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Business News Scotland

Welcome to our round up of the latest business news for our clients. Please contact us if you want to talk about how these updates affect your business. We are here to support you!

Higher tax threshold for side hustles: What could it mean for you?

Last week, the tax minister responsible for HM Revenue and Customs (HMRC), James Murray, delivered a speech marking the 20th anniversary of HMRC. Previously, the UK's tax authority was known as Inland Revenue.

During the speech he highlighted some simplifications that are planned. Of particular interest was the announcement of plans to increase the Income Tax Self Assessment (ITSA) reporting threshold for gross income from £1,000 to £3,000.

Who would benefit from this change?

This threshold would apply to anyone with a self-employed trading income, however it can be particularly useful to those with a side hustle. A side hustle is an income-generating activity that is pursued alongside a full-time job or main source of income.

Some have a side hustle for trading clothes online, doing some dog-walking or gardening, or creating online content. Currently if income from these activities exceeds £1,000 then it is likely that a tax return needs to be completed and filed.

However, if the threshold is increased to £3,000 it is estimated that up to 300,000 people will no longer need to complete a tax return. This could be very welcome news for some, although it is important to remember that the £3,000 threshold relates to the requirement to submit a self assessment tax return – the £1,000 trading allowance will not change. Someone with a side hustle that generates £1,200 of income would need to report their trading income through a new online service and will pay tax on the £200 after the £1,000 trading allowance has been deducted.

When will this happen?

Unfortunately no definite date has been mentioned, only the promise that it will happen "within this parliament". So, we may have a few years yet.

If you would like to know whether you need to complete a tax return for your self employed business or side hustle please get in touch. As tax experts we can help you minimise any tax you owe and would love to help you!

See: https://www.gov.uk/government/news/boost-for-side-hustlers-as-300000-people-to-be-taken-out-of-tax-returns-government-announces#full-publication-update-history

Five business failures and the lessons they teach

Success in business is never guaranteed, even for brands that dominate their industry for decades. A recent episode of the BBC Radio 4 show, Toast, explored five once-thriving companies: Little Chef, Vine, Mothercare, Green Shield Stamps and Safeway.

Each of these businesses were very successful for a period of time, but for one reason or another ultimately failed. Their downfall may have been caused by a number of contributing reasons including:

- Failing to adapt to market trends or changing customer priorities.
- Not innovating, which led to obsolescence.
- Innovating but failing to find a sustainable revenue model.
- Mismanagement.

Their stories offer valuable insights that can help you avoid their mistakes with your own business.

See: https://www.bbc.co.uk/programmes/articles/2qFwVDZhfKHs2Y1qhpF1ZCf/five-successful-businesses-that-eventually-failed

New legislation aims to drive building boom

The Planning and Infrastructure Bill was introduced to Parliament last week. The legislation is being heralded as bringing transformative reforms to the UK building sector that will boost homebuilding and remove obstacles to needed infrastructure.

Here is an outline of some of the measures introduced by the legislation.

Planning committees

A national scheme of delegation will specify which types of applications are to be determined by officers and which by planning committees. There will be limits on the size of planning committees and planning committee members will have mandatory training.

Councils will also be able to set their own planning fees.

Nature Restoration Fund

A Nature Restoration Fund will be established so that payments made into the fund allow building to proceed. Contributions will be pooled so that larger environmental interventions can be funded.

Compulsory purchase reform

The compulsory purchase process for buying land for public interest projects will be adjusted. The reforms will mean compensation paid to landowners is not excessive and the process by which ‘hope value’ is removed when it’s justified in the public interest will be sped up.

While these adjustments aim to speed up the development of public interest projects, landowners may not see these changes as an improvement.

Development Corporations

Development Corporations have been used in the past where the risk or scale of a development is too large for the private sector, for example in building post-war new towns.

The legislation will strengthen Development Corporations so that it will be easier for them to deliver large-scale developments, such as new towns that include affordable housing, GP surgeries, schools and public transport alongside new homes.

Strategic planning

Across England there will be a system of ‘strategic planning’ known as spatial development strategies. This will make it possible to consider needs across several local planning authorities and determine where the most sustainable building areas are, making sure that the requirements for development and infrastructure are joined up.

National Significant Infrastructure Projects (NSIP)

Consultation requirements for national projects like windfarms, railway lines or roads are to be streamlined under the new legislation. Infrastructure applications are assessed against national policies, so these policies will now be updated at least every five years.

The Highways Act and the Transport and Works Act are also to be updated so that bureaucracy on transport projects is reduced.

Challenges to government decisions on major infrastructure projects will also be limited. Meritless cases will have one rather than three attempts at legal challenge under the new legislation.

Clean energy

The legislation will help approved clean energy projects be prioritised for grid connections.

Bill discounts

The government are anticipating that around twice as much new transmission network infrastructure – overhead cables, pylons, substations etc – will need to be built by 2030 as was built in the past decade.

As an incentive to accept these changes, those living within 500m of new pylons will be given money off their electricity bills for 10 years.

Developers will also be given new guidance on providing benefits such as sports clubs, educational programmes or leisure facilities to communities that host transmission infrastructure.

Reaction

Unsurprisingly the legislation was greeted by positive comments from government and large homebuilder representatives. However, Brian Berry, Chief Executive of the Federation of Master Builders, chimed in with a comment for smaller builders.

He noted that only around 10% of new homes are being built by SMEs today, compared with 40% in the 1980s. He cited the planning system as the number one issue holding back the delivery of new homes, with availability and viability of land also contributing. He said: “Supporting small builders through the planning system and reducing unnecessary bureaucracy will be key to opening up small sites, and today’s announcement will be welcomed by many across the industry.”

Legislation takes time to clear parliamentary process, but we look forward to seeing a good effect from the reforms for our construction industry clients.

See: https://www.gov.uk/government/news/biggest-building-boom-in-a-generation-through-planning-reforms

Your voice could be your password

HM Revenue and Customs (HMRC) have plans to use a callers voice as their password in an effort to speed up phone calls.

In systems that are being used by banks, a customer’s voice recording is turned into encrypted biometric data, which is then used when they call to clear security checks. HMRC are planning to trial a system like this.

HMRC has come under heavy fire for the poor handling of its customer service phone lines. According to statistics, for January through November last year, the phone line went dead on almost 44,000 callers who had been waiting 70 minutes.

The Public Accounts Committee in their January report concluded that HMRC was deliberately running a poor phone service to try and get taxpayers to use online help instead. Last year, HMRC announced that they were closing their phone line altogether between April and September. However, they had to reverse that decision the next day after a backlash.

It seems that efforts are now being made to modernise the phone service and make it more efficient.

If you are having difficulty contacting HMRC or would like help in dealing with them, please call us and we would be happy to help you!

See: https://www.bbc.co.uk/news/articles/c07z5d0v79ko

Are you bamboozled by new technology? Bite-size guides could help

New technology continues to progress at a fast rate. It can be difficult to keep up or see the opportunities for your business.

Some new bite-sized introductions have been published by the Government Office for Science that may help.

The topics discussed include:

- Neurotechnology
- Metamaterials
- The future of computing
- Carbon management technologies
- Fusion energy
- Robotics
- Humanoids

The introductions briefly set out the latest evidence and some expert insight on recent developments in the technology. They also show some potential applications and opportunities for the technology.

Could one of these introductions spark the next idea for your business?

See: https://www.gov.uk/government/news/new-bite-sized-technology-guides-published

Safe working with screens: What employers need to know

The Health and Safety Executive are reminding employers about their responsibilities to protect workers from the health risks that come from working with display screen equipment (DSE), including PCs, laptops, tablets and smartphones.

The Health and Safety (Display Screen Equipment) Regulations apply to any worker that uses DSE on a daily basis for continuous periods of an hour or more.

For these workers, the Regulations mean that employers need to do a DSE workstation assessment and reduce risks such as by making sure breaks are taken.

The law applies not only to workers at a fixed workstation but also mobile workers, home workers and hot deskers. Home workers can be easily overlooked because you don’t regularly see their work environment.

As well as the assessments, employers are also required to provide eye tests if requested by the employee and to provide training and information.

HSE provides a guide on what employers need to do as well as a checklist of the things to consider when doing a workstation assessment.

See: https://www.hse.gov.uk/msd/dse/index.htm

New import bans following foot and mouth case

Following a confirmed case of foot and mouth disease at a cattle farm in Hungary's north-west, new import bans have been announced.

The commercial import from Hungary and Slovakia of cattle, pigs, sheep, goats and other non-domestic ruminants and porcines such as deer and their untreated products, such as fresh meat and dairy, are now banned.

Since 8 March, travellers are also no longer able to bring meat, meat products, milk and dairy products, certain composite products and animal by products of pigs and ruminants, or hay or straw from Hungary or Slovakia.

This case follows an outbreak of foot and mouth disease in a water buffalo herd in Germany in January.

While foot and mouth disease does not carry any risk to humans or to food safety, it is highly contagious for cattle, sheep, pigs, and other cloven-hoofed animals. It can have severe economic effects on farmers both through losing productivity as well as access to foreign markets.

While no cases have been reported in the UK yet, the UK Chief Veterinary Officer has urged farmers to stay on the alert for any clinical signs in their livestock.

See: https://www.gov.uk/government/news/import-ban-of-cattle-pigs-sheep-and-deer-from-hungary-and-slovakia-to-protect-farmers-after-foot-and-mouth-case

Latest statistics from ACAS: Employers proactive about finding information

In their latest blog, ACAS (Advisory, Conciliation and Arbitration Service) revealed some insights from their latest helpline and early conciliation data.

Increased demand for services

They report that the demand for their services continues to trend up. Their helpline service handled around 158,500 calls in the final quarter of 2024, which is an increase of 11% on the previous quarter.

Web traffic has also increased significantly: up by nearly 20% on the previous year.

Employers proactively seeking information

They can see that employers and employees are being proactive about finding information when the law changes. There were 46,000 web sessions, a 180% increase, following the new duty on employers to prevent sexual harassment.

Main factors behind calls

The most common reasons for calls are discipline, dismissal and grievance. However, money matters seem to increasingly be a concern for employers and employees.

Analysis of work

According to ACAS, early conciliation cases have also increased in number, and there have now been consecutive increases in these for the last seven quarters. And legally complex cases are the largest proportion of their caseload since April 2023.

They report that so far the proportion of cases that do not progress to employment tribunal is remaining steady, which suggests that ACAS's work is able to prevent two-thirds of cases from going further.

What does the future hold for employer-employee relations?

ACAS feel the future is "unpredictable". The new Employment Rights Bill may affect both trade unions and workforces. The biggest causes of disputes lie around pay and money matters. This may increase in view of the increased National Insurance contributions due from April.

See: https://www.acas.org.uk/employers-and-employees-proactively-finding-answers-for-themselves

Funding announced for 'exporting' UK music acts

The Music Export Growth Scheme (MEGS) will be using their latest round of funding totalling £1.6 million to help support 58 UK artists to tour the world.

The funding will help small and medium sized music companies with their marketing and promotion campaigns for their artists touring abroad. The aim is to attract new fans, overseas touring opportunities and revenue.

MEGS has been operating since 2014 and has given out around £7.9 million in grants to support UK musical acts in touring abroad and finding an international audience. Some acts, such as Ezra Collective and Fat Dog have benefited from Brit Awards recognition.

The Creative Industries sector contributed almost £125 billion to the UK economy in 2023 and exporting UK music is seen by the government as an important way to continue growing the economy.

See: https://www.gov.uk/government/news/major-new-funding-for-music-acts-that-supercharged-careers-of-brit-award-winners

Red tape to be cut for payments systems

The government has announced plans to lay legislation that will end the Payment Systems Regulator (PSR).

The PSR currently looks after payment systems such as Faster Payments and Mastercard. However, its role will be consolidated into the Financial Conduct Authority.

Payment systems firms currently have to deal with three different regulators, which can make these systems unnecessarily complicated. Abolishing the PSR will simplify this.

Nothing is changing immediately. The PSR will continue to look after its work until Parliament has passed the necessary legislation.

See: https://www.gov.uk/government/news/regulator-axed-as-red-tape-is-slashed-to-boost-growth

2025/26 Funding for apprentices

Education Secretary Jenny Gilruth has confirmed that around £102.5 million of funding will be used for approximately 25,500 Modern Apprenticeship starts and around 2,500 Foundation Apprenticeship starts in 2025/26.

The funding is part of the money allocated to Skills Development Scotland (SDS) in the 2025/26 budget.

SDS will now be issuing contracts to employers, training providers and colleges for the two types of Apprenticeship starts.

Ms Gilruth said: “Feedback from employers indicates there are key skills gaps and we are aiming to focus investment on apprenticeships in sectors facing labour market shortages. I would encourage businesses to consider opportunities available to them, to help them adapt and sustain their operations.”

See: https://www.gov.scot/news/apprenticeship-funding/