

Budget Overview for both UK and Scotland

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To some surprise, the UK Government chose not to introduce any major tax changes, relying heavily on frozen thresholds, targeted reforms, and sector-specific adjustments to increase revenue and influence behaviour. Nevertheless, the changes announced still raise a lot of additional tax revenue (expected to be over £26bn for the fiscal year 2030/31 alone).

The main changes announced in the Scottish Budget were to some of the starter and basic rate Income Tax thresholds, while maintaining the higher rate threshold.

UK Budget 2025 – Summary

On the positive side, the Inheritance Tax Agricultural and Business Relief allowances were made transferrable. And just before Christmas, it was announced the allowance for full relief would be increased to £2.5m from 6 April 2026. This is very welcome news and alone this could save £300,000 each for those with farming and business assets. Together, a married couple may now benefit from £5m of full relief, with relief limited to 50% thereafter. There were no changes made regarding unused pension pots, which will become liable to Inheritance Tax from April 2027.

The other major announcement was the introduction of two new Council Tax bands which will introduce the "Mansion Tax" to England. This applies to properties valued at over £2m. This commences in the 2028/29 tax year (i.e. April 2028). The charge will range from £2,500 to £7,500, depending on the value of the property. This is a devolved matter, and a similar charge will apply in Scotland (see opposite).



PERSONAL

Income Tax Rates and Bands

For UK taxpayers, the rates of Income Tax remain at 20%, 40%, and 45%. The personal allowance stays at £12,570, the higher-rate threshold at £50,270, and the additional-rate threshold at £125,140. These thresholds will remain frozen until at least 2030/31.

Dividend, Property, and Savings Income

There were changes announced to the taxation of dividend, property and savings income. The Income Tax rate is to increase by 2% for most tax bands, which are noted below:

Dividend income (from April 2026):

- Basic rate rises to 10.75%
- Higher rate rises to 35.75%
- Additional rate remains at 39.35%

Property and savings income (from April 2027):

- All rates increase by 2 percentage points, becoming 22%, 42%, and 47%.

In addition, a structural change is being made which means that reliefs must first be applied to employment or trading income before being offset against dividends, savings, or property income. This will reduce the tax efficiency of rental and investment income for many individuals. This applies from April 2027.

Tax Reliefs

Whilst there has been a lot of changes announced in the last two Budgets, many tax reliefs have remained unaltered, or had only modest changes. These reliefs include those for when gifts of qualifying assets are made, or when buying replacement business assets. The spouse exemption for Inheritance Tax is still unlimited, and assets in an estate are rebased to market value for Capital Gains Tax (in effect, washing out historic gains). These reliefs have never been more important.

From 6 April 2026, the rate of Capital Gains Tax (CGT) for assets qualifying for Business Asset Disposal Relief will increase to 18% (from 14% in 2025/26). The rate of Income Tax relief for Venture Capital Trust (VCT) investments will fall from 30% to 20% from the same date.

Employee Ownership Trusts (EOTs) saw a major shift from November 2025: only 50% of gains on qualifying disposals will be exempt from CGT, with the remainder deferred until the trustees dispose of the shares.

For Inheritance Tax, the nil rate band (£325,000) and residence nil rate band (maximum of £175,000) will remain frozen until 2031.

BUSINESS

The rate of Corporation Tax remains unchanged at 25% for profits above £250,000 and 19% for small profits. Late filing penalties will double from April 2026.

Capital Allowances remain supportive, with a new 40% first year allowance from January 2026. However, the main writing down allowance will fall from 18% to 14%. This alone will raise over £1bn in the 2026/27 tax year.

From April 2029 all VAT invoices must be electronic.

NIC thresholds for employees, the self employed, and employers will remain frozen from 2028 to 2031. From April 2029, salary sacrifice pension contributions above £2,000 per year will attract both employer and employee NICs.

A new Electric Vehicle Excise Duty (EVED) will apply from April 2028, charging electric and hybrid vehicles per mile driven.

Scottish Budget 2026/27

Shona Robison's final Scottish Budget adjusted the starter and basic rate bands, increasing these by 7.4%. The other Income Tax thresholds remain unchanged. No changes were made to the rates of Income Tax.

There were no changes announced with regard to Land and Buildings Transaction Tax (LBTT), however, the operation of LBTT is currently under review and it is possible that changes will be announced in the not too distant future.

As for England and Wales, two new Council Tax bands will be introduced from April 2028. This will apply to properties values at more than £1 million.



Scotland vs England – A Taxpayer Comparison

Following the Scottish Budget on 13 January 2026, we updated an article that we wrote a few years ago comparing the amount of Income Tax and National Insurance Contributions (NICs) that an employee resident in Scotland would pay compared to the rest of the UK. That article provides some illuminating reading, which you can find on the GWA website.

Companies House Identity Verification Changes

Companies House continues with the roll-out of the major reforms introduced under the Economic Crime and Corporate Transparency Act 2023.

One of the most significant changes is mandatory identity verification for company directors and People with Significant Control (PSCs), which is now well underway.

This update provides an overview of the changes, who is affected, and how to remain compliant.

Who Needs to Be Verified?

Companies House requires identity verification for individuals involved in company management and ownership, including:

- New and existing company directors
- Persons with Significant Control (PSCs)
- Members of Limited Liability Partnerships (LLPs)

New directors also need to verify their identity before incorporation or appointment, and existing directors will need to complete verification before being able to file the next annual Confirmation Statement. Any new PSCs have 14 days from registration to verify, and existing PSCs are also required to complete verification.

How Verification Works

There are two approved ways to complete identity verification:

1. Self verification via GOV.UK One Login

Individuals can verify their identity directly through the GOV.UK One Login service. This secure, government-run platform allows users to confirm their identity online using official documents such as a passport or driving licence.

Upon completion, individuals will be provided with their Companies House Personal Code. This method is free to use and is ideal for individuals who are comfortable with online services and have access to the necessary identification documents.

2. Verification Through an Authorised Corporate Service Provider (ACSP)

Greaves West & Ayre is an authorised ACSP and approved to complete identity verification on your behalf.

We can verify identity using one of the following options:

1. Physical verification of specific identify documents, such as a passport, driving licence and bank statements.
2. Identification document validation technology (IDVT) that validates cryptographic features on biometric passports and driving licences.

Once verified, individuals will receive a personal code from Companies House, which must be used when confirming appointments or filing company documents.

Next Steps

To prepare for these changes, we recommend the following steps:

- Review your company structure and identify all directors, PSCs, and LLP members who will need to verify their identity.
- Decide whether you want to verify independently via GOV.UK or through our firm.
- Contact us if you would like us to manage the verification process. We will explain the requirements in more detail and arrange your verification.
- Ensure you have valid identification documents ready, whether verifying independently or through us.

Ongoing Support

If you have any questions about the identity verification requirements, need assistance with GOV.UK One Login, or wish to verify through us as an ACSP, please do not hesitate to get in touch - IDV@gwayre.co.uk.

Payroll Changes for April 2026 – What Employers Running Payrolls Need to Know

Significant payroll reforms are coming in April 2026, and employers running their own payroll need to be prepared. Here's a quick guide to the key changes and what they mean for you.

Statutory Sick Pay (SSP) Reform

From 6 April 2026, *SSP becomes payable from day one of absence, and the Lower Earnings Limit is removed*, meaning more workers qualify. SSP will be calculated at the lower of 80% of average weekly earnings or the statutory rate. These changes will increase employer costs and require tighter sickness reporting.

National Minimum & Living Wage Increases

New wage rates from April 2026 will raise labour costs and require updates to your payroll routines and controls to avoid underpayments and exposure to compliance risks.

2026/27 Tax Code Updates

HMRC's updated P9X must be applied from 6 April 2026. Incorrect codes can lead to payroll errors, employee queries, and HMRC intervention.

Payrolling Benefits in Kind (BIK)

Although fully mandatory from 2027, employers are encouraged to start payrolling benefits from April 2026 to reduce disruption later, but the deadline for registering for this is 5 April 2026. Real time BIK processing can be complex for employers running payroll, we will have a further update in our autumn newsletter.

Fair Work Agency Enforcement

A new enforcement body from April 2026 will oversee compliance on minimum wage, sick pay, and holiday rights, increasing the risk of audits and penalty enforcement.

Top 4 Payroll Risks for Employers

1. Higher costs from day one SSP
2. Rising wage bills
3. Tax code errors
4. Stronger enforcement and penalties

Is it time to outsource your payroll processing?

As payroll becomes ever more complex, continuing to run payroll in house accrues increasing cost, administration and risk, outsourcing can reduce admin, increase accuracy, and protect your business.

Our dedicated in-house payroll team offers:

- **Automated, HMRC recognised payroll processing**, ensuring accuracy and compliance with real time updates.
- **Advanced encryption and secure cloud technology** to safeguard employee data.
- **Full visibility and employee self service**, reducing queries and freeing up time.
- **Simple switching and managed on boarding**, so you can adopt it at any point in the year.

Outsourcing your payroll with GWA helps you stay compliant, reduce errors, and focus on running your business not chasing payroll deadlines.

If you would like to discuss your payroll requirements then please contact our **Payroll Manager**, Dianne Bradshaw.



Making Tax Digital for Income Tax

As we move into spring and edge closer to April 2026, the upcoming changes under Making Tax Digital for Income Tax are becoming increasingly important for individuals with trading or property income. HMRC's phased rollout will fundamentally change how sole traders and landlords record, report, and manage their tax obligations.

Below is a summary to help prepare for the transition and understand what the new requirements will mean.

A Modernised Approach to Tax Reporting

MTD for Income Tax is part of HMRC's continued programme to modernise the UK tax system, moving the current annual Self Assessment process into a digital, more streamlined model. Instead of relying on a single yearly return, taxpayers will keep digital records throughout the year and submit quarterly summaries to HMRC using approved software. The aim is to reduce errors, improve transparency, and encourage timely tax compliance.

Under MTD, digital record-keeping is central. Taxpayers will need to record the details of each transaction - including date, amount, and nature - using software compatible with HMRC requirements.

Who Will Be Affected?

The new rules apply to self-employed individuals and landlords whose income exceeds specific thresholds. Limited Companies, Partnerships, LLPs, and Trusts are not currently included.

The rollout will occur in stages:

- From April 2026 for individuals with gross qualifying income above £50,000.
- From April 2027 for those earning above £30,000.
- From April 2028 for individuals with income above £20,000.

Gross qualifying income refers to total income before expenses from all relevant sole trade and property businesses, including the individual's share of jointly owned property.

What Will Change?

Once within scope, taxpayers will need to:

- Maintain digital records.
- Submit quarterly updates using MTD compatible software.
- Complete a final declaration replacing the annual tax return.

These quarterly submissions are cumulative, meaning they include figures for the year to date.

A crucial aspect of preparing for MTD is selecting suitable software early. HMRC publishes a list of approved providers ranging from simple applications for straightforward affairs to full accounting platforms like Xero and QuickBooks.

Exemptions and Digital Exclusion

Some individuals may apply for exemption on the grounds of digital exclusion. HMRC may accept an exemption where a person's age, disability, health condition, location, or religious beliefs make it unreasonable for them to use digital tools.

How We Are Supporting Clients

Our support includes engagement with individual clients to review their requirements, sharing Q&A materials, offering guidance on choosing software solutions, and recommending reporting solutions. We can provide a range of support for MTD, including initial assistance with set up, through to a full MTD reporting service.

Our aim is to help clients make a smooth transition by ensuring they understand the requirements, timelines, and actions needed to remain compliant ahead of the statutory deadlines.

Please get in touch with us if you have any questions or would like further support in preparing for these changes - MTD@gwayre.co.uk

Where Does All the Money Go?

Have you ever wondered what happens to the tax you hand over to HMRC?

In the Annual Tax Summary, the government makes available a clear and simple summary of how much Income Tax and National Insurance individuals paid in the last financial year and how these payments were used in its spending.

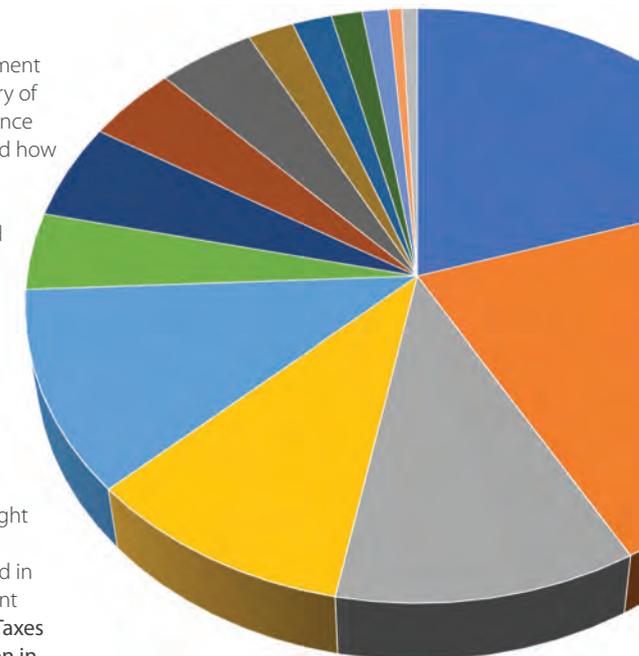
The Government used to send a printed annual summary to taxpayers that outlined how much Income Tax and National Insurance individuals paid in the last financial year and how these contributions were used in government spending. Since 2020 this information has been available online via your Government Gateway account or you can request a paper copy from HMRC.

We last looked at the summary for the 2021/22 financial year, so we thought it might be interesting to revisit the latest numbers.

According to the ONS statistics published in November 2024, in 2023/24 the government received a total of **£282 billion in Income Taxes (PAYE and Self-Assessment)** and **£181 billion in National Insurance** contributions. These taxes made up around 39% of the £1,098 billion total current receipts in 2023/24. Spending, known as total managed expenditure, in 2023/24 was £1,223 billion. The difference between these two numbers is public sector net borrowing (excluding public sector banks) – commonly known as the deficit. This was £125 billion in 2023/24.

This compares to £230 billion in Income Tax (PAYE and Self-Assessment) and £161 billion (NI contributions) in 2021/22 when the total receipts figure was £918 billion.

The diagram shows how the Government spent the money it raised through Tax and NI in the financial year to 5 April 2024.



| | |
|---|-------------|
| Health (20.2%) | - £221bn |
| State Pensions (11.4%) | - £124.6 bn |
| National Debt Interest (11.1%) | - £121.1 bn |
| Defence (5.2%) | - £56.8 bn |
| Public Order & Safety (4.4%) | - £47.7 bn |
| Housing and utilities e.g. street lights (1.8%) | - £19.9 bn |
| Culture e.g. sports, libraries, museums (1.2%) | - £13 bn |
| Overseas Aid (0.7%) | - £7.2 bn |
| Welfare (21.6%) | - £236.3bn |
| Education (10.2%) | - £111.5bn |
| Business & Industry (4.2%) | - £45.6 bn |
| Transport (4.2%) | - £46.2 bn |
| Government Administration (2.1%) | - £22.8 bn |
| Environment (1.4%) | - £15.3 bn |
| Outstanding payments to the EU (0.6%) | - £6.5 bn |

MGTS Qualis Funds - Performance Update



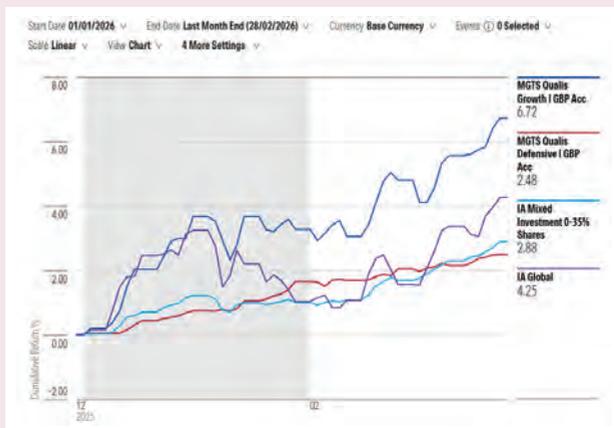
The MGTS Qualis Funds entered 2026 with strong momentum following an impressive 2025. A defining theme across both portfolios has been disciplined diversification, with performance driven by a broad range of uncorrelated positions rather than dependence on any single macroeconomic call.

In **MGTS Qualis Defensive**, that approach delivered an 8.28% return in 2025, beating its benchmark by 0.26%, while also achieving the lowest drawdown in its sector. Returns were driven by a combination of flexible credit exposure, carefully selected alternatives and a cautious stance on government bonds, where fiscal uncertainty kept the portfolio underweight duration-sensitive sovereign risk.

That same resilience has carried into 2026. By the end of February 2026, Qualis Defensive was up 2.48%, marginally behind its equity-heavier sector benchmark. Alternatives have been especially important, with YFS Argonaut Absolute Return and YFS Kernow Equity Navigator both making strong contributions, while Man Global Credit Value has added to returns from the bond sleeve. The fund remains positioned for resilience as volatility persists.

MGTS Qualis Growth has followed a similarly deliberate path, but through regional equity positioning. In 2025 the fund returned 14.74%, outperforming the IA Global sector by 3.92%. The main drivers were an underweight to expensive, concentrated US equities, a reduced exposure to the US dollar for sterling investors, and overweights to regions with stronger valuation support, including Emerging Markets, Europe and Japan.

That positioning has remained beneficial in early 2026, as ex-US markets have led global returns. By the end of February, Qualis Growth was up 6.72%, outperforming its benchmark by 2.47% and ranking in the first quartile both year to date and over the prior 12 months. Across both strategies, active allocations, valuation discipline and genuine diversification continue to drive outcomes.



Source: Morningstar – www.morningstar.com

Disclaimer

This article does not constitute investment advice or an offer to sell or a solicitation of an offer to buy the products described within. You should consult your financial adviser before making any decisions.

Please note that any performance figures are provided for information purposes only and are not a guide to future returns. The performance of your own investments may deviate due to a number of factors, including product charges, the timing of contributions & withdrawals and portfolio rebalancing.

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GWAAM is authorised and regulated by the Financial Conduct Authority and is entered on the Financial Services Register <https://register.fca.org.uk/> under FRN 960226.

Rural Seminar Review

Greaves West & Ayre recently hosted two highly successful and well attended Rural Seminars, bringing together clients and sector specialists for insight, discussion, and practical guidance.

The first seminar took place at **Berwick Rugby Club on 26 February 2026**, followed by a second event at **Musselburgh Rugby Club on 3 March 2026**.

Across the two sessions, we were delighted to welcome **more than 100 clients**.

Both events featured presentations from **William Cleland** and **Matthew Taylor/ Joseph Findlay**, Partners at GWA, alongside **Andrew Alexander**, Chief Investment Officer and Fund Manager, at GWA Asset Management, and **Dan Bullen**, Independent Financial Adviser at GWA.

At the **Berwick** seminar, we were joined by guest speakers **Nigel Parmenter**, Partner/ Chartered Surveyor, and **Jack Frater**, Agricultural Consultant from Edwin Thompson, as well as **Jeremy Pope**, Trader at ADM Milling Ltd.

For the **Musselburgh** event, we were pleased to welcome **Martin Rennie**, Agricultural Consultant and Director from Galbraith.

Each seminar delivered a strong blend of practical insight, technical guidance, and sector specific discussion offering real value to professionals working across rural business, agriculture, and land based industries. A lively Q&A session followed the presentations at both venues, giving attendees the opportunity to explore topics in greater depth. Questions ranged from tax planning and succession considerations to land management, investment strategy, and current market pressures.

Electronic copies of the Rural Seminar presentations are available to GWA clients. Please contact us if you would like to request a copy.



Dates for the Diary

The annual agricultural shows across East Lothian, the Borders and Northumberland offer a great chance to catch up with our clients, associates and friends. We are pleased to support both the **Haddington Show** and the **Border Union Agricultural Show** again this summer.



Haddington Show - Saturday 27 June 2026

We are delighted to be joint Show sponsors once again this year, alongside our colleagues from Turcan Connell. We look forward to welcoming many of you on the day for an informal catch up over our ever popular hog roast and refreshments.



Border Union Agricultural Show, Kelso - Friday 24 & Saturday 25 July 2026

The BUAS is a key fixture in our diary, and we look forward to welcoming many of you to our stand over the two days for refreshments and hot lunch on the Friday.

Further information and an e invitation will follow nearer the time.



Happy Retirement Douglas!

This year sees the departure of one of our long standing partners, **Douglas Gould**. Douglas, who is based in our Haddington Office, retires on 31 March. We recently took some time to chat to him about his long career.

Douglas trained with a firm in Edinburgh qualifying before going on to work in the audit department of one of the "Big 4". He joined N C Campbell & Co in 1991 and was appointed a Partner in 2002. Douglas remained a Partner in the firm when N C Campbell & Co merged with GWA in 2016.

Commenting on his retirement Douglas said, "When I first came to work in the Haddington office 33 years ago I could not have envisaged how different the world of accountancy would look on my retirement. The world of paper, pen and extended trial balances has been replaced by keyboards, screens and software.

It is now time to hand over the baton to a younger generation. Who knows what changes they will see in the coming years? Whatever

these are, I am certain that they will take these changes in their stride and that I leave my clients in very capable hands.

As I leave to spend more time in my garden it remains for me to thank all of the team I have worked with over the years. I could not have done it without them. In particular I would like to mention the Haddington team, some of whom have been on the journey with me all the way since 1992.

I wish my clients and everyone at GWA every happiness and success in the future."

Everyone across Greaves West & Ayre and our Three Counties offices would like to thank Douglas for his service over the years, and we all extend our very best wishes to him for a long, healthy, and happy retirement.

At GWA, we are always proud to support and engage with the vibrant communities across Berwick-upon-Tweed, North Northumberland, and the Scottish Borders. These past few months have been no exception, with our team actively involved in a wide range of local events and initiatives.

We were delighted to support **Berwick Bowling Club** with the refurbishment of the green edge, helping to ensure the green remains playable for years to come.

In January 2026 we welcomed Amanda Simmister from the **Great North Air Ambulance Service (GNAAS)** to our Berwick office. Amanda was presented with a cheque from the funds raised by our annual **Christmas Jumper Day** held in our Berwick and Three Counties Offices on 23 December 2025, which raised £350.00.

Our Haddington Office donated their funds to **Social Bite** a charity that provides housing, food and jobs for the homeless.

The Point to Point season started with us supporting **Berwickshire Races** at Friars Haugh, Kelso followed by **College Valley and North Northumberland** at Ratcheugh, Alnwick.

Staff Community Outreach Initiative

Through our own Staff Community Outreach Initiative, we have supported:

- **Eyemouth Squirrels** - Robyn Younger
- **Yetholm Primary School** - Sarah and Wendy Strathdee
- **Eyemouth Beavers** - Alisdair Hamilton



Berwick Bowling Club



Great North Air Ambulance Service (GNAAS)



Eyemouth Squirrels



Eyemouth Beavers



Yetholm Primary School

Staff News



Welcome

As our practice continues to expand, we are delighted to welcome several new colleagues to our team. Each brings a wealth of knowledge, fresh expertise, and genuine enthusiasm to our offices.

Janet Foulkes joined our Administration Team in the Haddington office at the end of last year.

In January, we welcomed **Kenny Boyd** to our Wealth Management Team as a Financial Adviser.



Au Revoir

Partner, **Douglas Gould** retires at the end of March 2026 and you can read more on page 10.



Well Done

Congratulations to **George Opelt**, who has earned his ACA qualification.

Spring Holidays and Office Closures

APRIL **Good Friday, Friday 3 April 2026:**
All offices - CLOSED

Easter Monday, Monday 6 April 2026:
All offices - CLOSED

Back to business: **Tuesday 7 April 2026**

MAY **May Day Holiday, Monday 4 May 2026:**
All offices - CLOSED

Spring Bank Holiday, Monday 25 May 2026:
All offices - CLOSED

At all other times you can call or email us
using our usual contact details.



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