

## Government to increase company size thresholds



The Government is raising the monetary thresholds that determine company size by 50% as part of a drive to cut complexity and regulatory burden, particularly for non-financial reporting.

The government plans that the new thresholds will come into effect for financial years starting on or after 1 October 2024. The new thresholds will be:

- Micro entity: Turnover not more than £1 million (currently £632,000)
- Small company: Turnover not more than £15 million (currently £10.2 million)
- Medium company: Turnover not more than £54 million (currently £36 million)
- Large company: Turnover above £54 million

The balance sheet total thresholds will also increase proportionally.

To qualify as a micro, small, medium or large company, an entity must meet two of the three criteria set out in this table:

	Micro entity		Small company		Medium company		Large company	
	Current	New	Current	New	Current	New	Current	New
<b>Annual turnover</b>	Not more than £632k	Not more than £1m	Not more than £10.2m	Not more than £15m	Not more than £36m	Not more than £54m	£36m+	£54m+
<b>Balance sheet total</b>	Not more than £316k	Not more than £500k	Not more than £5.1m	Not more than £7.5m	Not more than £18m	Not more than £27m	£18m+	£27m+
<b>Average number of employees</b>	Not more than 10		Not more than 50		Not more than 250		251+	

### Impact of the Changes

- Around 132,000 businesses will be taken out of non-financial reporting requirements.
- Around 13,000 medium-sized companies will transition into the small companies' category, enabling them to potentially benefit from audit exemptions and file simpler accounts.

### Additional Measures

- The government plans to remove requirements for information companies must set out in their annual reports and make it easier for companies to file digitally.
- Later in 2024, the government intends to consult on amending the definition of a medium-sized company, potentially increasing the maximum employee threshold from 250 to 500.
- Consultations will also explore exempting medium-sized companies from producing a strategic report and taking smaller public interest entities out of audit tendering and rotation requirements.

In summary, the UK is significantly increasing the company size thresholds to reduce the regulatory burden on businesses, particularly smaller and medium-sized enterprises.

While the increased thresholds may lighten regulatory burdens, they could also impact aspects such as transparency, accountability, and investor confidence.

Therefore, it is imperative for businesses of all sizes to remain well-informed about these changes and understand how they will impact their reporting requirements and compliance responsibilities.

**For more information, please contact Gary Brown, [gary.brown@hwb-accountants.com](mailto:gary.brown@hwb-accountants.com) 023 8046 1240.**



## Mandatory payrolling of benefits from 2026 – what you need to know

HM Revenue and Customs (HMRC) has announced that from 6 April 2026 it will become mandatory for employers to payroll benefits in kind provided to their employees. It is crucial for businesses to understand the implications and prepare for this significant change.

### Understanding the Change

- From April 2026, employers will be required to report benefits through payroll software, streamlining the process and reducing administrative burdens.
- This shift aims to simplify the tax system and modernise reporting practices, aligning with HMRC's efforts to enhance efficiency and accuracy in benefit reporting.

### Considerations

- Employers must review their systems and processes to ensure compliance with the new mandatory payrolling requirements.
- Data management will be critical, necessitating real-time reporting of benefits and expenses to meet the standard monthly payroll cycles.
- Increased PAYE risk underscores the importance of accurate reporting to avoid potential penalties for compliance errors.

### Impact on Employees

- You should communicate upcoming changes clearly to employees, explaining how these changes may affect their cash flow and tax obligations.
- Employees receiving benefits in kind should be informed about potential adjustments in their PAYE codes and how this may impact their tax liabilities.

### How HWB Can Help

- HWB is ready to assist clients in navigating these changes, offering expert guidance on preparing for mandatory payrolling of benefits in kind.
- You can rely on HWB's experienced team of advisers to provide tailored solutions that add value to your business and ensure compliance with HMRC regulations.

In conclusion, as HMRC moves towards mandatory payrolling of benefits in kind from April 2026, clients partnering with HWB can rest assured that they have a dedicated team of professionals ready to guide them through this transition smoothly and efficiently. By staying informed and proactive, clients can leverage this change as an opportunity to enhance their financial processes and ensure compliance with evolving tax regulations.

**For further information or assistance please contact James Alesbury, [james.alesbury@hwb-accountants.com](mailto:james.alesbury@hwb-accountants.com) 023 8046 1222.**

## HMRC fee protection

Did you forget to renew your tax enquiry fee protection?

There is still time to protect yourself from an HMRC investigation:

<https://www.hwb-accountants.com/services/fee-protection-service/>

## Download our 2024/25 tax card here:

<https://www.hwb-accountants.com/news-guides/tax-cards/tax-card-2024-2025/>



## Owner managed business: Key trends and challenges in 2024

A comprehensive report into challenges faced by small and medium-sized enterprises (SMEs) in 2024 has been compiled from a survey conducted by ACCA (Association of Chartered Certified Accountants) of SMEs and small and medium-sized accountancy practices (SMPs).

Global economic volatility continues to loom large with 58% of businesses identifying higher costs as the most pressing concern. Growing costs, continued high inflation, static interest rates, supply chain issues, cost of materials, cautious consumer spending and higher wage demands are continuing to cause unrelenting pressure.

The workforce landscape for SMEs has undergone significant shifts with hybrid and flexible working now the norm. Attracting and retaining talent remains a major concern, with one-third of businesses reporting increased job vacancies for professional workers and 14% unable to find suitable candidates for clerical roles.

The importance of sustainability for small businesses remains paramount. Embracing sustainable practices is not merely an ethical choice but a strategic one that yields multifaceted benefits. Sustainability reporting has gained prominence, with almost 50% of SMEs being requested to provide environmental, social and governance (ESG) information.

Businesses are accelerating the use of technology to improve efficiency and gain a competitive edge, with 87% of business owners planning to utilise more automation and AI tools to assist with hiring, as well as streamlining payroll and bookkeeping and making transactions digital.

Innovation and the development of new products or services is a priority for 31% of businesses, emphasising some commitment to innovation. Linked to this is the importance of skills development, with 39% focusing on management skills and 27% on digital skills as critical to drive future strategy. Any business owners who feel they may be struggling may wish to note these key survival strategies:

- Accelerate digital transformation
- Keep on top of financial data
- Focus on what can be influenced
- Prioritise cash collection and credit risk management
- Watch for early warning signs and act decisively
- Take professional advice

**Please talk to Michaela Johns, Director at HWB on 023 8046 1256 or [michaela.johns@hwb-accountants.com](mailto:michaela.johns@hwb-accountants.com) for more business advice**

# Changes to UK company law

Changes to UK company law, introduced as a result of the Economic Crime and Corporate Transparency Act, include several key adjustments aimed at enhancing transparency and accountability in the corporate sector. Significant changes, effective from 4 March 2024 include:

## Rules for registered office addresses

- ❑ Companies must have an 'appropriate address' as their registered office
- ❑ PO Boxes cannot be used as registered office addresses
- ❑ Companies not complying, risk being struck off the register

## Registered email address requirement

- ❑ All companies must provide a registered email address to Companies House
- ❑ This email address is not made public but is crucial for official communication
- ❑ Failure to maintain an appropriate email address is considered an offence

## Statement of Lawful Purpose

- ❑ Subscribers (shareholders) must confirm they are forming the company for a lawful purpose
- ❑ Confirmation of intended future lawful activities is required on the confirmation statement
- ❑ Non-compliance may lead to action against the company

These changes aim to improve transparency, data accuracy, and compliance with legal standards within the UK corporate landscape. Also on the horizon, individuals who register companies or file with the Registrar will need to verify their identity to confirm that they are who they claim to be.

## How we can make your lives easier

As a business owner, you will find that few things in your line of work are as precious as your time – time that would be better spent doing something other than accounting.



Many people come to us asking for help with tasks that usually result in time slipping through their fingers. If that rings true with you, it might be opportune to consider offloading some of that work outside of your expertise in order to give yourself back the time you need. 'Company secretarial' doesn't mean answering calls and managing your appointments for you; this service ensures corporate governance, administration and compliance with legislation, laws and regulations that govern companies.

Our company secretarial service abides by Companies Act 2006, while stringently maintaining records relating to the board, the company and its shareholders.

We can take care of incorporating your company with Companies House, offer a registered office and service address for the directors to ensure your details stay out of the public domain.

By outsourcing these responsibilities to our experienced team, you ensure your incorporated business is following sound business practices and fulfilling your legal obligations.

**For more information, please contact Nick Whitmore, [nick.whitmore@hwb-accountants.com](mailto:nick.whitmore@hwb-accountants.com) 023 8202 7498**

## Change in Companies House fees

Companies House fees increased from 1 May 2024. These fee adjustments are part of an annual review to ensure they cover the cost of services provided without generating profits. The changes affect various services such as company incorporation, registration, confirmation statements, change of name, registration of charges, voluntary strike off, and more. The new company incorporation and registration fees are set out in the following table:

Transaction	Channel	Old fee	New Fee
Confirmation statement (CS01)	Digital / Paper	£13 / £40	£34 / £62
Change of name	Digital / Paper / same day	£8 / £10 / £30	£20 / £63 / £83
Voluntary strike off	Digital / Paper	£8 / £10	£33 / £44

A full list of the new fees can be viewed at: <https://changestoukcompanylaw.campaign.gov.uk/changes-to-companies-house-fees/>

## Know the limits on Inheritance Tax

Gemma Hedges, Tax Director, says you should be aware of your Inheritance Tax (IHT) position so you can plan accordingly, making the process less onerous for your executors and potentially saving your loved ones thousands of pounds.

A common misconception is the view that estates worth less than £1m are below the IHT threshold. There is a maximum tax free allowance of £1m per couple, but it is not available to everyone.

The rules are complex, but broadly everyone is entitled to a nil rate band of £325,000. Not everyone is entitled to the residence nil rate band (RNRB) of £175,000.

Total maximum allowances available will depend on your marital status and whether you have children, as follows:

- ❑ £325,000 - unmarried with no children
- ❑ £500,000 – unmarried with children
- ❑ £650,000 – married couple with no children
- ❑ £1m – married couple with children.

The RNRB has a number of conditions for qualification, so its availability will depend on when you die, who inherits your estate, how much your total estate is worth, whether you own or owned a home and if you did, how much it is worth.

**Please talk to Gemma Hedges, Director at HWB on 023 8046 1259 or [gemma.hedges@hwb-accountants.com](mailto:gemma.hedges@hwb-accountants.com) for more IHT advice.**

# Trio run for Mountbatten Hampshire



A team of trainee accountants from HWB took part in the recent Southampton Half Marathon, raising funds for Mountbatten Hampshire. They were, from left: Taylor Vane, Danny Hockin, and Tiam Bakhtiar. The trio raised £750 for this great cause, our charity of the year. This takes our total to £8500.

## Business Advisory promotions

Will Churcher, Jenny Cull and Brendon Reis, pictured with Managing Director Tracy Jenkins, have all been named as Business Advisors as our firm strives to strengthen its business strategy and planning offering.



Tracy said: "These promotions are part of our continued growth and succession planning for the future."



Nick Whitemore, pictured with Managing Director Tracy Jenkins

## Promotion for Nick

Nick Whitemore, pictured with Managing Director Tracy Jenkins, joined HWB as Senior Business Advisor in October 2022 and has been promoted to Associate Director, a little over a year after he joined the practice.

Nick works closely with a wide range of client types, including individuals, owner-managed businesses, small and medium-sized enterprises (SMEs) who are seeking accounts, advice and tax services.

## Steven right on cue for Albania tournament



Audit Senior Steven Hughes put his work on hold for a week by flying to Albania to participate in the biggest event on the world amateur snooker calendar. He took part in the World Snooker Federation (WSF) Championship tournament and, although he won one match, he went out at the group stage.

## HWB seminars

We are busy adding to our regular events for 2024. You can register online here:

[www.hwb-accountants.com/events](http://www.hwb-accountants.com/events).

If you've missed any of our previous events, you can catch up via our YouTube channel. It is also home to useful guide videos: [www.youtube.com/@HWBAccountants](https://www.youtube.com/@HWBAccountants)

Don't miss An Evening With Francis Benali on Thursday 19 September at Thornden Hall, Chandler's Ford.

Franny, Southampton FC legend and prodigious charity fundraiser, is our guest of honour raising funds for Mountbatten Hampshire.

**Tickets £24 from [www.hwb-accountants.com/events/](http://www.hwb-accountants.com/events/)**

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