

05 October 2026

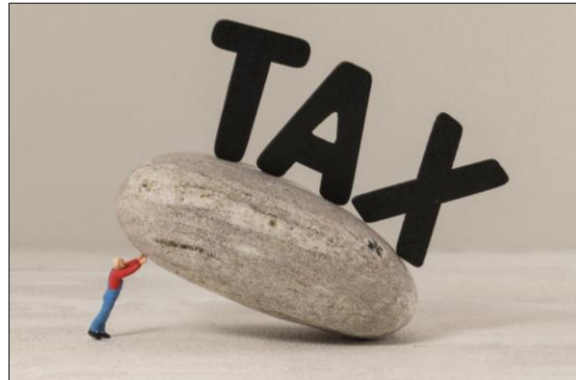
BUSINESSNEWS–Roundup

Welcome to our weekly roundup of the latest business news for our clients [Please contact Cedar + Co.](#) to talk with us about how these updates may affect your business. We are here to support you!

Businesses worry legislative tax burden is increasing

The annual report from the Administrative Burdens Advisory Board (ABAB) shows a slight improvement in HMRC's performance but there is a rising concern over legislative burden and continued difficulties with communication channels.

The 'Tell ABAB report 2025 to 2026' represents the views of the small business community and provides detailed research to HMRC on their policies and procedures.



Legislative burden and impact

One highlight of the report was the growing concern that complying with the tax rules was becoming increasingly unwieldy. A significant 61.6% of respondents said the legislative burden had worsened over the last 12 months, with 62.8% saying they had been impacted by legislative changes.

MTD

There was a more positive perception of Making Tax Digital (MTD) for Income Tax than last year, although only slightly. Respondents said that MTD was expected to have less impact on cost and time than reported in 2025, with approximately 43% saying it would have no significant effects compared with 27% in 2025.

In spite of this, 27.2% still expected to incur significant costs. The vast majority of respondents (60.1%) felt that there are no benefits to MTD for Income Tax, a view broadly in line with the opinions reported in 2025 (65.2%).

It is worth noting that the survey was carried out before the first filing deadline for those mandated to use MTD for Income Tax from April 2026.

HMRC communications and guidance

For the last few years, HMRC have received poor scores on their communications. This year, satisfaction levels for telephone and webchat services have gradually increased, but they still receive a mixed feedback.

Across all services, except for the HMRC app, the largest group of respondents continued to rate usefulness as 'poor'. Fifty-five per cent regarded the telephone service as poor, along with 46% for the webchat service.

The largest group of respondents for the HMRC App service rated it as 'average'.

Regarding HMRC's guidance documents, 31.3% felt that it was helpful, with only 14.4% considering it unhelpful.

Most startling were the responses from those who had started a business in the last 12 months. An overwhelming 72% of those respondents said the guidance did not help them complete their task (an increase from 56.6% in 2025).

Customer experience

The majority of respondents said their experience with HMRC over the last 12 months had not changed. Only 6.0% remarked that their customer experience had improved, while a substantial 31.4% said it had worsened.

Taxpayers continued to find helpline responses not up to scratch, with 47.2% saying that response times were poor, although this improved by 8.3% from 2025.

Only 3.9% of respondents rated the response times as very good.

AI use

The ABAB found that the use of generative AI for tax queries continued to rise. 32.4% reported having used systems such as ChatGPT or CoPilot to seek an answer to a tax query, up from 10.9% in 2025.

Worryingly, 61.1% felt they received an answer which resolved their query, although 7.2% of those then reported that the answer was, in fact, not reliable.

The survey had a record 10,195 responses, up from 3,146 last year. 88% of responses came from businesses and 12% from agents.

If you have issues communicating with HMRC or need help with their guidelines, [please contact us](#); we're here to help.

Have you checked your labour supply chains?



New laws from the beginning of the month make it critical for companies that rely on subcontractors, agency staff or complex labour supply chains to review their compliance procedures to identify employees who do not have the right to work in the UK.

Employers can be sent to jail for five years and pay an unlimited fine if found guilty of employing people who the employer knew or had 'reasonable cause to believe' did not have the right to work in the UK.

The Border Security, Asylum and Immigration Act 2025 came into force on 1 October 2026 and will extend Right to Work obligations. The new framework means that companies can no longer assume that 'self-employed' individuals or subcontracted employee arrangements sit outside the regime.

To protect themselves, companies must have processes for verifying workers' identities.

If checks are conducted as prescribed by the Home Office in legislation and statutory codes of practice in force at the time the check was made, employers will have a statutory excuse against the liability of a civil penalty.

The Home Office points out that the ability to work without permission is a driver of illegal migration. This can expose individuals to exploitation and abuse, including modern slavery. It may also have an adverse impact on compliant employers and the wider labour market, including through unfair competition and breaches of employment and tax laws.

To find out more, the Home Office's draft employer's guide to right to work checks, read here.

<https://www.gov.uk/government/publications/right-to-work-checks-employers-guide/draft-employers-guide-to-right-to-work-checks-16-july-2026-accessible>

UK's productivity puzzle solved by statistical overhaul

Last month the UK's labour productivity figures doubled. This wasn't an example of workers becoming more diligent and industrious; it resulted from a modernising in the way the Office for National Statistics (ONS) gathered its figures.

The UK has long been an international outlier when it comes to productivity, with the ONS reporting that between 2009 and 2019 productivity annual growth was 0.7%. The new figures for the same period are nearly double that at 1.3%.



This overhaul of how it is measured follows years of concern that the country's labour market data has been inaccurate.

Labour productivity, commonly measured as output per hour worked, is one of the most important indicators of economic performance because it shows how efficiently labour is being used. Before the 2008 financial crisis, UK productivity grew by around 2% annually, but officially it collapsed to just 0.7% a year between 2009 and 2019.

This 'productivity puzzle', it turns out, was due to flaws in statistical measurement.

After years of research and following recommendations made by the Organisation for Economic Co-operation and Development (OECD) as far back as 2018, the ONS accepted that some of the problem lay in how labour input was being measured.

While Gross Domestic Product (GDP) and Gross Value Added (GVA) figures remain unchanged, the ONS estimates of hours worked have been improved significantly. It seems that not taking account of holidays, for example, has proved critical to the miscalculations.

What was the problem?

A key issue stemmed from the long-running Labour Force Survey (LFS), which asked individuals how many hours they had worked in the previous week. The weaknesses in this approach were that employees often struggled to recall their actual hours and tended to report their usual or contracted hours instead.

The problem was compounded when one household member answered on behalf of others.

Falling survey response rates created further distortions. During periods such as July and August, when many workers were on holiday, missing responses were often assumed to reflect normal working patterns rather than reduced hours because of annual leave. As response rates declined, particularly in recent years, this has led to a growing overstatement of hours worked across the economy.

The consequence was significant. If total output is divided by an inflated number of hours, productivity appears weaker than it really is. The ONS believes this measurement issue partly explains why UK productivity growth looked lower than that of comparable countries.

New approach

To address these shortcomings, the ONS has developed a new 'component approach' that combines information from several datasets rather than relying heavily on a single survey.

Under the revised methodology, estimates of jobs are drawn from the Workforce Jobs series, which is based on employer data and better captures those working in the UK economy. These figures are supplemented with HMRC's Real-Time Information (RTI) payroll records, which provide near real-time data on employees on company payrolls.

The approach to measuring hours worked has also changed substantially. Instead of asking workers to recall actual hours worked in a particular week, the ONS now uses usual working hours from the Annual Survey of Hours and Earnings (ASHE). It then adjusts these figures using information on annual leave, sickness absence, unpaid overtime and other factors that affect actual working time. Additional employment information comes from the Business Register and Employment Survey (BRES) and quarterly business surveys.

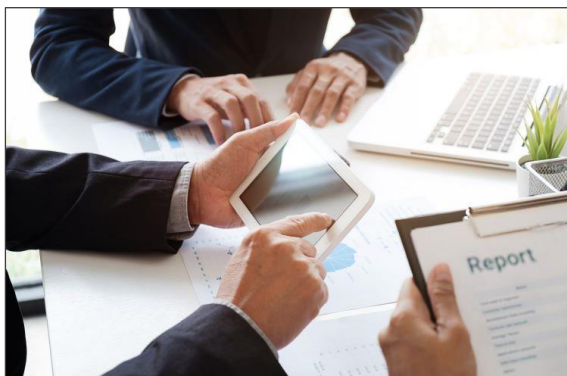
This combination of administrative records and business surveys follows international best practice and creates a more robust picture of labour input.

The new analysis suggests that average hours worked have fallen more sharply since the financial crisis than previously thought. As a result, productivity growth per hour was stronger than earlier estimates indicated.

A productivity slowdown remains, but the scale of the puzzle has effectively been cut in half.

For businesses, the takeaway highlights the importance of accurate data. Reliable statistics provide a clearer understanding of economic performance and offer a stronger foundation for decisions on investment, innovation and growth.

Consultation on modernising corporate reporting



A new consultation that proposes loosening the rules on company reporting standards could both benefit companies and give cause for concern.

The consultation, 'Modernising Corporate Reporting to support long-term economic growth', proposes reforming the corporate reporting framework. Proposals include extending the audit exemption to some medium-sized companies, replacing the current distributable profits regime with a

solvency-based approach and tightening micro-entity reporting.

The wholesale review of the corporate reporting framework is intended, says the government, to support economic growth and strengthen the UK's international competitiveness.

The government has built the consultation around five key principles:

- **Clarity of purpose:** the purpose of the annual report and accounts should be to provide financially material and decision-useful information to investors and creditors.
- **Flexibility and trust:** companies should be trusted to tell their own business story and tailor disclosures to the needs of investors and creditors.
- **Simplicity and coherence:** reporting requirements should not be duplicated across company law, accounting standards and regulatory rules.
- **Proportionality:** reporting requirements should reflect company size, ownership structure and economic impact, ensuring costs are justified by benefits.
- **Fit for the future:** the government wants the UK's legal framework to support business for the next decade and beyond.

The central proposals for consultation include clarifying who the annual report and accounts are for by reaffirming that they are a document primarily intended for investors and creditors.

Streamlining and simplifying

The proposals intend to simplify which companies are required to report different types of information and create a lighter regulatory load for Small and Medium-sized Enterprises (SMEs).

Some of the proposals include streamlining the range of accounting standards available for use by UK companies to four main standards and allowing certain medium-sized companies to qualify for an audit exemption, which could be extended to give reporting exemptions to smaller companies.



The proposal places a greater emphasis on self-regulation, something that might concern consumers and businesses

For example, the consultation proposes replacing the 'true and fair presumption' for micro-entities with an obligation to prepare accounts that comply with 'micro-entity standards' and introduce a new voluntary assurance standard, pitched at a level designed to give lenders confidence in SME accounts.

The government wants to create a streamlined legislative framework that moves detailed requirements out of the law and into relevant standards, including making the financial reporting law clearer and more coherent.

- Other proposals include:
- Moving corporate governance reporting from company to group level and removing or simplifying certain remuneration reporting requirements.
- Replace the complex rules on distributable profits and capital maintenance with a solvency-based regime.
- Proposals would require companies to make a statement that the dividend will not affect the company's ability to continue as a going concern.

- Simplify remuneration and corporate governance reporting.
- Embrace digital communications.

The government has said that any relevant changes may also apply to Limited Liability Partnerships (LLPs).

The consultation closes on 30 November 2026. The full consultation details and questions can be found here: <https://www.gov.uk/government/consultations/modernising-corporate-reporting>

New export financing for Brazil, Morocco and Mexico



Overseas buyers will be offered a new UK Export Finance loan guarantee to incentivise buying goods and services from British companies. The UK Export Finance pilot initiative, worth up to £5 billion, will help British exports gain a foothold in high-growth economies like Brazil, Morocco and Mexico, creating jobs and stimulating growth back home.

The Flexible Finance pilot product will see select buyers who operate in fast-growing economies like Brazil, Morocco and Mexico,

where British exports could be greater, access loans on more flexible terms to incentivise buying British.

It will cover up to 80% of a commercial loan for select overseas buyers and the government hopes that it will give British businesses more export opportunities. Unlike UKEF's existing guarantees, this product will give borrowers greater flexibility in how they use funding.

[Please do contact us if you would like to talk about any of the articles.](#) We are here to support you and your business!

Written 2 October 2026