



2026

## IS YOUR BUSINESS READY FOR 2026/27?

### *What you need to know*

With 6 April 2026, ushering in the start of the new tax year, there are some changes on the way that may affect how you run and plan for your business. To help you stay ahead, we have highlighted three key updates worth having on your radar.

#### **Making Tax Digital**

For an estimated 864,000 sole traders and landlords, the new tax year marks the beginning of Making Tax Digital (MTD) for Income Tax. Many more will follow in April 2027 and April 2028.

Sole traders and landlords with gross income above £50,000 in 2024/25 will be mandated into MTD from April 2026. Being within MTD will mean keeping digital records and using software to submit quarterly updates to HM Revenue & Customs (HMRC), as well as an end-of-year tax return.

MTD will be a significant change in how income tax responsibilities are handled, and it pays to be as prepared as possible.

There are some limited exemptions available. Some are provided automatically, whereas others need to be applied for.

If you will be within MTD from April 2026, you should have received a letter from HMRC telling you this and explaining how to sign up. Please note that you will not be automatically signed up. This is something you need to take care of. If you are not sure what to do or whether MTD applies to you, please give us a call and we will be happy to help you.

#### **Reduction in capital allowances**

The main rate of writing-down allowance (WDA) is being reduced to 14% (previously it was 18%). This means you will get less relief on assets your business owns that are being given tax relief in this way.

However, a new 40% first-year allowance (FYA) was introduced in January 2026, and the annual investment allowance continues to apply. These allowances mean that it should be possible to gain favourable tax relief on many new asset purchases.

If you are considering a purchase and would like to ensure that tax relief that will be available to you, please contact us and we will be happy to advise you.



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### CIS rules become more stringent

Changes to the construction industry scheme (CIS) from 6 April 2026 will give HMRC increased powers.

If a business knows or should have known that a CIS-related payment was connected to fraud, HMRC will be able to:

- Immediately remove gross payment status from the business
- Make the business liable for the tax loss
- Charge penalties to the business or the officers of the business

The time limit for reapplying for a gross payment certificate after its removal will be increased from one year to five years.

These changes underscore the importance of remaining compliant with CIS.

If you would like help staying compliant with tax or to see whether there are ways to optimise your tax position for 2026/27, please get in touch. We would be happy to help you!

