Newsletter
June 2026

LOCAL PARTNER – GLOBAL KNOWLEDGE

In this edition

Summer VAT Reduction for Family Attractions and Children's Meals

A **temporary** VAT reduction has been introduced from **25 June to 1 September 2026**, reducing VAT from 20% to 5% on certain family-focused activities and children's meals.

The reduced rate applies to:

- Children's meals from dedicated children's menus
- Admission tickets to attractions such as zoos, theme parks, aquariums, museums and soft play centres
- Children's and family tickets for cinemas, theatres and selected entertainment venues

What Does This Mean?

The government hopes the reduction will help families save money over the summer holidays while encouraging spending within the leisure and hospitality sectors.

However, businesses affected by the change may need to:

- Update VAT settings within their accounting and till systems
- Review qualifying products and services
- Ensure staff understand which sales qualify for the reduced rate
- Reverse the changes again when the temporary relief ends on 2 September

Business Tip

If your business operates within the leisure, entertainment or hospitality sectors, now is a good time to review your systems and pricing structure to ensure the correct VAT treatment is applied throughout the temporary relief period.

Remember: Not all tickets, meals or admissions qualify, so care should be taken to ensure the correct VAT rate is used.

Artificial Intelligence in Small Business – Opportunity or Risk?

Artificial Intelligence (AI) has quickly become one of the most talked-about technologies in business and many small businesses are beginning to explore how it can help improve efficiency and reduce time spent on administrative tasks.
At BHUK Group, we have been exploring tools such as ChatGPT and Claude to better understand how AI can support our business and our clients. While AI is not a replacement for professional advice, it can be a useful tool when used correctly.

How AI Can Help

AI can assist businesses with a wide range of everyday tasks, including:

- Drafting emails and correspondence
- Creating marketing content and social media posts
- Summarising documents and reports
- Generating ideas and business plans
- Improving internal processes and workflows
- Assisting with research and data analysis

For small business owners who often wear multiple hats, these tools can save valuable time and help improve productivity.

The Benefits

Many businesses are finding that AI can:

- Reduce administrative workload
- Improve efficiency
- Help generate ideas more quickly
- Support staff with routine tasks
- Free up time to focus on customers and growth

Used correctly, AI can become a valuable assistant that helps businesses work smarter rather than harder.

The Risks

Like any technology, AI should be used with caution.
AI-generated information is not always accurate and can occasionally provide incorrect or outdated information. Businesses should always verify important facts, particularly when dealing with financial, legal, tax or compliance matters.
There are also data protection considerations. Sensitive client information should not be entered into AI systems unless appropriate safeguards are in place and the platform's privacy settings have been reviewed.

Finding the Right Balance

Our experience so far is that AI works best as a support tool rather than a decision-maker. It can help speed up routine tasks and provide useful starting points, but human judgement, professional expertise and personal relationships remain essential.

As technology continues to develop, we expect AI to play an increasingly important role in business operations. Those who understand how to use it effectively are likely to gain significant advantages in productivity and efficiency.

The key is to embrace the opportunities while understanding the limitations.

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Renters' Rights Act – What Landlords Need to Know

The Renters' Rights Act 2025 is no longer on the horizon — it is here. The core reforms came into effect on 1 May 2026, representing the biggest change to the private rental sector in over 40 years. If you are a landlord, these changes affect you immediately.

Section 21 Has Been Abolished "No fault" evictions are gone. You can no longer serve a Section 21 notice to end a tenancy without reason. To regain possession of your property, you must now rely on specific legal grounds under Section 8. This applies to all tenancies — existing and new — from 1 May 2026.

All Tenancies Are Now Periodic Fixed-term tenancies no longer exist in their previous form. All tenancies have automatically converted to rolling periodic agreements. Tenants can give two months' notice to leave at any time, which means even a tenant mid-way through what was a fixed term could have left as early as 30 June 2026.

Rent Increases Have New Rules Rent review clauses in existing tenancy agreements can no longer be used. All rent increases must now go through the Section 13 process, which means:

- No more than one increase per year
- A minimum of two months' written notice to the tenant
- You must advertise a clear rent figure and cannot accept or encourage offers above it

More Changes Are Coming A mandatory landlord database and a new Private Rented Sector Ombudsman service are both expected later in 2026. Landlords will be required to register and tenants will have access to a formal complaints process.

What You Should Do Now

Review all tenancy agreements and ensure you understand your new grounds for possession

Update your rent increase process immediately

Ensure your properties meet the required standards — Awaab's Law on damp and mould now extends to the private sector

Speak to us if you are considering selling, restructuring ownership or have questions about how these changes affect your position

Combined with Making Tax Digital obligations now also in force for qualifying landlords, 2026 is a year of significant compliance change.

Please do not navigate it alone — we are here to help.

Are You Claiming Your Employment Allowance?

With Employer National Insurance now sitting at 15% — up from 13.8% last year — the cost of employing staff has increased significantly for many businesses. However, a valuable relief is available that not every employer is claiming.

The Employment Allowance allows eligible businesses to reduce their annual National Insurance bill by up to £10,500.

Crucially, the previous rule that blocked businesses with a NIC liability over £100,000 from claiming has been removed, meaning more businesses than ever now qualify. However, each circumstance is different and there are rules.

For smaller employers, this could completely eliminate your Employer NIC bill for the year. For growing businesses, it will at least reduce the impact.

Check you are:

Registered to claim the Employment Allowance through your payroll software

Applying it correctly from the start of the tax year

Not leaving money on the table by assuming you don't qualify

If you are unsure whether you are claiming this correctly, please get in touch — it is a straightforward check that could save you thousands.

Making Tax Digital - Income Tax

Making Tax Digital for Income Tax has now officially begun for qualifying landlords and sole traders with income exceeding **£50,000**.

Further thresholds are planned in future years:
£30,000 threshold from **April 2027**
£20,000 threshold expected from **April 2028**

Quarterly Reporting

Quarterly reporting of income and expenditure is required every 3 months of a tax year, this may be different to your business year end date.
Each quarterly report will be a cumulative total of income and expenses for the tax year to date. This should avoid the need for the correction to previous updates where errors have been identified.

Finalisation Statement

A finalisation statement is required as well as the quarterly reports. This is required at year end, which is replacing the current annual tax return. It will include any adjustments to quarterly reports and declarations of the amounts of any other income and claims for allowances and reliefs. This continues to have a deadline of 31 January.

You are no longer be able to use the free filing service on HRMC's website if you are enrolled in MTD IT

When is qualifying income determined?

HMRC will look at the tax return that should have been submitted in the January before the tax year being considered
2026/2027 - Qualifying income exceeds **£50,000** on the **2024/25 tax return**
2027/2028 - Qualifying income exceeds **£30,000** on the **2025/26 tax return**
2028/2029 - Qualifying income exceeds **£20,000** on the **2026/27 tax return**
(this is subject to change for 2027/2028 and 202/2029)

Software

You are now required to use commercial software that is compatible with MTD IT. The software must be able to:

- Create, store and amend digital records of income and expenditure
- Submit quarterly updates to HMRC
- Submit a finalisation statement at year end

We support clients with this and offer software solutions that we already use successfully within our practice.

Example:
John has gross income declared in 2024/2025 tax return as below;

- £23,000 from rental properties
- £31,000 from self employment

Therefore, total qualifying income is £54,000.

As this is over the £50,000 threshold, he has registered for MTD April 2026.

If you are managing this yourself, it is important to check with the software provider that the product fully meets your requirements. Remember, the finalisation statement includes other income sources and personal tax information — not just business income and expenses.
It is also important to understand that some software packages complete the full MTD process, while others only handle certain parts of it, so choosing the correct system remains essential.

Landlords

Under the new MTD you are expected to:
 - Keep your own digital records (even if your property is owned jointly)
 - Submit quarterly updates online to HMRC

If your property is jointly owned, you must include your share of gross property income as qualifying income.

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Making Tax Digital - Income Tax

Information required by HMRC

Each quarterly update needs to be submitted to HMRC by the 7th of the month following the end of the relevant quarter.

- **Q1 – 7 August 2026**
- **Q2 – 7 November 2026**
- **Q3 – 7 February 2027**
- **Q4 – 7 May 2027**
- **Final Declaration – 31 January 2028**

You will now have 5 submission deadlines per year.

It must include the period start and end date as well as all income and expenditure that falls within the period dates.

Reporting Categories

Reporting categories include:

Income
Turnover, takings fees, sales or money earned
Full value of all credit or other non-cash retail sales
Any other business income
Rental income
Other income from property
Premiums for the grant of a lease
Reverse premiums and inducements

Expenditure
Costs of goods bought for re-sale or goods used
Payments to sub-contractors
Wages/salaries and other staff costs
Vehicle and travel expenses
Rent, rates, utility and insurance costs
Property/equipment repairs
Office costs including phone and broadband
Advertising
Interest on loans or credit card charges
Professional (legal, accountancy and other) fees

Penalties

Moving in to MTD, we also move into a new regime for late filing and late payments. This means that late filing of quarterly updates or the MTD tax return won’t trigger an automatic financial penalty. Instead, you will receive a penalty point, with a £200 penalty being imposed when a certain threshold is reached. Points will also expire after two years if the threshold is not reached, or can be reset after a period of good behaviour if the threshold is reached.

Late payment penalties will also change under MTD, with penalties kicking in at 15 days, then becoming more severe from 30 days onwards.

Common Compliance Risks We’re Seeing

Several common issues continue appearing across businesses:

- Falling behind on bookkeeping
- Mixing personal and business spending
- Poor dividend documentation
- Missing VAT registration thresholds
- Inadequate payroll checks
- Weak cyber security procedures

Small compliance issues can quickly become expensive if ignored.

Financial Planning Tips for 2026/27

A few practical steps now can make a major difference later in the year:

- Review profit forecasts regularly
- Monitor cash flow monthly
- Plan tax liabilities in advance
- Keep bookkeeping up to date
- Review pension contribution opportunities
- Ensure software remains compliant with MTD requirements

Good planning reduces stress, improves cash flow and helps avoid unexpected tax bills

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Financial Calendar

May 2026

31 May 2026
Deadline to provide employees with P60s for 2025/26.

July 2026

6 July 2026
Deadline to submit:

- P11D and P11D(b) forms for 2025/26
- Employment Related Securities (ERS) returns

6 July 2026
Deadline to agree PAYE Settlement Agreements (PSA) for 2025/26.

August 2026

1 August 2026
Corporation Tax due for companies with a year end of 31 October 2025.

October 2026

5 October 2026
Deadline to notify HMRC of new chargeability to Income Tax or Capital Gains Tax for 2025/26.
31 October 2026
Deadline for paper submission of 2025/26 Self Assessment tax return.

December 2026

30 December 2026
Deadline for online submission of 2025/26 Self Assessment return if tax is to be collected via PAYE (where tax due is under £3,000 and criteria met).

January 2027

31 January 2027

- Deadline for online submission of 2025/26 Self Assessment tax return.
- Balance of tax due for 2025/26 payable.
- First payment on account due for 2026/27.

February 2027

1 February 2027
Corporation Tax due for companies with a year end of 30 April 2026.

March 2027

31 March 2027
This is an important planning cut-off date for several reliefs:

- Last chance to:
  - Use most 2026/27 tax reliefs before year end
  - Make certain capital expenditure qualifying for full expensing (company year-end dependent)

April 2027

5 April 2027
Last day of the 2026/27 tax year.
6 April 2027
Start of the 2027/28 tax year.
19 April 2027
Deadline for PAYE, NIC and CIS payments (postal).
22 April 2027
Deadline for PAYE, NIC and CIS payments (electronic).
30 April 2027
Deadline for submitting 2026/27 Annual Tax on Enveloped Dwellings (ATED) return (if applicable).

Every Month

1st of the month
Corporation Tax due for companies with a year end nine months and one day earlier.
19th of the month
PAYE, NIC and CIS deductions due (postal payments).
22nd of the month
PAYE, NIC and CIS deductions due (electronic payments).
Quarterly (if applicable)
VAT returns and payments due one month and 7 days after the VAT quarter end.
Quarterly instalments (large companies)
Corporation Tax instalments due for companies within the quarterly instalment regime.

If the due date for payment falls on a weekend or Bank Holiday, payment must be made by the previous working day.
Electronic payments sent using the Faster Payments Service (FPS) are able to clear into HMRC's account on a non-banking day - a Saturday, Sunday and most Bank Holidays.

File accounts with Companies House for private companies with a year ending nine months earlier and for public companies with a year ending six months earlier.

ADDITIONAL IMPORTANT NOTES FOR 2026/27

- CGT Annual Exempt Amount remains £3,000 for individuals.
- Dividend Allowance remains £500.
- Personal Allowance remains frozen (currently £12,570 unless changed in future Budgets).
- Making Tax Digital (MTD) for Income Tax continues to apply to qualifying sole traders and landlords — ensure quarterly reporting obligations are met where relevant.
- Late payment interest and penalties continue to apply for missed deadlines.

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