

# AN UNWELCOME APRIL FOOLS FOR BUSINESS TAX CHANGES

This April Fools' Day was anything but funny for UK businesses - key changes include reduced capital allowances, higher corporation tax penalties and the permanent closure of HMRC's free filing portal.

## CAPITAL ALLOWANCES

Capital expenditure will often qualify for a 100% deduction, but where expenditure does not qualify, then a subsequent annual writing-down allowance (WDA) will be given. For periods commencing on or after 1 April 2026 (6 April 2026 for sole traders and partnerships), the main rate of WDA has been cut from 18% to 14%. This means:

- Most expenditure on cars does not qualify for a 100% deduction, so the WDA reduction effectively results in more tax payable.
- Expenditure on new (not second-hand) zero-emission cars still qualifies for a 100% deduction, although this relief is set to end on 31 March 2027 (5 April 2027 for sole traders and partnerships).

A hybrid rate of WDA will apply for accounting periods spanning 1/6 April 2026.

## PENALTIES

The penalties for filing corporation tax returns late have doubled. The initial late filing penalty is now £200, increasing to £400 if more than three months late.

Where a return was also late for the two preceding accounting periods, the £200 and £400 penalties are respectively increased to £1,000 and £2,000.

## CORPORATION TAX RETURNS

While not an issue for those using an agent, HMRC has closed their free online corporation tax filing service on 31 March 2026. This means:

- Going forward, anyone filing company tax returns with HMRC will need to use commercial software.
- Any changes or amendments to previously submitted tax returns will also have to be made using commercial software.

The closure of HMRC's tax return filing portal means all records previously held online are no longer available. Hopefully, the records have been downloaded, and these should be stored securely.



Companies House was also going to require company accounts to be filed using commercial software from 1 April 2027, but this requirement has now been postponed.

The government's guide to capital allowances can be found [here](#).

#### WE CAN HELP

If you require further assistance, please contact us on **01753 888 211** or email [info@nhllp.com](mailto:info@nhllp.com), we are here to help.