AUTUMN BUDGET

The Autumn Budget will take place on 28 October, when the Chancellor will outline the Government's latest plans.

FREE AI WORKSHOPS

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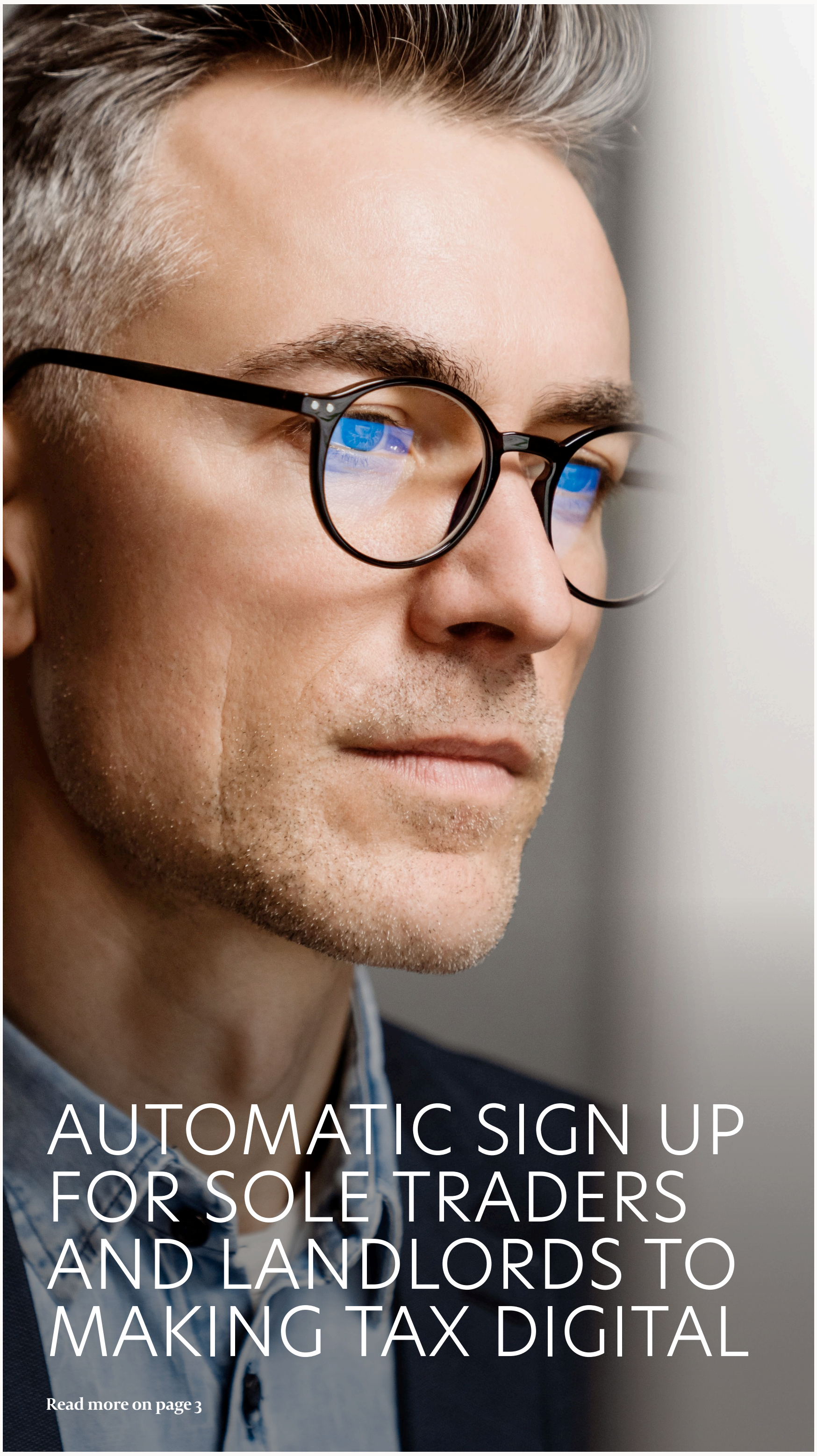
WHO IS...

Get to know Hannah Henson, our new Senior Administrator for the K2 Group.

SUM'IT.

AUGUST 2026



AUTOMATIC SIGN UP FOR SOLE TRADERS AND LANDLORDS TO MAKING TAX DIGITAL

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K2 GRANTHAM IS ON THE MOVE

K2 relocates to Kempton House on Kempton Way, providing a fresh, modern base with more space to accommodate our expanding team.

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MAJOR PENSIONS & IHT CHANGE

Under new rules, most unused pension funds and pension death benefits will be brought within the scope of Inheritance Tax (IHT) when someone dies.

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K2 Accountancy Group

Autumn Budget 2026:
What should business owners be thinking about now?

The date is set. The Autumn Budget will take place on 28 October, when the Chancellor will outline the Government's latest plans for tax, spending and the wider economy.

Between now and then, there will inevitably be plenty of speculation about what could change. Capital Gains Tax, business taxes and the taxation of wealth are all likely to generate headlines in the run-up to Budget Day.

But speculation isn't a strategy.For business owners, particularly those considering a sale, succession or retirement in the coming years, the more useful question is what can be reviewed now.

The tax landscape for business disposals has already changed significantly. Business Asset Disposal Relief (BADR), which can reduce the Capital Gains Tax payable on qualifying disposals, now applies at a rate of 18%. That's up from 14% in the previous tax year and 10% before April 2025.

Whether October brings further changes remains to be seen. What we do know is that preparing a business for an eventual exit takes time.

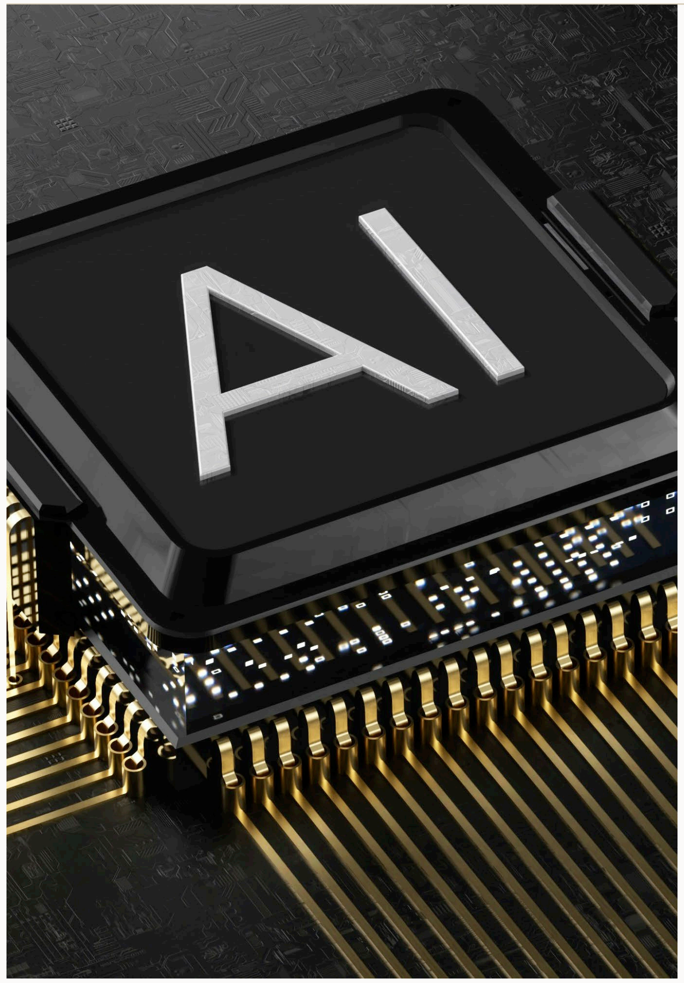
Financial records may need reviewing, the value of the business needs to be understood, and ownership structures, available reliefs and potential issues during due diligence all need consideration. BADR itself has specific qualifying conditions which, in many cases, must have been met for at least two years before a disposal.

An exit doesn't necessarily mean selling the entire business either. Depending on an owner's objectives, succession, a management buyout, transferring ownership within the family or a partial sale could all be part of the conversation.

The important point is not to make major decisions because of predictions about what the Chancellor might announce. It is to understand where you and your business stand before those announcements arrive.

For some owners, the right decision will be to continue building the business. For others, an exit may already be approaching. Either way, having a clear view of the numbers, available options and tax position puts you in a much stronger position to respond.

If a sale, succession or significant change in ownership is already on your horizon, starting the planning conversation early can give you more options, not fewer.



GRANTHAM BUSINESSES INVITED TO EXPLORE THE POTENTIAL OF AI

From cutting down admin to finding smarter ways to work, AI is already changing how businesses operate. Now, Grantham businesses are being invited to find out what it could mean for them.

South Kesteven District Council is launching two free workshops to help local businesses explore practical ways to use AI, whether they're complete beginners or already experimenting with the technology.

The sessions will look at how AI could help save time, improve efficiency and support growth. They'll also tackle the important questions around governance, risk and developing an AI policy, helping businesses understand not just what AI can do, but how to use it responsibly.

The first workshop takes place at Harlaxton Manor on Thursday 17 September, followed by a second session in Stamford on Tuesday 22 September.

Feedback from the pilot sessions will help shape future AI support for businesses across South Kesteven.

This is a chance for local businesses to explore where it could genuinely add value and consider how it might fit into the way they work.

Places are free but must be booked in advance through South Kesteven District Council.

Tax Update

HANG ON, HMRC CAN SIGN ME UP FOR MAKING TAX DIGITAL?

Making Tax Digital (MTD) for Income Tax has reached another important milestone, with more than 436,000 sole traders and landlords successfully submitting their first quarterly update.

But for those who should be using MTD and haven't yet signed up, there is another change on the way.

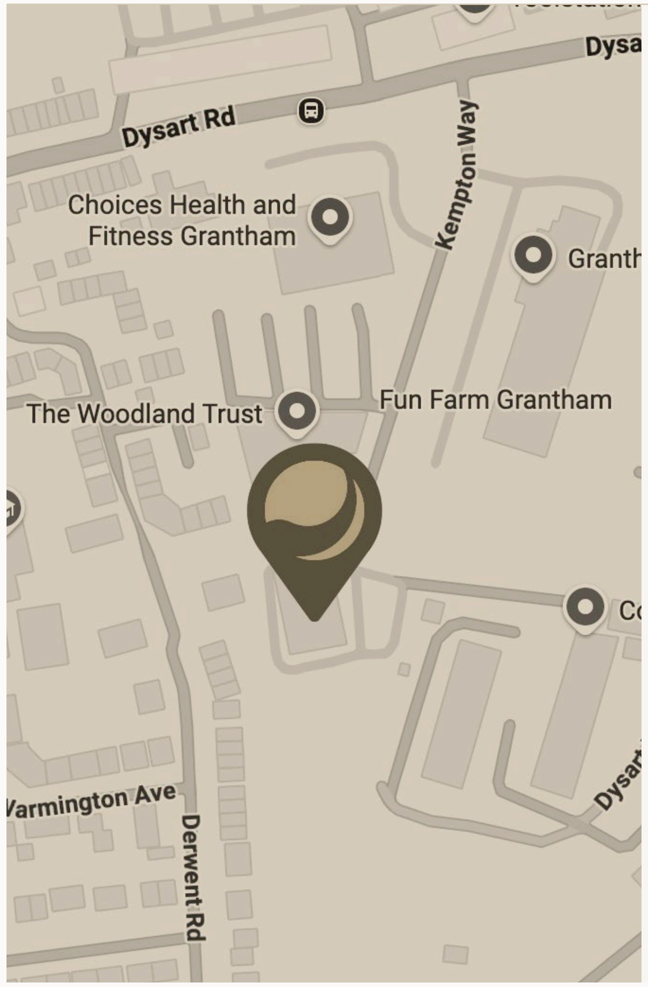
From September, HMRC will begin automatically signing up eligible sole traders and landlords who are required to use MTD for the 2026/27 tax year but have yet to register. HMRC has now published new guidance explaining what to do if you receive a letter confirming you have been signed up.

MTD became mandatory from April 2026 for sole traders and landlords with qualifying income of more than £50,000. Those affected must keep digital records and submit quarterly updates using compatible software.

The threshold will fall again from April 2027, bringing those with qualifying income above £30,000 into the system.

HMRC is encouraging those who should already be using MTD to sign up themselves rather than wait to be contacted, giving them more control over checking their details and choosing suitable software.

One important point for this first year is that no penalty points will be issued for late quarterly updates during 2026/27, although penalties for late tax returns and late payments still apply.



Company Update

K2 Grantham moves to Kempton House

K2 Accountancy Grantham Ltd. is on the move, with the team preparing to settle into a new office on one of Grantham's established business estates.

The move will see K2 relocate to Kempton House on Kempton Way, providing a fresh, modern base with more space to accommodate our expanding team.

While we're not travelling far, the new office represents an exciting next step for K2 in Grantham and gives the team a great environment from which to continue supporting clients across the area and beyond.

Our new address will be:

K2 Accountancy Grantham Ltd.
Kempton House
Kempton Way
Dysart Road
Grantham NG31 7LE

What do you need to do? Nothing at all. There will be no change to the way you contact or work with the K2 team. We look forward to welcoming clients to our new Grantham home.

K Two-nies never say die!

Staff Spotlight

Who is... HANNAH HENSON

What's your role at K2 and what does a typical day look like for you?

I'm the Senior Administrator, so my day-to-day role includes finding ways to add efficiency to our processes, supporting the team / business as a whole, and liaising with Kym for any outstanding enquiries and feeding this back to the team.

How are you finding life at K2 so far?

Really enjoyable and fulfilling, as a fresh pair of eyes I can see where small changes can make big differences.

What do you enjoy most about working at K2?

The team, there is an array of characters, all with their own super skill and everyone is always friendly.

What do you like to do when you're not working?

I wish I could say I enjoyed running or charity white-water rafting; when in reality I spend time at home with my family and see friends for catch-up dinners and cinema visits.

What's your favourite film?

Oh my goodness, I LOVE films! I studied Film at University so enjoy a wide variety. However, my go to will always be The Goonies.

Pensions and Inheritance Tax: a major change is coming

For years, pensions have offered more than an income in retirement. For many families, they have also played an important part in deciding how wealth is passed on to the next generation.

From 6 April 2027, that is set to change.

Under new rules, most unused pension funds and pension death benefits will be brought within the scope of Inheritance Tax (IHT) when someone dies. This means pension wealth that may previously have sat outside an estate could soon contribute towards its overall value for IHT purposes.

The impact could be significant. HMRC estimates that around 10,500 estates will become liable for IHT that would not otherwise have paid it in 2027/28, while a further 38,500 estates are expected to pay more IHT as a result of the change.

That doesn't mean every inherited pension will suddenly face a 40% tax charge. Whether IHT is payable will depend on the value of the overall estate, the allowances and exemptions available and individual circumstances. Certain pension benefits will also remain outside the new rules.

However, the change could alter the way some people think about their retirement savings. Someone who had planned to draw on other assets first and preserve their pension to pass on may find that their existing strategy no longer produces the same outcome.

And April 2027 isn't as far away as it sounds.

For those with significant pension savings alongside property, investments or business assets, this is a good opportunity to review the value of the overall estate and understand how the new rules could affect existing plans.

It doesn't necessarily mean changing those plans. But understanding the position early provides much more time to consider the options – rather than discovering the impact when the new rules are already in place.

Could the changes affect you?

If you're unsure how the new rules could affect your estate or wider tax position, speak to the K2 team about planning ahead.