


February 2026

# Focus on Figures

**Welcome to our latest monthly newsletter. We hope you enjoy reading this newsletter and find it useful. Please contact us if you wish to discuss any of the topics further.**

## Getting Ready for Making Tax Digital

### With MTD for Income Tax getting closer, it's a good time for sole traders and landlords to check what's changing, when it applies, and how to get set up with software.

It is estimated that around 900,000 individuals will be joining in April. If you are affected, this will be a major change and the earlier you can prepare, the better.

From 6 April 2026, sole traders and landlords with total qualifying income over £50,000 will need to keep digital records and submit quarterly updates to HMRC. The rules then extend to those with income over £30,000 from 6 April 2027, and over £20,000 from 6 April 2028.

### Getting set up with software

MTD requires you to use compatible accounting software rather than paper records or simple spreadsheets. The right software can also help with cash flow forecasting, day to day bookkeeping and reducing errors, so it's worth choosing a system that supports your wider business needs – not just MTD.

### Registration and possible exemptions

HMRC should contact you if your tax return shows that you're within scope, but you still need to complete the sign up process yourself. Some people are automatically exempt (for example, certain trustees or personal representatives), and others may be able to apply for an exemption depending on their circumstances.

### Partnerships and voluntary sign up

Partnerships are not yet required to use MTD for Income Tax, but HMRC has said they will be brought into the regime at a later date. If your income is below the current thresholds, you can choose to sign up voluntarily ahead of your mandatory start date if it suits you.

### How we can help

Choosing software can be a bit of a minefield, so if you would like support, we can offer you a tailored recommendation and any training you need. We can also handle your registration with HMRC.

**If you would like ongoing help with bookkeeping, filling in the quarterly returns, or you just want us to handle the end-of-year return, please get in touch. We would be happy to help you!**

# Spring Forecast Scheduled for 3 March 2026

**Will there be any changes to tax policy?**




**The Chancellor, Rachel Reeves, has requested the Office for Budget Responsibility (OBR) to publish an economic and fiscal forecast on 3 March 2026. This will be accompanied by a statement to Parliament.**

As set out in the Budget, the Spring forecast will provide an interim update on the economy and public finances, rather than assessing the government's performance against the fiscal mandate.

This means the forecast is unlikely to result in changes to tax policy, however, the full details will only be completely clear once the forecast is published and the Chancellor has responded. We will, of course, keep you updated once the forecast is published.




# VAT Flat Rate Scheme: Could It Work for You?

**If you are a small VAT-registered business, how you calculate your VAT could make a real difference to your cash flow and the time you spend keeping records.**

For some businesses, the standard method for calculating VAT is the best choice, but for others, their circumstances mean the VAT Flat Rate Scheme may be worth considering.

Here we review some of the factors involved in determining whether the VAT Flat Rate Scheme could work for you.

## Comparing Methods

Under the standard method, you charge VAT on sales, reclaim VAT on purchases, and pay the difference to HMRC. With the Flat Rate Scheme, you still charge VAT as normal, but instead of reclaiming most VAT on purchases, you pay a fixed percentage of your VAT inclusive turnover to HMRC, based on your industry.

You can usually only join the Flat Rate Scheme if your VAT exclusive turnover is £150,000 or less.

## When the Flat Rate Scheme can help

It often suits businesses with low VAT able expenses, such as consultants or service providers who are mainly selling their time. Many owners also like the simplicity, as you usually don't claim VAT on purchases (other than certain capital assets over £2,000), meaning the calculations can be quicker.

## When the standard method may be better

If your business regularly incurs VAT on goods and services, or makes larger purchases, reclaiming VAT under the standard method is often more cost effective.

## Choosing what's right for you

The most reliable way to decide is to compare the figures under both methods. If you'd like help working out which option suits your business, we're happy to talk it through, provide some advice and run the numbers with you.

# UNICO TAX UPDATES

# Review your Year-End Tax Position



**There's still time to review your year-end position and make sure you're using the main tax reliefs and allowances available to you. Before taking action, it's important to get advice based on your own figures and plans.**



## Use your savings allowances

If you have spare cash, it may be worth checking whether you've used your ISA allowance for 2025/26 (currently £20,000 per person). If you're between 18 and 39, a Lifetime ISA could also help you save towards your first home or retirement, with government bonuses on qualifying contributions. Individuals under deputyship are exempt.

## Review pension contributions

Topping up pensions before 5 April 2026 can still be a very tax efficient way to save for the future. This can be particularly valuable if your income falls into higher bands, or if you are in the range where your personal allowance starts to be reduced.

## Think about dividends & company loans

With dividend tax rates due to rise from April 2026, timing can make a real difference to the overall tax you pay. It's also worth reviewing any loans between you and your company, as the tax charge on some loans will move in line with the higher dividend rate.

## Plan capital spending carefully

If your business year end is 31 March or 5 April, the timing of equipment and other asset purchases can affect the tax relief you claim. Various reliefs exist for qualifying expenditure, including generous upfront reliefs for many types of plant and machinery, but not all assets qualify in the same way.

## Review gains and your CGT allowance

If you are planning to sell investments or business assets, it may be sensible to look at the timing around 6 April 2026. The annual exemption and changing rates for certain qualifying business disposals mean that bringing sales forward, or deferring them, can affect the tax you pay.

## Check your National Insurance record

If you are approaching retirement, it can be worth checking whether you have gaps in your National Insurance record. In some cases you can pay voluntary contributions to fill earlier years and protect your state pension entitlement, but there are time limits on how far back you can go.

**If any of these points might apply to you, we'd be happy to review your situation, run the numbers, and help you decide which steps are right for your business and personal goals.**