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

May 2025

4 Strategies to Help You Weather the US Tariff Increases

There may be opportunities ahead

The US tariff saga has caused turmoil across global financial markets. Even though the UK's main rate is a relatively low 10% (25% on British cars), many are concerned about what the effects will be on global supply chains, pricing and business confidence.

What could this all mean for your business? Read on as we look at 4 strategic areas.

1. Protect Your Sales from Falling Confidence

When uncertainty rises, both consumers and businesses tend to hold off on spending – especially on goods and services they see as non-essential. Even if you don't sell internationally, your customers might pull back. That could mean fewer orders, delayed projects, or reduced repeat business.

What you can do:

- Focus on customer retention. You could consider offering flexible options, smaller packages or promotions that keep work flowing. Staying visible and keeping communication open are also key.
- Think creatively about how you present the value of your business to customers, so that they see your products or services as something they can't do without, even in lean times.
- Review your sales mix: do you rely heavily on one or two customers or sectors that might be vulnerable?

Tip: Review your last 6 months sales. Are there any signs of slowing down? Consider doing a quick check-in with your top 5-10 customers this month – a short email or phone call can uncover valuable information and strengthen the relationship at the same time.

2. Track Your Costs

Tariffs add costs all along the supply chain. Even if you buy from UK suppliers, they may be importing parts, packaging or materials that are now more expensive. Your costs could rise quietly. Even if the increases are small, they can add up over time and erode your margins.

What you can do:

- Look at setting up a cost tracker for the things you buy and monitor it on a monthly basis. Just a spreadsheet can do the job – if you need help we can help you to set this up.
- Then, review your profit margins and consider whether you need to adjust your own pricing.

Tip: If you haven't done a cost review in the last six months, now's the time. We can help you to compare supplier prices or look at your gross margin trends.

3. The UK May Respond – Which Could Create Opportunities

The UK government has been consulting on whether to introduce retaliatory tariffs. This could mean more changes to the cost or availability of goods, particularly if you rely on imports. But it could also create new opportunities – especially if UK-made goods become more competitive or if others pull out of markets you could move into.

What you can do:

- Look out for new local suppliers who may become more competitive if tariffs rise.
- Explore whether any competitors are stepping back from markets or products you could step into.
- If you manufacture or source items in the UK, consider whether the changing conditions could allow you to promote "locally made" or tariff-free products more effectively.

Tip: Uncertainty often leads to hesitation. If you're able to act quickly, you might spot growth opportunities that others miss. Stay informed and curious.

4. Stay Focused on What You Can Control

There's a lot of noise and uncertainty and with so much change happening globally, it's easy to feel like your business is at the mercy of outside forces. While you can't control tariff decisions or market reactions, you can stay proactive in how you respond.

What you can do:

- Review your cashflow and key costs regularly. Even a simple monthly check-in can help you spot trends early.
- Keep communication open with customers and suppliers so you're not surprised by any changes.
- Take time to assess where your business is most exposed, whether that's in pricing, sourcing of materials or services, or customer demand.

Tip: Now is a good time to revisit the basics – know what you spend, what you earn, and how long you could keep going if things got tight. Even simple tracking can give you clarity and confidence.

Final word

While the tariffs may feel far away, their effects could come closer to home quickly. So, it's an important time to pay attention to what is happening and look out for any early indications that your business could be affected. We are here to help you stay ahead of the curve and make informed decisions.

Do you need help spotting the risks (or opportunities) for your business? Get in touch and let's talk it through.

New Companies House ID Checks

What they mean for you

From 8 April 2025, Companies House has launched a new identity verification system as part of changes under the Economic Crime and Corporate Transparency Act 2023.

If you're a director, person with significant control (PSC), or someone who files on behalf of a company, this applies to you.

What’s Changing

Everyone involved in setting up or running a UK company will soon need to verify their identity, either:

- Through their GOV.UK One Login, or
- Via a registered Authorised Corporate Service Provider (ACSP) - like us.

ACSPs have been able to register since 18 March 2025 with individuals being able to start verifying their identity via GOV.UK from 8 April 2025.

While verification is currently voluntary, it will become a legal requirement later in the year, likely autumn 2025. For existing companies, it will be built into the confirmation statement process.

How We Can Help

As your accountant and an approved ACSP, we can handle the identity verification for you. That means:

- No need to manage GOV.UK logins or extra admin.
- We’ll complete the checks and ensure they’re properly recorded.
- You’ll be compliant ahead of the deadline.

This is especially useful if your company has multiple directors or PSCs.

If we already look after your company filings, we’ll be building ID checks into our work over the next few months.

If you currently look after your own company filings and would like help, please get in touch. We would be happy to help you!

MTD for Income Tax: Less Than a Year to Go

If you're a sole trader or landlord with annual income over £50,000, a major change is coming your way. From 6 April 2026, you may be required to keep digital business records and submit quarterly updates to HM Revenue and Customs (HMRC) under Making Tax Digital (MTD) for Income Tax.

This is one of the biggest shifts in Self Assessment since it was introduced, and it will mean significant changes in how you manage your accounts.

What’s Changing?

Under MTD for Income Tax, affected individuals must:

- Keep digital records using MTD-compatible software.
- Submit quarterly updates of income and expenses to HMRC.
- File an end-of-year digital tax return (replacing the annual Self Assessment tax return).

MTD aims to move the tax system towards more frequent, digital reporting. While some businesses may find it helps with financial organisation and reduces errors, it also means a shift away from the once-a-year tax return process that many are familiar with.

Some of the potential challenges could include:

- Additional administrative burden, with four quarterly update submissions plus an end-of-year tax return.
- Requirement to purchase or subscribe to compatible accounting software, if you don't do so already.
- A learning curve for those less familiar with digital bookkeeping.

For many sole traders and landlords, the biggest adjustment will be the need for regular digital record-keeping rather than dealing with tax in one go at the end of the year.

What Happens Next?

MTD is gradually being introduced so that it will eventually be a requirement for any self-employed individual or landlord with qualifying income over £20,000.

- From April 2026, self-employed businesses and landlords with qualifying income over £50,000 will need to comply with the new MTD requirements.
- From April 2027, the threshold falls to £30,000.
- From April 2028, it drops again to £20,000.

The qualifying income threshold refers to total income from self-employment and property (before any expenses or allowances are deducted).

HMRC is currently encouraging businesses to join a testing programme, which allows participants to familiarise themselves with the new system before it becomes mandatory. During testing, there will be no penalties for late quarterly updates, making it a safer time to learn the process.

How We Can Support You

Whether you want help choosing software, setting up your digital records, or simply understanding what's changing, we're here to guide you through the transition. Every business will be different - some may need only minor tweaks to their processes, while others may face a bigger adjustment.

If you'd like to discuss how MTD will affect you, or how best to prepare, please get in touch.

New neonatal care law now in force

Are you ready to respond to requests?

The Neonatal Care (Leave and Pay) Act 2023 came into force on 6 April 2025. This law provides a new leave and pay entitlement for parents with a baby in neonatal care.

Depending on how long their baby is in neonatal care, parents will now have the right to have up to 12 weeks leave and pay. This right is in addition to other time off and pay.

Who is the leave and pay available to?

The time off is available to the birth parent, father or partner, spouse, civil partner or adoptive parent.

When can the leave be taken?

A parent with a baby up to 28 days old that is admitted to neonatal care is eligible for up to 12 weeks leave. The leave must be taken within 68 weeks of the baby's birth.

How do parents need to inform their employer?

Parents can self-declare and should contact their workplace HR representative to go through the specifics of their personal situation.

Acas has provided some helpful guidance on the new law, which can be found here.

Do You Employ Workers in the Gig Economy?

Right to work checks now required

There are new legal requirements to carry out checks confirming that anyone working in their name is eligible to work in the UK. Previously, these requirements did not apply to ‘gig economy’ and zero-hour workers.

The gig economy refers to short-term, flexible or freelance jobs where workers are paid per “gig” or task, rather than receiving a regular salary or long-term employment contract. These arrangements are often popular in the construction, food delivery, beauty salon and courier service sectors.

Businesses hiring workers in the gig economy will need to ensure they have systems in place to check the status of workers they hire. Failing to comply could result in fines of up to £60,000 per worker, business closures, director disqualifications and potential prison sentences of up to 5 years.