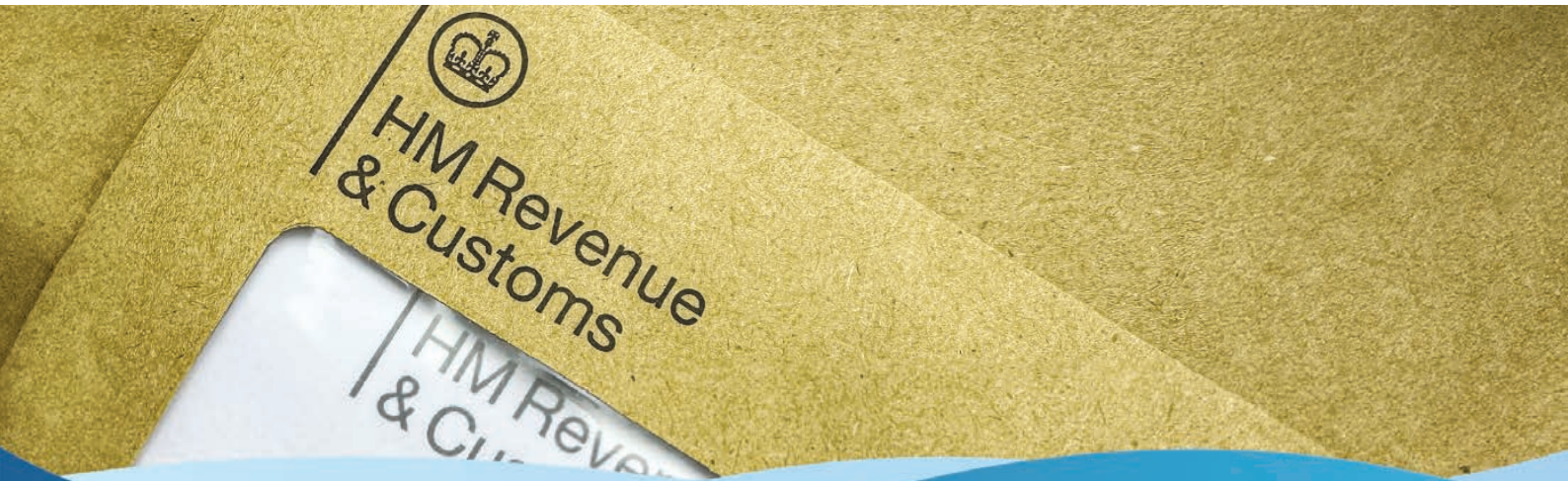




September 2026

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.

HMRC contacts self-employed people about National Insurance gaps

What should you do if you receive a letter?

HMRC is writing to some self-employed individuals whose National Insurance (NI) records may contain gaps that could affect their State Pension.

If you receive a letter, don't ignore it. In some cases, you may be able to boost your State Pension by making voluntary NI contributions for missing years going back as far as 2015-16.

The issue affects some people who were self-employed between 2015 and early 2024. HMRC believes up to 800,000 taxpayers could be affected.

What should you do?

Chasing overdue invoices can feel awkward, but a simple routine keeps it calm and consistent.

For example:

If HMRC contacts you, check:

- › Your State Pension forecast.
- › Your National Insurance record.

- › Whether there are any missing years.
 - › Whether filling those gaps would increase your State Pension.
- You can do this through your Personal Tax Account on GOV.UK.

Don't assume you need to pay

Receiving a letter does not necessarily mean you have a problem.

Many people already have enough qualifying years to receive the full State Pension, in which case paying extra NI would provide no benefit.

Why this matters

Normally, there is a time limit on paying voluntary NI contributions. However, HMRC's current exercise may allow affected individuals to fill gaps potentially dating back to 2015-16.

For those who are affected, this could be a relatively low-cost way to increase their retirement income.

If you receive a letter from HMRC and are unsure whether it is worth paying voluntary contributions, please contact us. We can help you review your position and determine whether filling any gaps would improve your State Pension entitlement.



Making Tax Digital for Income Tax first quarter statistics published

HMRC to begin signing up taxpayers they believe need to register

Under Making Tax Digital (MTD) for Income Tax, sole traders and landlords with income of more than £50,000 have been required to keep digital records and send quarterly updates to HMRC since 6 April 2026.

The first quarterly submission deadline, covering the first three months of the 2026-27 tax year, passed on 7 August 2026. HMRC have since issued a press release confirming that 436,000 taxpayers filed their first quarterly tax update by the deadline and reminding those who have not submitted their update to do so using HMRC-recognised software.

Slow uptake

HMRC's press release reveals that as of 12 August 2026, over 570,000 taxpayers had signed up for MTD for Income Tax.

In August 2025, based on 2023-24 figures, HMRC estimated that some 864,000 taxpayers would need to sign up from April 2026, meaning that around one third of taxpayers who should have registered for MTD for Income Tax from April 2026 had not signed up.

HMRC's response

From September, HMRC will sign up taxpayers who are required to use MTD for Income Tax for 2026-27, but who have not yet registered for the service themselves.

Taxpayers can avoid being signed up by HMRC by signing themselves up now, ensuring their MTD details are correct at the outset.

If you receive a letter from HMRC about being signed up, please let us know and we will be pleased to help you navigate the sign-up process.

MTD for Income Tax should not be ignored, with HMRC reminding taxpayers that it is a legal requirement for sole traders and landlords earning more than £50,000 from self-employment and property to comply, unless exempt (e.g. due to digital exclusion).

Taxpayers are also reminded that from April 2027, those earning more than £30,000 from self-employment and property will be required to comply.

Penalties

While HMRC have confirmed that there will be no penalty points for late quarterly updates in 2026-27, penalties will still apply for late tax returns and late payments.

Quarterly updates do not replace the Self Assessment tax return. Those within scope of MTD for Income Tax must submit their quarterly updates in order to file their tax returns by 31 January.

A points-based penalty system will be introduced from 6 April 2027.

Taxpayers will receive one point for each missed quarterly deadline and a £200 fixed penalty once four points have accumulated.



If you have not yet registered for MTD for Income Tax and are concerned that it may apply to you, or you receive a letter from HMRC about registering, contact us as soon as possible so we can help you assess your obligations.



Date of Budget 2026 announced

Chancellor promises stability

The Chancellor of the Exchequer, John Healey, has announced that Budget 2026 will be presented on 28 October 2026.

Announcing the date, the Chancellor said that the Budget will 'move money and power out of Westminster, and into every postcode around Britain'.

He also stressed that the government would continue to meet its fiscal rules, adding that the Budget would provide businesses and families with the stability they need to plan for the future.

Alongside the Budget, the Office for Budget Responsibility (OBR) will publish its latest economic and fiscal forecast, reflecting its assessment of the government's plans.

If you have any concerns about how you may be affected by existing or proposed tax measures, please get in touch. We will be happy to discuss your circumstances and help you understand the implications.

Benefits in Kind: Mandatory payrolling from 6 April 2027

**HMRC to begin signing up taxpayers
they believe need to register**



Mandatory payrolling of benefits in kind (BiKs) will begin from 6 April 2027, with a phased introduction designed to give employers and payroll providers time to adapt.

Under the first phase, covering the 2027/28 tax year, mandatory payrolling will apply to Company cars, Company car fuel, Vans, Van fuel, and Private medical benefits.

These benefits will need to be reported through payroll in real time rather than being reported after the end of the tax year on form P11D.

Mandatory payrolling will then be extended to most other benefits and expenses from April 2028. HMRC has confirmed that employers will be able to register voluntarily from November 2026 to payroll other benefits not included in the first phase, such as beneficial loans and living accommodation.

The change will affect employees as well as employers. Employees who currently pay tax on benefits through adjustments to their tax codes will instead pay the tax in real time through PAYE. Some employees may also be paying tax on BiKs from earlier years at the same time, which could create confusion about their take-home pay. HMRC is encouraging employers to communicate these changes well in advance.

What should employers be doing now?

If you have employees in receipt of BiKs, we recommend that you:

1. Compile a complete list of all benefits currently reported on P11Ds.
2. If you carry out your own payroll reporting, review whether your payroll software can support real-time BiK reporting from April 2027.
3. Consider how you will deal with joiners, leavers and changes in benefit values during the year.
4. Establish procedures for managing underpayments and overpayments.
5. Develop an employee communication plan explaining how the changes will affect tax deductions and tax codes.

Although the first mandatory reporting deadline is still several months away, employers that start preparing now are likely to face a much smoother transition when the new regime takes effect in April 2027.

HMRC using third-party information to target landlords

HMRC has begun writing to landlords where the information it holds from third parties does not appear to match the taxpayer's records. The letters encourage recipients to review whether all rental income has been declared and remind them of their obligations under Making Tax Digital (MTD) for Income Tax.

HMRC receives information from a variety of sources, including tenancy deposit schemes and other statutory reporting systems. This data is increasingly being used to identify landlords whose tax returns may not accurately reflect their property income.

If you receive one of these letters, it is important not to ignore it. HMRC asks landlords to review their position and take action by the deadline stated in the correspondence. Where there is undeclared rental income, HMRC expects the taxpayer to make a disclosure. If there is nothing to declare, HMRC should still be informed using the contact details provided.

The stakes can be significant. HMRC warns that if it later opens a compliance check or criminal investigation, any disclosure made at that stage may be treated as a "prompted" disclosure, potentially leading to higher penalties.

The letters also remind landlords to consider whether they have any capital gains tax obligations following the disposal of a rental property and whether they fall within MTD for Income Tax.

For landlords, the message is clear: ensure rental income is fully declared and maintain accurate records. If you receive such a letter, please notify us as soon as possible, as we can help.