



Swindells accounting update

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Uckfield Office:

Atlantic House, 8 Bell Lane
Bellbrook Industrial Estate
Uckfield, East Sussex, TN22 1QL

Phone: 01825 763366
Fax: 01825 768664

uckfield@swindellsaccounting.co.uk

Seaford Office:

Wilson House
48 Brooklyn Road, Seaford
East Sussex, BN25 2DX

Phone: 01323 892549
Fax: 01323 896279

seaford@swindellsaccounting.co.uk



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NEWS ROUND-UP

A U G U S T 2 0 2 6



HMRC TAX RECEIPTS RISE SHARPLY

HMRC collected £938.8 billion in tax and National Insurance receipts during 2025/26, an increase of 9.3% on the previous year.

Income Tax, Capital Gains Tax and National Insurance remained the largest sources of revenue, together accounting for 59% of total receipts. The figures underline the continued importance of employment and personal taxation to Government finances.

The annual report also details HMRC's work to reduce the tax gap through compliance investigations, debt collection and targeted enforcement. The department continued to invest in data, automation and technology to identify unpaid tax and improve the efficiency of its compliance activity.

Modernisation remained a major focus. HMRC progressed preparations for Making Tax Digital for Income Tax and continued developing digital services for taxpayers, businesses and agents. It also aimed to move more routine enquiries online and reduce reliance on telephone support.

Customer service performance remained under pressure, although HMRC reported further improvements to its digital channels. The department continued to use automation and artificial intelligence in some operational and compliance processes.

HMRC's main priorities during the year were reducing the tax gap, improving customer experience and modernising

the tax and customs system. These objectives shaped its spending plans and operational work.

Alongside tax collection, HMRC administered tax reliefs, repayments and financial support for individuals and businesses. It also managed customs processes and supported international trade.

The report covers HMRC's financial and operational performance for the year ending 31 March 2026, including tax receipts, compliance activity, departmental spending, governance and progress against its strategic objectives.



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your taxes.**

BENEFIT FRAUD BILL REACHES £9.9BN

According to the Department for Work and Pensions' (DWP) latest annual report and accounts, fraudulent benefit overpayments reached £9.9bn in 2025/26.

The overall overpayment rate fell slightly from 3.3% to 3.2% of benefit spending measured for fraud and error. However, the total value increased from £9.4bn to £9.9bn because overall benefit expenditure rose during the year.

Universal Credit continued to account for the largest share of overpayments. The overpayment rate fell from 9.5% to 8.5%, but the cash value increased from £6.2bn to £6.7bn.

Housing Benefit overpayments also declined, falling from 7.2% (£1.1bn) to 6.2% (£800 million). In contrast, Personal Independence Payment (PIP) overpayments almost doubled, rising from £330m to £660m as the overpayment rate increased from 1.3% to 2.3%.

Pension Credit recorded the highest overpayment rate of any benefit at 10%, equivalent to £620m, compared with 10.3% (£610m) a year earlier. State Pension overpayments also increased, rising from £180m to £230m.

The figures were published alongside the Government's review of the PIP system, which concluded the current approach is no longer fit for purpose.

The DWP said its counter-fraud work prevented around £27bn of incorrect payments during the year. It also reviewed 1.2 million Universal Credit claims, identifying and correcting around 250,000 awards, generating estimated savings of £1.1bn.

The department said it remains on course to reduce the overall fraud and error rate across the welfare system to 2.8% by 2028/29.



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MORTGAGE RISES HIT MILLIONS

More than 5 million homeowners are expected to see their monthly mortgage repayments rise by the end of 2028, according to new Bank of England forecasts.

That is 1m more than the Bank predicted in December, with the change linked to the economic impact of the Iran war and higher energy prices.

The Bank's latest Financial Stability Report said the increase should be less severe than the payment shocks seen in recent years. A typical owner-occupier coming off a fixed-rate deal in the next two years is expected to pay around £45 more a month. By comparison, those refinancing between late 2022 and the end of 2024 faced an average rise of £120 a month.

However, some households face a much sharper increase. Around 750,000 homeowners currently paying less than

3% interest are due to come off those deals this year. The Bank expects their repayments to rise by an average of £170 a month.

More than 8 in 10 mortgage customers are on fixed-rate deals, usually lasting two or five years. Their payments stay the same until the deal ends and they choose a new one.

Before the Iran conflict, more than 2m borrowers with two-year fixed deals expiring by the end of 2028 had been expected to remortgage at similar rates, with some seeing repayments fall. The Bank now says falling repayments are less likely.

The war pushed up oil and gas prices after the Strait of Hormuz was closed, increasing inflation fears and raising expectations of higher interest rates. Lenders have passed those higher costs on through mortgage rates.



**Talk to us about
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FCA SETS CRYPTO REGULATION TIMELINE

The UK crypto industry has reached a “significant milestone” after the Financial Conduct Authority (FCA) confirmed new rules for firms operating in the sector.

From October 2027, crypto firms will need to meet tougher standards on financial resilience, market integrity and consumer protection. The regime will apply to trading platforms, intermediaries, custodians, stablecoin issuers and firms arranging staking.

Under the new framework, these firms will need FCA authorisation to operate in the UK. Applications will open from 30 September 2026 and close on 28 February 2027, giving firms time to prepare before the rules become mandatory.

The FCA said the measures follow a series of consultations and are designed to make the regime workable in practice. Changes include simpler capital requirements for

stablecoin firms and trading rules that better reflect how crypto markets operate.

Stablecoins, which are crypto assets designed to hold a stable value, usually by being linked to a currency such as sterling or the US dollar, will be subject to clearer standards. The FCA said this should help build trust in how they are used over time.

The new regime will also introduce market abuse rules covering areas such as insider dealing and market manipulation. Further guidance has been issued on inside information, legitimate market practice, best execution and how firms should monitor trading activity.

Firms safeguarding qualifying crypto assets will face dedicated client asset rules, reflecting the specific risks in the sector.

Until October 2027, the FCA's oversight remains limited to financial promotions and anti-money laundering controls.



Talk to us about your finances.



WANT TO TALK TO AN EXPERT?

If you've found the topics covered in this report to be of interest or you would like to delve deeper into any of them, we welcome the opportunity to engage in a more detailed discussion with you. Our team of experts is always keen to share insights, and we're confident that a conversation with us can provide valuable perspective.

We are also well-positioned to update you on the latest trends, opportunities and challenges in the business world. As we all know, staying ahead of the curve is vital in today's fast-paced business landscape, and we're here to help you navigate it successfully.

If you're considering getting extra support, we invite you to explore the comprehensive solutions we offer.



To schedule a meeting or to get more information, please don't hesitate to contact us.



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