



TAX BRIEFING

AUTUMN 2025



CUNNINGHAM GRANT
CHARTERED ACCOUNTANTS

Cunningham Grant Chartered Accountants
Unit G6 | The Granary Business Centre | Coal Road | Cupar | Fife | KY15 5YQ
01334 657799
info@cunninghamgrantca.com | www.cunninghamgrantca.com

ADVISORY FUEL RATES

If you reimburse fuel or charging costs for employees using a company car for business travel there will be no taxable profit and no Class 1A national insurance, provided the mileage amount paid does not exceed the advisory rates

From 1 September 2025 the advisory rates per mile for non-electric vehicles are:

Engine size	Petrol	LPG
≤1400cc	12p	11p
1401cc - 2000cc	14p	13p
> 2000cc	22p	21p

Engine size	Diesel
≤ 1600cc	12p
1601cc - 2000cc	13p
> 2000cc	18p

The new rates can be applied to journeys taken from 1 September, however you can continue to use the previous rates until 30 September 2025.

Previously, the advisory rate for electric vehicle charging was the same no matter where charging occurred. As of 1 September, using a public charger will attract a higher reimbursement rate than charging at home or another private charging location. This change reflects the additional cost of charging in a public location, such as a motorway service station or hotel, when travelling for business.

From 1 September 2025 the advisory electric rates for fully electric cars are:

Charging location	Electric
Home	8p
Public	14p

Hybrid cars may be treated as petrol or electric for these purposes.

CLASS 2 NIC ERROR UPDATE

The issue affecting many self-employed taxpayers in relation to Class 2 national insurance contributions (NICs) is unlikely to be resolved before the end of September

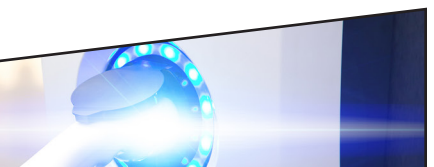
From the 2024-25 tax year, self-employed individuals with profits in excess of £6,725 no longer need to pay Class 2 NICs. Instead those taxpayers will receive a national insurance credit to secure their access to contributory benefits such as the state pension.

Earlier this year it was reported that several taxpayers had been sent letters by HMRC telling them that their tax return for 2024-25 had been amended to add a Class 2 NIC liability. This was an error by HMRC and the department has been working to put it right.

In the latest update, HMRC says that it has already corrected the

Class 2 NIC position of taxpayers where the information it holds allows. It will correct the remaining records when the issue has been resolved, which is unlikely to be before the end of September, and those individuals will be notified. Some taxpayers will then be sent a new SA302 tax calculation which they will have 30 days to query.

If you receive a letter from HMRC 'correcting' your NICs to the original (correct) figure, no further action will be needed and you will not be sent a new SA302.





HMRC has also confirmed that until the issue has been fixed, erroneous Class 2 NIC letters will continue to be sent to taxpayers, but any incorrect adjustments will be reversed before they affect the 2024-25 tax liability. These letters can also be ignored.

Any individuals who have made a payment for

the additional NICs incorrectly charged by HMRC will receive a refund or a credit added to their self assessment account.

If you have received a letter from HMRC in relation to your 2024-25 Class 2 NIC liability, we can help you decide what action – if any – you need to take.

WINTER FUEL PAYMENT CLAWBACK

Thousands of eligible pensioners will receive a Winter Fuel Payment this winter. Whether or not you can keep the money will depend on your taxable income

If you were born before 22 September 1959 and you live in England, Wales or Northern Ireland you could get up to £300 to help with the cost of heating your home this winter. This is known as the Winter Fuel Payment. If you live in Scotland you may be able to claim the Pension Age Winter Heating Payment instead.

Eligible individuals in England and Wales will receive a letter from HMRC in October or November telling them how much Winter Fuel Payment they will receive and which account the money will be transferred into. This will usually be the same account as your state pension or other benefits. The amount is based on when you were born and your circumstances between 15 and 21 September 2025. Other benefits will not be affected by the Winter Fuel Payment.

If you do not receive a letter and you think you should be eligible, you need to make a claim. We can help you with this.

You will only be entitled to keep your Winter Fuel Payment if your total taxable income is less than £35,000

Don't spend it all at once

You will only be entitled to keep your Winter Fuel Payment if your total taxable income will be less than £35,000 for the tax year ending in April 2026. This includes income from pensions but not income that is not taxed, such as interest from an ISA. There is a tool to check whether your income is over the threshold on the HMRC website. Where an individual's income exceeds the threshold, HMRC will take the Winter Fuel Payment back either by changing their tax code for the 2026-27 tax year or adding it to the self assessment tax return for 2025-26.

The clawback is all or nothing, meaning that if taxable income is even £1 over the £35,000 threshold, all of the Winter Fuel Payment will be lost. It is possible to opt out of receiving the payment but deadline to opt out for this winter was 15 September 2025.

MAKING TAX DIGITAL FOR INCOME TAX - EXEMPTIONS

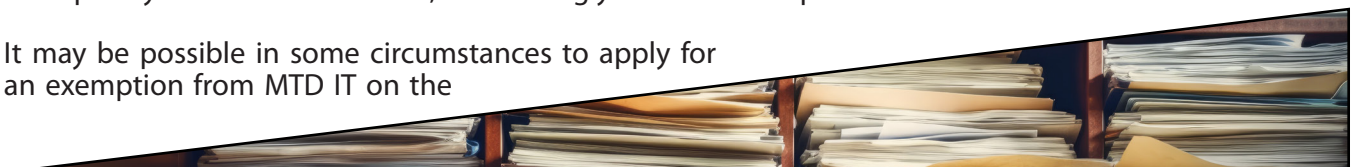
In just over six months the first group of taxpayers will be required to join HMRC's Making Tax Digital for income tax (MTD IT) programme

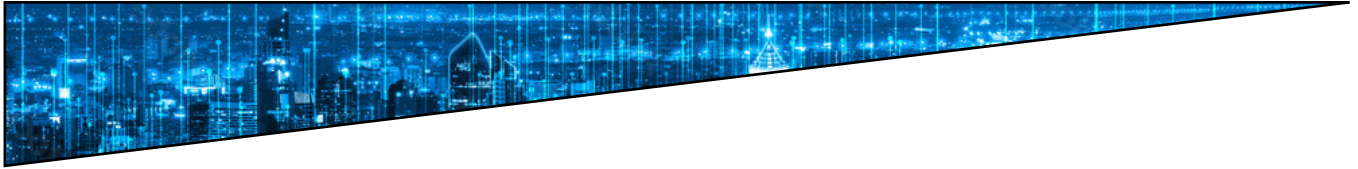
Some individuals may be able to avoid this by claiming an exemption.

Self-employed taxpayers and landlords with qualifying income of £50,000 or more on the 2024-25 tax return will be required to comply with MTD IT from April 2026. This means they will have to maintain digital records; send quarterly updates to HMRC; and submit an annual tax return via MTD-compatible software.

Some types of income are exempt from MTD. These include partnership income and qualifying care income. This does not mean that partners and carers are automatically exempt, as any other qualifying income, for example if you are also a landlord, could bring you into the scope of MTD IT.

It may be possible in some circumstances to apply for an exemption from MTD IT on the





grounds of 'digital exclusion'. This applies to practising members of a religion whose beliefs are incompatible with using electronic communications or keeping electronic records; or those for whom it is not 'reasonably practicable' to comply with MTD IT due to age, disability, location or any other reason.

An application will need to be made to HMRC for digital exclusion from MTD IT, even where the taxpayer already has a digital exclusion exemption from MTD VAT. Further details on who might qualify for digital exclusion and how and when to apply are expected in due course. HMRC has said that it expects the number of digitally excluded taxpayers to be low. If you think you might be eligible, contact us to discuss your situation and, if appropriate, we can help you with your application when the information is available.

We have been preparing to help clients navigate MTD IT for some time

We have been preparing to help clients navigate MTD IT for some time. If you are self-employed or a landlord and your total gross income from trading and/or property is £50,000 or more on your 2024-25 tax return, we can help you get your business MTD-ready.

COMPANIES SPARED FROM MAKING TAX DIGITAL

HMRC has confirmed that companies will not have to comply with the requirements of Making Tax Digital (MTD) for corporation tax (CT) purposes

No start date had been set for MTD for CT, under which companies would have been required to maintain digital records; send quarterly updates to HMRC; and submit an annual corporation tax return via MTD-compatible software. According to HMRC's latest transformation roadmap the plans to bring companies into the scope of MTD have now been officially abandoned.

Instead, a range of new digital services will be introduced during 2025-26 and HMRC is 'developing an approach to the future administration of CT that is suited to the varying needs of the diverse CT population'.

Plans to bring companies into the scope of MTD have now been officially abandoned

Although offering a temporary reprieve for companies, HMRC remains committed to digitalisation across the tax system. It is still a good idea to keep digital records where possible to improve efficiency and ensure that your company is prepared for future compliance needs.

This does not affect MTD for income tax, which is still due to go ahead from April 2026 for self-employed individuals and landlords with qualifying income above £50,000.

Companies that are required to comply with the digital requirements of MTD for VAT will still be expected to do so.

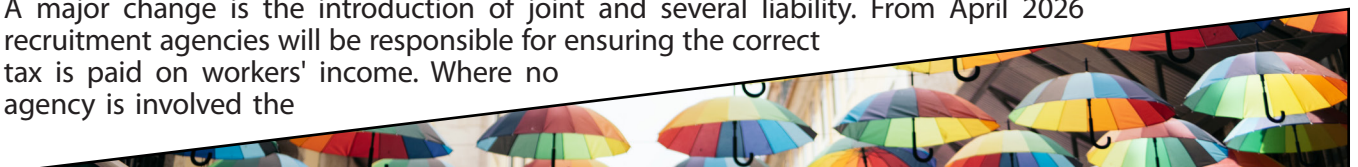
TACKLING NON-COMPLIANCE IN UMBRELLA COMPANIES

HMRC has published draft legislation aimed at tightening rules around umbrella companies in a bid to increase accountability, protect workers and ensure the correct tax is paid across the labour supply chain

Umbrella companies are often used by temporary or contract workers who are paid through them, rather than directly by recruitment agencies or end clients.

The new rules are designed to target tax avoidance practices sometimes used by non-compliant umbrella companies, such as paying workers partly in 'loans' or non-taxable allowances to reduce or avoid income tax and national insurance. The legislation, which is still in draft form, clarifies that these arrangements are not legal and workers in such roles should be taxed as if they were regular employees.

A major change is the introduction of joint and several liability. From April 2026 recruitment agencies will be responsible for ensuring the correct tax is paid on workers' income. Where no agency is involved the





end client will be liable. This means that if an umbrella company fails to pay the correct taxes HMRC can pursue any other parties in the labour supply chain for the unpaid amount.

This change is intended to make all parties take greater care in who they work with.

If you or your business regularly interact with umbrella companies as a worker, an intermediary or the end client, contact us to discuss how these changes will affect you.

CRYPTOASSET REPORTING FRAMEWORK

From January 2026 UK businesses facilitating cryptoasset exchanges must collect user and transaction data and report it to HMRC under the new cryptoasset reporting framework (CARF)

The first report, which will cover the period from 1 January to 31 December 2026, must be submitted to HMRC by 31 May 2027.

If you hold cryptoassets (such as bitcoin; stablecoins; and non-fungible tokens) you will need to give certain personal details to every cryptoasset service provider you use, to make sure you are paying the right tax.

The information includes:

- name, address, and date of birth;
- tax residence;
- national insurance number or tax reference; and
- summary of crypto transactions.

Failure to provide this information may result in a fine of up to £300. Service providers face fines of up to £300 per user for incomplete or inaccurate reporting.

The self assessment tax return for 2024-25 includes new boxes for reporting gains and losses from cryptoassets separately from other assets. The CARF will allow HMRC to reconcile taxpayers' records with information received from service providers to ensure the correct amount of tax is paid.

If you own (or have owned) cryptoassets, contact us to discuss what you need to report to whom and confirm you are meeting your tax obligations.

BUSINESS AND AGRICULTURAL PROPERTY RELIEFS

Draft legislation has been published giving more insight into how and when proposed restrictions to two major inheritance tax (IHT) reliefs will be implemented

At Autumn Budget 2024 the Chancellor announced plans to reform business property relief (BPR) and agricultural property relief (APR). Draft legislation published on 21 July 2025 gives more detail on how the restrictions will operate.

Existing wills may need to be rewritten and/or assets transferred between spouses

The NRB is the amount you can pass on when you die without suffering IHT. Any unused NRB can be inherited by your spouse and added to their own NRB. Crucially, the £1m allowance for BPR and APR is not transferrable between spouses in the same way. This means that existing

From 6 April 2026, the first £1m of combined business and agricultural assets will continue to attract IHT relief at 100%. For assets over £1m, the relief will be halved to 50%. This means that assets qualifying for BPR and/or APR will suffer IHT at an effective rate of 20% on what used to be tax-free. The BPR for qualifying Alternative Investment Market shares will be reduced from 100% to 50% with no £1m allowance.

wills may need to be rewritten and/or assets transferred between spouses to make optimal use of the allowance. We can help you with this.

The new rules will apply to deaths from 6 April 2026, but transitional rules could affect gifts from 30 October 2024. The legislation is still in draft form and an update is anticipated in the Autumn Budget on 26 November 2025.

According to the draft legislation the £1m limit will gradually increase over time to keep up with inflation, beginning in 2029-30 when the current 20-year freeze on the nil-rate band (NRB) is due to end.