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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.

March 2026

Spring Forecast 2026

What does the OBR's latest forecast mean for you?

During a week dominated by news of the Middle East conflict, on 3 March 2026, Chancellor Rachel Reeves presented the Spring Forecast to Parliament. The Chancellor told MPs she had "restored economic stability" as she presented the Office for Budget Responsibility's (OBR's) economic forecasts.

The Chancellor focused on how the government's policies are delivering economic growth, particularly when looking at Gross Domestic Product (GDP) per person. However, the OBR's report indicates a more nuanced picture and notes that the fiscal context for the next Budget will remain challenging.

The OBR's forecast was being finalised as the conflict in the Middle East escalated. The OBR warned that this conflict could have a "very significant" impact on the global and UK economies.

Summary of economic outlook

The main points from the OBR were:

- Gross Domestic Product (GDP) growth is expected to slow from 1.4% in 2025 to 1.1% in 2026. This is 0.3 percentage points lower than the OBR's November 2025 forecast. However, GDP growth is expected to pick up to an average 1.6% a year from 2027 to 2030.

- Real GDP per person is forecast to grow at an average rate of 1.1% a year between 2026 and 2030. This is an indicator of changes in average standards of living and is marginally higher than in the November forecast.

- The unemployment rate is forecast to rise from 4.75% in 2025 to a peak of 5.3% in 2026. The OBR says this is mainly due to those entering the workforce finding it harder to secure jobs in a period of subdued hiring. They expect unemployment rate to ease back to 4.1% by 2030 but note that the impact of AI on future employment makes longer-term forecasts less certain.

- Public sector net borrowing is projected to fall from 5.2% of GDP in 2024/25 to 4.3% of GDP in 2025/26. It is then forecast to decline gradually over the medium term to reach 1.6% of GDP in 2030/31.

As part of the government's policy of one major fiscal event a year, the Chancellor announced no new tax or spending policies. However, the OBR's forecasts do provide some early clues about future tax and spending pressures.

What does the Spring Forecast tell us about tax?

From a tax perspective, the OBR's report points to a tax environment that will feel increasingly heavy over the rest of the decade. Taxes as a share of GDP are projected to climb to 38.5% by 2030-31, a post-war high.

Much of this increase comes from the freeze on income tax thresholds, which will continue until April 2031. Combined with rising wages, this means more people are being pulled into paying higher tax rates, even if their circumstances have not changed.

The state pension creates an interesting complication: from 2027/28 it is expected to exceed the personal allowance, bringing an estimated 600,000 more people into tax in 2026/27 and around 1 million by 2030/31. The government has said it does not intend for pensioners whose only income is the basic or new state pension to pay income tax during this Parliament. However, the final details on this policy and how it will work in practice have not yet been announced.

The OBR notes that the increase in employer national insurance contributions, which took effect last April, is also playing a significant role in the higher tax take. These increased costs are potentially feeding into business hiring decisions at a time when unemployment is forecast to rise to 5.3% in 2026.

Self assessment payments are also expected to rise sharply in 2026/27, partly due to the non-domiciled tax regime being abolished in 2025/26 and a subsequent temporary repatriation facility being offered. If you have overseas income or assets, it is still important to carefully review your tax planning.

The strong performance of UK equity shares in recent months means that the OBR are expecting receipts from capital taxes to rise. If you hold UK equity shares, this may be a good time to review your holdings and consider whether crystallising gains now, rebalancing your portfolio and/or making use of available allowances would put you in a better tax position. Any such planning needs to carefully navigate what are known as 'bed and breakfasting' rules (effectively selling to repurchase), so please do get in touch if this situation applies to you.

The practical message from the OBR's report is that tax planning is becoming ever more important, and capital taxes and transactions are likely to remain on the government's radar. For individuals and businesses, this means keeping a closer eye on allowances, thinking about the timing of income and gains, and making sure you are using the reliefs available. Reviewing arrangements such as pension contributions, profit extraction techniques, and the way assets are held within a family may also lead to simple, practical steps that could help to keep future tax bills under control.

Please do talk to us if you would like any personalised help in optimising your tax position.

New FCA Rules for Buy Now Pay Later

Regulation will commence in July 2026

Unregulated Buy Now Pay Later (BNPL) agreements will fall under full FCA regulation from 15 July 2026. For the first time, BNPL lenders will need to meet the same expectations as other consumer-credit providers. With almost 11 million UK adults using BNPL in 2024, according to an FCA survey, this is a significant change.

The changes aim to provide clearer protections to individuals who rely on BNPL regularly and may be at risk of taking on commitments they cannot repay.

What protections are being introduced?

Once the rules take effect, BNPL businesses will have to comply with the FCA's Consumer Duty. This includes the following changes:

- Clearer information – Customers must be given clear, upfront details of what they are signing up to, including repayment dates, amounts, and what happens if a payment is missed.
- Affordability checks – Lenders will need to check that a customer can afford the borrowing before they offer BNPL.
- Support when needed – Lenders will need to offer support to customers who are in financial difficulty and direct them to free debt-advice services, where that is appropriate.
- Complaints and compensation – Customers will be able to take complaints to the Financial Ombudsman Service.

Why BNPL is coming under regulation

BNPL has grown rapidly in recent years, from £0.06bn in 2017 to more than £13bn in 2024.

For many, BNPL provides short-term flexibility and can help with managing cash-flow. However, without affordability checks, there has been a concern that some may be taking on more debt than they realise.

Timescales

BNPL providers will need to have full FCA authorisation. A temporary permissions regime will open from 15 May to 1 July 2026 so that providers can register while they prepare their full application. Once the new regime begins, six months will be allowed for providers to obtain full authorisation.

What this means for businesses

If you use a third party BNPL provider, you may see some adjustments to the way you interact with customers as new affordability checks are introduced.

Your BNPL provider will likely let you know about the needed changes in good time. However, since a failure on their part could reflect negatively on your business, it would be worth staying aware of these changes so that you can check that your provider will comply with the new rules.

Salary Sacrifice: Good for Employers and Employees

What are the advantages for your business?

With costs rising, many employers and employees are looking for practical ways to reduce outgoings without cutting benefits. Salary sacrifice can be an excellent tool to do this, but many businesses overlook it.

In short, salary sacrifice lets an employee give up part of their gross salary in exchange for a benefit such as a pension contribution, an electric car or a bike. Because the exchange happens before tax and National Insurance (NI), both sides can save money while staff gain a more attractive package.

A proposed cap on National Insurance relief for pension contributions received heavy publicity after the Autumn Budget 2025 announcement. However, the cap will not come into force until 6 April 2029. Until then, the advantages existing under the current rules remain available.

For employers, salary sacrifice can be an effective way to enhance benefits, improve recruitment and retention, and reduce tax costs. For employees, it can make benefits they value more affordable at a time when cash flow really matters.

If you want to understand how the numbers stack up for your business, we would be happy to help you calculate and compare the tax and NI position and show you exactly how salary sacrifice could work in practice for you and your team.

Draft CBAM Rules Published

What administrative demands will CBAM bring?

The government has published the draft secondary legislation for the UK's Carbon Border Adjustment Mechanism (CBAM), which is due to go live on 1 January 2027. This is an important development for UK businesses importing affected materials.

What is CBAM?

CBAM has already been introduced in the EU and will apply a carbon price to certain imported goods to reduce the risk of "carbon leakage". This is the concern that emissions-intensive production simply shifts overseas when the UK tightens its own environmental standards.

UK importers of goods from the aluminium, cement, fertilisers, hydrogen, and iron and steel sectors as well as downstream producers that use these goods in their supply chains are likely to be affected by CBAM.

CBAM is scheduled to begin on 1 January 2027, and the primary legislation for this has already been included in Finance Bill 2025-26. The new draft rules include the legislative requirements that are associated with administering the tax.

What the draft rules cover

The draft legislation includes details on:

- Calculation of the CBAM rate.
- The availability of carbon price relief that can reduce the amount of CBAM charged.
- The administrative requirements relating to registration for CBAM
- What information must be included on CBAM tax returns and related record keeping.
- Details on the reimbursement arrangements.
- How the weight of a CBAM good will be defined and record keeping.
- What records importers need to keep

In short, if you import goods that are affected by CBAM, these rules give you a look at the administrative workload CBAM will introduce.

What's next?

The documents are open for technical consultation until 24 March 2026, and HMRC is looking for feedback on whether the draft rules are workable in practice.

To review the draft rules and the consultation in full, see here.

New Fuel Finder Scheme Launched

Petrol and diesel price comparison may help to reduce costs

Drivers can now compare fuel prices from every petrol station in the UK, thanks to a new government scheme designed to make fuel costs more transparent and to encourage greater competition between forecourts.

Beginning last week, every garage and fuel station must report its petrol and diesel prices to a central government database within 30 minutes of changing them. This data is then made available to apps and websites that motorists can use.

This means that apps such as PetrolPrices, Waze, MyRAC, and the AA app, as well as some in-car navigation systems and online map services can now pull in up-to-date pricing.

Motoring groups say that there can be differences of up to 20p per litre depending on where in the country petrol or diesel is bought. The Competition and Markets Authority (CMA) has also observed that fuel retail prices tend to “rise like a rocket but fall like a feather.”

If your business involves regular car travel, this could be a simple way to help keep your fuel costs down.

Could a Fiscal “Traffic Light System” Help Your Business Cut Through Uncertainty?

How to bring more structure to decision making

A leading think tank has criticised the fiscal rules that the Chancellor uses to determine the government’s tax and spending plans. The Institute for Fiscal Studies (IFS) has suggested that reducing complex finances to a pass-or-fail number misses the bigger picture.

The Treasury, on the other hand, has said that the rules are helping to keep borrowing costs down and support long-term investment.

Of course, which view is correct when it comes to managing the country’s finances could be an endless debate. However, the IFS proposal brings up an interesting idea that many businesses are using with success.

The IFS proposals

The IFS are advocating moving to a fiscal “traffic light” system. Rather than judging the economy against the one requirement for “headroom”, a broader set of indicators should be assessed. And given a green, amber or red status.

Why this idea might feel familiar to businesses

This traffic-light idea is something many businesses already use informally. For instance, it’s very common to track financial health and business performance using a dashboard of red, amber and green indicators.

Business owners can get an ‘at-a-glance’ look at the different areas of the business and quickly flag potential problems.

Applying a traffic-light system to your own business

A simple set of indicators is often all that is needed. Three or four core measures can help to assess the business and check its day-to-day resilience. For example:

- Cash flow - green if you have several months' operating expenses covered; amber if cash is tightening; red if you're relying on short-term borrowing.
- Debt levels - green if repayments are comfortable; amber if interest is creeping up; red if refinancing is looming or facilities are nearly maxed out.
- Profitability - green if margins are holding; amber if costs are rising faster than prices; red if losses are recurring.
- Sales pipeline - green if opportunities are converting; amber if lead volumes drop; red if future revenue is unclear.

Businesses using a traffic-light approach tend to make decisions earlier - whether that's tightening costs, adjusting pricing, or negotiating with lenders. It also helps everyone in the business get a picture of what's happening without necessarily needing to dive into pages of accounts.

If you would like help building a simple financial traffic-light dashboard tailored to your business, we would be happy to work with you in developing something that is based on the metrics that matter most to your business.

Employment Rights Act

What is changing first?

A new website has been launched by the Department for Business and Trade (DBT) offering practical guidance and support on the changes that the Employment Rights Act will introduce and what they can do to get ready.

The website provides details of upcoming changes, including several that come into force from April 2026. These include:

- Statutory Sick Pay - No earnings threshold and no three-day waiting period mean more employees will now qualify.
- Day-one family leave - Paternity Leave and Unpaid Parental Leave a right from the first day in a job.
- Bereaved Partner's Paternity Leave - A new right for time off following the death of a child's mother or primary adopter.
- Collective redundancy protections - The protective award for non-compliance is being increased.
- Stronger protections for workers who report sexual harassment.
- A new body called the Fair Work Agency will work to uphold workers' rights and support businesses with compliance.

The website includes details on how to prepare for changes and a timeline of when further changes will be introduced. It can be found here and would be well worth saving to your browser favorites.