

The Budget 2026

- **Presented by Jo Tomlinson**
- Owner and MD of Profit Multiple
- Certified Quickbooks Trainer

York & North Yorkshire GROWTH HUB

Jo Tomlinson BA(hons) ACMA



Owner – Profit Multiple

Profit and value optimisation

jo@profitmultiple.co.uk
www.profitmultiple.co.uk

Jo combines almost 40 years of formal accounting expertise with the lived, practical experience of successfully scaling and exiting her own multi-person business.
This rare combination of corporate financial discipline and entrepreneurial success allows her to bridge the gap between high-level accounting concepts and the day-to-day realities faced by growing Small and Medium Enterprises (SMEs).

Table of Contents/Agenda

1 Minimum Wage

2 Trading Allowance

3 Small Business Rates Relief

4 BADR

5 Knowing your numbers

6 Maintaining Margins

7 Making Tax Digital

8

Minimum wage

- Increases 3.9% from April 2027

Age Bracket / Category	Current Rate (Since April 2026)	New Rate (From 1 April 2027)	Cash Increase per Hour
21 and over *(National Living Wage)*	**£12.71**	**£13.21**	+ 50p
18 to 20	**£10.85**	**£11.27**	+ 42p
16 to 17	**£8.00**	**£8.31**	+ 31p
Apprentice Rate	**£8.00**	**£8.31**	+ 31p

Minimum Wage

- Impact on other workers
- Pension and Employers NI impact

Trading Allowance

- Up from £1k currently to £3k in April 2027, for the 27/28 tax year
- Side Hustles – in the main

Trading Allowance

- Gross Income – not profit, or net after online platform deductions
- Combined totals – not per online platform, or income stream
- Cannot claim expenses

Online Selling Platforms – Rules Changes

Already legally required to provide data on:

Sellers who (per calendar year):

- Complete over 30 sales
- Have sales value of more than £1,700

Online Selling Platforms – Rules Changes

Data provided:

Individuals

- Legal name
- Address
- DOB
- NINO

Online Selling Platforms – Rules Changes

Data provided:

Companies

- Registered Company name
- Corporate Address
- Company Registration Number
- UTR
- VAT registration umber of applicable

Online Selling Platforms – Rules Changes

Financial:

- Gross Total Earnings
- Transactional Volume
- Platform fees deducted
- Bank dispersal details

Online Selling Platforms – New rules

VAT Online Marketplace Liability shift

- Overseas sellers – already in since 2021
- UK established businesses – Oct 2027

Online Selling Platforms – New rules

The online selling platform is deemed as the shopkeeper!

- **VAT registered Seller** – Online platform collects and pays the VAT to HMRC (regardless of how much they sell on the platform)

- **Non VAT registered Seller**:
  - Sales are monitored
  - If sales cross the £90k threshold, it will step in and collect VAT

Online Selling Platforms – New rules

Multi-Platform Loophole!

- The legal burden to register for VAT remains with the seller
- If you sell across multiple platforms, and each one is less than £90k, they will not account for the VAT – the legal burden is still yours!

Small Business Rates Relief

Headlines – Retail, Hospitality and Leisure properties

- An increase in the threshold for 100% exemption for businesses with ratable value of less than £18k
- An increase in the tapered relief ratable value to £21k
- Business Rates freeze for businesses slightly above the £21k ratable value.

Small Business Rates Relief

Headlines – Eligible Pubs, social clubs and smaller live music venues

- 35% discount (up from 15%)
- For 2027/28 and 2028/29
- The £1m cap – if rateable value is over £1m, this top up doesn't apply

Small Business Rates Relief

Everyone else..

- Mandatory 3.5% increase from April 2027
- SBRR thresholds frozen at £12k

Business Asset Disposal Relief

- Continuously for at least 2 years prior to sale
  - Employed by the company (contract or directorship)
  - 5% personal stake, or more - ordinary shares
  - Economic rights – be entitled to 5% of the distributable profits or assets on winding up or sale

Business Asset Disposal Relief

- Benefits
- Sale proceeds taxed at 18% rather than 24% on anything over the basic rate band
- Capped using an individual lifetime allowance
- This has gone down from £1m to £500k

Founders Relief

10% rate on up to £10m

- Disposals from April 27
- Min 25% of shares at inception (or commencement of trading)
- Minimum 5 years ownership
- 5 years UK residency
- Trading Co
- Substantial UK Prescense
- Min £10m TO
- Min 15 FTE’s

Founders Relief

Meet 2 out of the following 3

- 25% compound growth over 3 consecutive years prior to sale (using £10m as a baseline)
- 25% compound growth in FTE’s
- R&D Min £1.5m qualifying expenditure

Assets

- FYA up from 40% to 50%
- Main rate falls from 14% to 12%

R&D Streamlining

No change in thresholds - Again

- Last changed in 2021

Know your Numbers

- Quantify the impact of any changes on your business
- Forecast the numbers into the next year – few years
- Now look at what you need to do!

Forecasting

Take your current cost base and overlay any

- Increases in salaries
- Increases in business rates

What does this do to your margin??

Increase Prices

As long as you don’t sell less, this drops directly to margin

If you do sell less, you can still make more margin for less work

When did you last put up your prices?

Increase Prices

If your clients/customers believe you are worth more, they will pay more!

Profitability

Analyse Profit by line or group

Push the profitable products/services

Reduce Costs

Ensure you do not impact quality!

Ensure you do not take away sales – eg Marketing budget cuts

Reduce Costs

Outsourcing

Make v buy

Reduce Costs

Check you are not paying for things you no longer need

Reduce Costs

Can you change premises?

Do you need premises?

Reduce Costs

Do you need all of your current staffing?

Can you automate or outsource?

Making Tax Digital

- Went live in April 26 for Sole Traders and Landlords
  - Qualifying income over £50k
- First two deadlines have now passed (7 Aug and 7 Nov)
- First year penalty Grace Period – no late submission penalty points for missed quarters in the 26/27 tax year
- Next Phase – qualifying income over £30k
- In Budget they announced a soft landing for this intake too

Thank You

Joseph.midgley@ynygrowthhub.com
www.ynygrowthhub.com