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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!

Government Targets £7.5 Billion in Unpaid Tax – Focus on Business Compliance

The government has announced plans to raise an additional £7.5 billion by stepping up efforts to close the tax gap - the difference between the tax HMRC expects to collect and what is actually paid.

Figures published on 19 June show that £46.8 billion in tax went unpaid in the 2023-24 tax year. That's 5.3% of the total tax due, slightly up from previous estimates.

Small Businesses Under the Spotlight

The data reveals that small business non-compliance accounts for 60% of the total tax gap, with Corporation Tax accounting for 40%. The most common causes are:

- Failure to take reasonable care (31%)
- Error (15%)
- Tax evasion (14%)

As a result, HMRC is intensifying compliance work - particularly within the small business sector - with a clear aim to improve accuracy, reduce mistakes, and clamp down on evasion.

What's Changing?

The government has committed £1.7 billion over four years to fund more HMRC staff, including 5,500 compliance officers and 2,400 debt management roles.

Meanwhile, HMRC's Making Tax Digital (MTD) programme continues to expand. It's expected to generate £4 billion in additional VAT over the next four years by reducing errors. MTD for Income Tax comes into force from April 2026, and this is forecast to raise £1.95 billion in additional tax revenue by 2030.

What This Means for Your Business

With HMRC stepping up compliance efforts, now is the time to make sure your business accounts and tax affairs are in order.

One of the biggest changes on the horizon is Making Tax Digital (MTD) for Income Tax, due to start in April 2026. Initially, it will affect anyone who earns over £50,000 from self-employment or property income. However, in future years this limit will drop to £30,000 and then £20,000 by April 2028.

Under MTD, you'll need to:

- Keep digital records of your income and expenses
- Submit quarterly updates to HMRC using MTD-compatible software
- File an annual final declaration

This is a major shift in how tax is reported - and planning ahead is essential to avoid disruption.

While HMRC says the majority of taxpayers pay what they owe, the pressure is clearly growing to close gaps and improve standards - particularly among smaller businesses.

If you're unsure whether your current systems and processes meet HMRC's expectations or want to get ahead of the MTD changes coming in 2026, please give us a call. We would be happy to help you!

See: <https://www.gov.uk/government/news/tax-gap-estimated-at-53>

Ten Years of Free Companies House Data – and How It Can Help Your Business

Last week marked ten years since Companies House made all digital company data freely available through its online service on GOV.UK. Since launching on 22 June 2015, the Find and Update company information tool has become one of the UK's most heavily used public data services, with over 16.5 billion searches carried out in 2023-24 alone.

The data includes details on every UK-registered company - such as directors, financial filings, registered addresses, filing history, and company status. It's used every day by lenders, investors, regulators, law enforcement, and businesses of all sizes to make informed decisions.

How This Data Can Help You Run and Grow Your Business

As your accountant, we regularly use Companies House data behind the scenes - but it's also a powerful tool that you can use to support growth, reduce risk, and manage your operations more effectively.

Here are some practical ways it can benefit your business:

- Check who you're dealing with: Before working with a new supplier, customer, or partner, use Companies House to confirm their legal status, directors, and trading history. It's a simple step that can help protect your business from fraud or unreliable firms.
- Monitor competitors or industry trends: You can view company filings, changes in directorship, or new company formations in your sector - useful for keeping an eye on competitors or spotting new opportunities.

- Improve credit control and chase debts: Knowing who legally controls a business (and where they're registered) can help if you need to follow up on unpaid invoices. It's also useful in preparing for legal action or insolvency procedures.
- Support funding and investment conversations: When applying for finance or pitching to investors, it helps to know how your business compares to others in your industry. Accessing competitor filings can provide useful benchmarks on growth, structure, or cash flow trends.
- Stay compliant: Seeing how other businesses meet their statutory filing requirements can help you understand what's expected - and avoid late fees or damaging your reputation.
- Spot opportunities to expand: Looking at newly registered businesses in your area or sector can help you identify potential customers, partners, or gaps in the market.

What's Next?

The data is about to become even more reliable. New reforms under the Economic Crime and Corporate Transparency Act will introduce mandatory identity verification for directors and other checks to improve accuracy.

If you're unsure how to make the most of this information or would like help integrating it into your processes - from onboarding checks to competitor tracking - let's talk. We're here to help you use every tool available to support the health and growth of your business.

See: <https://www.gov.uk/government/news/companies-house-celebrates-10-years-of-open-data>

Earning Extra Income? You Might Need to File a Tax Return – Here's What to Know

If you earn extra income from a side hustle, you could be legally required to register for Self Assessment and complete a tax return - and it's better to get ahead of it now, rather than wait until the January deadline.

The threshold is simple: if you earn more than £1,000 in a tax year from any additional income, you may need to file. This applies whether you're selling online, renting out property, freelancing, creating content, dog walking, tutoring, or even trading cryptoassets.

Why Act Now?

Filing early means you:

- Avoid the stress of the January rush
- Know what you owe sooner, so you can budget or set up a payment plan
- Get peace of mind by knowing your tax affairs are in order

You don't need to pay immediately - the deadline for payment is still 31 January 2026 for the 2024-25 tax year - but getting your return done early gives you options and avoids surprises.

Many people running side hustles or earning income outside of employment simply don't realise that tax rules apply - until it's too late. If you're unsure whether you need to file, or want help staying compliant, get in touch with us. We'll guide you through what's required and make it as straightforward as possible.

New Industrial Strategy to Slash Energy Bills and Back British Business

The UK Government has launched a major 10-year Industrial Strategy aimed at cutting business costs, creating over 1.1 million good skilled jobs, and making the UK a world leader in clean, competitive industries.

A headline measure is a plan to cut electricity bills by up to 25% for more than 7,000 energy-intensive businesses starting in 2027. Companies in sectors like automotive, aerospace, steel, and chemicals will benefit from new exemptions on energy levies and deeper discounts on electricity network charges.

These changes, delivered through the British Industrial Competitiveness Scheme and an expanded British Industry Supercharger, aim to reduce the UK's industrial energy costs - some of the highest in the developed world - and help British firms compete globally.

The new strategy also tackles delays in connecting to the energy grid, with a Connections Accelerator Service expected to launch at the end of 2025 to speed up access for major investment projects.

What It Means for Businesses Looking to Grow

The strategy includes measures that could make a real difference for businesses with ambitions to scale up or modernise. These include:

- Technology adoption support for more than 5,000 firms through the *Made Smarter* programme
- A streamlined centralised Business Growth Service to make government support easier to access
- Simpler planning rules and faster grid connections for new sites and facilities

- Easier access to investment and skills training, including short courses in high-demand sectors
- Cutting red tape, reducing regulatory costs for businesses by 25%

These measures may help to give growth-focused businesses the tools and confidence to invest, hire and compete.

Targeted Investment Across Key Sectors

The strategy focuses on eight high-potential sectors, including clean energy, advanced manufacturing, digital and technologies, creative industries, and professional and business services, with tailored plans and billions in public and private investment.

While the [Industrial Strategy](#) has been welcomed by many business leaders, the strategy's success will depend on how it is delivered and implemented across the coming decade.

See: <https://www.gov.uk/government/news/powering-britains-future-electricity-bills-to-be-slashed-for-over-7000-businesses-in-major-industry-shake-up>

New Data (Use and Access) Act Receives Royal Assent — What to Do Next

The Data (Use and Access) Act 2025 (DUAA) has now received Royal Assent, introducing significant updates to the UK's data protection framework. The new law aims to make it easier for businesses to use personal data responsibly while encouraging innovation and economic growth.

While many of the changes are pro-growth, they also require action. Some provisions will come into force in two to six months, others within 12 months - so business will need to start preparing.

Key Changes Businesses Should Know About

The DUAA introduces several new rules and clarifications, including:

- Clearer rules on data use for research
- Relaxed restrictions on automated decision making in certain circumstances
- New rules around cookie use, allowing some use without consent
- New rights for charities to send certain marketing emails without prior consent
- A requirement to take the needs of children into account if online services are provided that they are likely to use
- A new legal basis called 'recognised legitimate interests' for processing personal data
- A requirement to have a formal complaints procedure for data protection issues

It also strengthens the powers of the Information Commissioner's Office (ICO), including:

- The ability to compel witnesses to attend interviews
- Request technical reports
- Issuing fines under PECR of up to £17.5 million or 4% of global turnover

What You Should Do Now

The ICO has produced a guide for organisations on what the new Act means for them.

The guide reviews what's changing, what's been made easier, and the new requirements businesses need to meet.

The ICO is encouraging businesses to make themselves familiar with the changes, look at whether they are doing enough to satisfy the requirement to consider the needs of children, and start thinking about how they can help people to make complaints.

See: <https://ico.org.uk/about-the-ico/what-we-do/legislation-we-cover/data-use-and-access-act-2025/the-data-use-and-access-act-2025-what-does-it-mean-for-organisations/>

UK Watchdog Moves Toward Tighter Oversight of Google Search

The UK's Competition and Markets Authority (CMA) has taken a key step toward stronger regulation of Google's search business, which accounts for more than 90% of all general search queries in the country.

The CMA has proposed officially designating Google's search services as having "strategic market status" (SMS) under the UK's new Digital Markets regime. If the proposal goes ahead, the CMA will gain powers to introduce targeted measures to improve competition and fairness in how Google operates its search engine in the UK.

A final decision is expected by 13 October 2025, following a public consultation.

What the CMA could do

The CMA has published a roadmap outlining the types of measures it might introduce if Google is designated. Early priorities include:

- Choice screens to help people pick or switch search engines more easily, potentially including AI-assistants.
- Fairer and non-discriminatory search result ranking.
- More control for publishers over how their content is used in search results and AI-generated summaries.

- Easier movement of user search data to support the development of new, innovative services.

Further measures - tackling more complex issues such as Google's power over advertising and content publishers - would be considered from 2026 onwards.

Why it matters

Google's search and advertising tools are used by millions of people every day and are central to over 200,000 UK businesses who use Google search advertising to reach their customers online. But the CMA has heard concerns that Google's dominance makes it hard for others to compete fairly.

Some of the key issues raised include:

- The high cost of search advertising.
- A lack of transparency over how Google ranks and displays results.
- Challenges in securing fair terms and control over how content is used.
- Default agreements with mobile device manufacturers that make it more difficult for competitors to find customers.

A More Open Playing Field

According to Sarah Cardell, Chief Executive of the CMA: "Google search has delivered tremendous benefits – but our investigation so far suggests there are ways to make these markets more open, competitive and innovative."

She added that the proposals aim to give users and businesses more choice and control while helping new tech firms get a foothold in the market.

The CMA says it will take a proportionate, evidence-based approach, and is seeking views from businesses, consumer groups, and other stakeholders via a [consultation](#) that is open until 5pm on 22 July 2025.

See: <https://www.gov.uk/government/news/cma-takes-first-steps-to-improve-competition-in-search-services-in-the-uk>

Government Boosts UK Export Finance with £13 Billion to Back British Industries

The government has announced a £13 billion expansion of UK Export Finance's (UKEF) Direct Lending Facility, aimed at supporting British exporters across key industries.

Through its Direct Lending Facility, UKEF, the government's export credit agency, helps overseas buyers finance purchases from UK suppliers. This funding uplift, part of the newly published Industrial Strategy, gives UKEF greater flexibility to support all eight Industrial Strategy sectors.

Alongside the lending increase, UKEF will launch a new loan guarantee scheme to support access to critical minerals. The agency also plans to legislate to raise its statutory commitment limit, allowing it to support more businesses across the country.

To strengthen local delivery, UKEF will expand its network of export finance managers, focusing on city regions and industrial clusters. These specialists offer free, impartial guidance on export finance options.

The announcement comes ahead of UKEF's 2024-25 annual report, which is expected to confirm a record year. In 2023-24, the agency supported 650 UK businesses of all sizes and types with £8.8 billion in backing.

See: <https://www.gov.uk/government/news/ukef-unveils-new-strategic-financing-for-industrial-growth>

Scottish Economy Contracts for Second Month in a Row

Scotland's onshore economy shrank again in April 2025, with new figures showing GDP contracted by 0.2% for the month. This follows a revised contraction of 0.4% in March, highlighting a challenging Spring for Scotland's economy.

Over the three months to April, Scotland's economy shrank by 0.2% compared to the previous three-month period. Quarter 1 (January to March 2025) showed a growth of 0.4%.

Sector Breakdown

- Services, the largest part of the economy, saw output fall by 0.2% in April
- Production sector output fell by 0.4%
- Construction was the one area of growth, with output rising by 0.9%

These figures refer to Scotland's onshore economy, excluding offshore oil and gas, and are adjusted for inflation.

What This Means for Your Business

These signs of economic contraction reflect ongoing pressures for many businesses - from weaker consumer demand to rising input costs. If you're starting to feel the squeeze, this is a good time to:

- Review your cashflow and working capital position
- Reassess spending plans or investment decisions in light of weaker growth
- Forecast different scenarios for the next two quarters, especially if you're in sectors sensitive to economic swings

- Talk to us early if you anticipate needing finance, tax planning, or adjustments to your business strategy

These early GDP estimates are provisional and may be revised - but the trend points to a slowdown that could affect everything from sales to hiring decisions.

If you'd like to review how your business is positioned for the months ahead, we're here to help.

See: <https://www.gov.scot/news/monthly-gdp-estimates-for-april-4/>