now widely expect that the Chancellor will need to find £15–25 billion later this year to meet her fiscal rules - particularly the commitment to:

- Not borrow for day-to-day spending
- Get debt falling as a share of national income by 2029–30

This makes tax rises a real possibility in the upcoming Budget.

What kind of tax changes could we see?

Obviously, nothing has been confirmed yet, but there is speculation about extending the freeze on income tax thresholds beyond 2028, which brings more people into higher tax bands over time

Other possibilities might include targeted tax increases on capital gains, dividends, pensions, or business reliefs, or maybe reforms to tax breaks - particularly those perceived as benefiting higher earners or larger businesses.

At this stage it's difficult to predict what could change, however we'll continue monitoring developments as the Budget approaches. If you'd like to talk through your tax planning or discuss what changes could mean for you, [please get in touch](#).

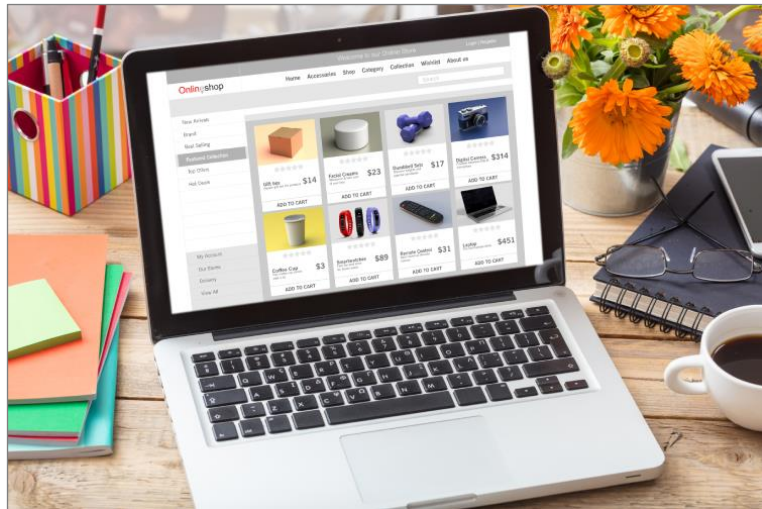
See: <https://www.bbc.co.uk/news/articles/cwygq5plz04o>



New Law Aims to Make Online Marketplaces Safer for Business Buyers

If your business sources products from online marketplaces - whether for resale, internal use or part of a service - you may soon benefit from tighter product safety rules.

The newly passed Product Regulation and Metrology Act gives regulators more power to crack down on unsafe goods sold online. It's part of the Government's Plan for Change and aims to hold online platforms like Amazon, eBay and others to the same safety standards as high street retailers.



The move follows rising concerns over dangerous products. As an example, there's been an increase in safety incidents involving e-bikes and e-scooters, many of which involve unsafe lithium-ion batteries.

Online marketplaces will soon be expected to:

- Prevent unsafe products from being listed
- Ensure sellers meet product safety obligations
- Provide clearer information to buyers
- Cooperate with regulators

If you're buying for your business, this should mean that you can be more confident about the safety of items you buy online. It may be worth making sure that any online marketplaces or suppliers you use are complying with the new rules as they come into effect.

See: <https://www.gov.uk/government/news/tough-new-laws-to-make-online-marketplaces-safer>

Worrying Drop in Small Business Confidence: More Businesses Expect to Shrink or Close

New figures from the Federation of Small Businesses (FSB) show that for the first time in 15 years, more small businesses expect to shrink, close or sell up in the coming year than those planning to grow. It's a significant shift - and one the FSB has called "a very dangerous situation" for the UK's small business sector.

This net-negative growth reading in the FSB's Small Business Index underlines just how tough trading conditions remain for many firms, despite falling inflation.

Among the issues that the FSB have identified that continue to put pressure on small businesses are:



- Late payments, particularly from larger customers
- Issues around proposals being made in the new Employment Bill
- Reliance on personal guarantees when seeking finance

Small businesses are resilient, but it's clear that challenges are mounting. If you need help, whether it's rethinking your plans or looking at restructuring or exit options, please feel free to [give us a call](#) to talk through the numbers. We'd be happy to help you!

See: <https://www.fsb.org.uk/media-centre/national-news/fsb-weekly-brief-newsletter-friday-18-july-2025-MCXXQVRRIZKZC7RF2MBYWE3L5OWE>

Revived Pensions Commission Aims to Secure Better Retirements

The government has announced the revival of the Pensions Commission, twenty years after it helped bring in automatic enrolment. Its goal is to stop future pensioners from being worse off than those retiring today.

New government analysis suggests some worrying trends:

- 45% of working-age adults are saving nothing into a pension
- 4 in 10 people are undersaving for retirement
- Self-employed workers, low earners and some ethnic minorities are most at risk of falling behind
- There's a 48% gap in private pension wealth between men and women



It's estimated that people retiring in 2050 could see 8% less private pension income than today's pensioners.

What's the Commission going to do?

The newly revived Commission will look at what may be stopping people from saving enough and will issue its final report in 2027.

What does this mean if you're a business owner or self-employed?

If you're self-employed or run a small business, this news is a reminder to check in on your own retirement planning. The figures suggest that 3 million self-employed people aren't saving into a pension.

However, these figures don't factor in that many business owners look to use their business as their pension. For instance, you may be planning to sell the business or property within it to fund retirement.

Whatever the case, it's practical to regularly review your planning to check that you will have enough to retire on. Contributing to pensions also carry some tax advantages which can be worth factoring in.



Possible effects on employers could include auto-enrolment being expanded with increased costs or administration work. It's too early to know what the Pension Commission will recommend, but it could pay to watch developments so that you can be prepared.

See: <https://www.gov.uk/government/news/government-revives-landmark-pensions-commission-to-confront-retirement-crisis-that-risks-tomorrows-pensioners-being-poorer-than-todays>

Please do contact us if you would like to talk about any of the articles. We are here to support you and your business!

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