

NEWS ROUND-UP

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ABBEYGATE | ACCOUNTANCY

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UK-INDIA TRADE DEAL CUTS TARIFFS

Britain and India have signed a long-anticipated trade deal that is expected to boost the UK economy by £4.8bn a year by 2040.

Finalised after more than three years of negotiations under multiple governments, this agreement is one of the most significant post-Brexit wins for British trade.

The deal focuses heavily on tariff reductions across a wide range of goods. India will cut tariffs on 90% of UK product lines, including whisky, gin, chocolate, biscuits, cosmetics, lamb, salmon, soft drinks, aircraft parts, medical devices and electrical machinery. Based on 2022 trade data, these reductions will save UK exporters £400m annually from day one.

Tariffs on British whisky and gin, currently at 150%, will drop to 75% initially, and fall further to 40% by the 10th year. For British-made cars, tariffs will fall from around 110% to 10%, though quotas will apply to exports in both directions. In return, the UK will lower tariffs on Indian clothing, footwear and food products, offering consumers greater choices and potentially lower prices.

The deal also includes a reciprocal exemption from national insurance contributions for workers temporarily seconded between the two countries for up to three years. Though this has sparked controversy in the UK, it was a key demand from Delhi and a central sticking point in talks. India's government has hailed the exemption as a "huge win" and a landmark achievement.

Ministers say the deal will strengthen economic ties, open new markets and support industries.

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HMRC STOPS PHONE SUPPORT FOR UTR NUMBERS

From 6 May 2025, HMRC is no longer confirming a taxpayer's unique taxpayer reference (UTR) number over the phone. This change applies to individual taxpayers and agents calling on behalf of clients.

Instead, UTR numbers will only be available through HMRC's digital services via the HMRC app or a personal tax account on gov.uk. Taxpayers familiar with these services should find their UTR easy to locate, as it is displayed in the account. It also appears on documents such as tax returns, notices to file and payment reminders.

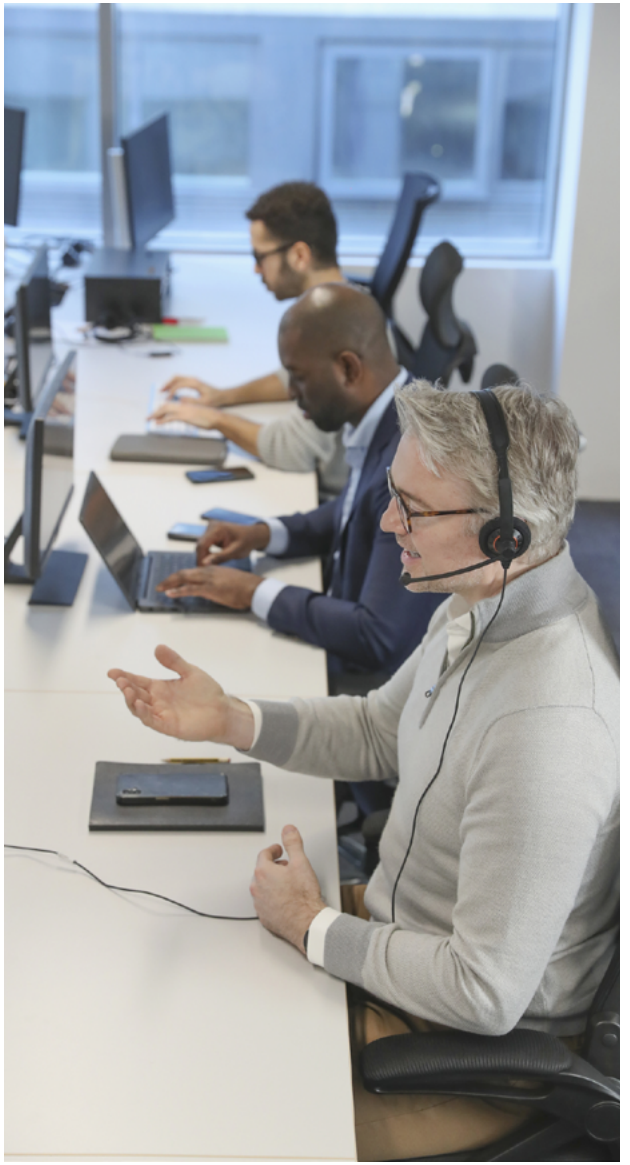
The move is part of HMRC's efforts to strengthen data security and prevent personal information from being given out incorrectly. While the department has notified professional bodies about the change, it has not yet updated public guidance on gov.uk.

HMRC will confirm UTR numbers by post after a series of security checks for those unable to use digital services. This means it could take longer to access the number if it's lost or hasn't arrived within the usual 15-day window after registering for self assessment.

The Association of Taxation Technicians has issued an alert, noting that agents will be pointed to where a UTR can be found, or offered postal confirmation where needed.

All taxpayers need a 10-digit UTR to file a self assessment return, so anyone registering or updating records should plan for possible delays under the new system.

Talk to us about your taxes.





BANK CUTS RATES TO 4.25% AMID SLOW GROWTH

The Bank of England has cut interest rates by 0.25% to 4.25%, aiming to support the UK economy as uncertainty rises. It marks the fourth reduction since August 2024.

The Monetary Policy Committee (MPC) warned that economic growth will likely remain subdued, predicting a further 0.3% slowdown over the next three years. Two members called for a larger 0.5-point cut in a split decision, while two voted to keep rates at 4.5%.

Growth is expected to stall through the rest of 2025, with concerns including the impact of US trade policy and ongoing uncertainty over the UK's future economic direction. The Bank announcement came shortly before the UK government confirmed a new trade deal with the US, which eases tariffs on cars, steel and aluminium. However, the Bank's forecasts do not yet reflect the terms of that deal.

Inflation driven by higher council tax and utility bills will peak at 3.5% in the third quarter. Despite a slightly lower forecast, inflation is not expected to return to the 2% target until spring 2027.

The Bank also flagged the potential impact of the Chancellor's recent £25bn rise in employer national insurance, warning it could affect jobs, wages and prices.

The Trades Union Congress urged faster rate cuts to ease pressure on households and support business investment. Prolonged price rises have weakened consumer confidence, which remains fragile, and further economic recovery looks limited.

Talk to us about this change.

UK UNEMPLOYMENT HITS HIGHEST LEVEL SINCE 2021

Unemployment has risen to 4.5%, the highest level since summer 2021. The figure covers the first quarter of 2025 and marks a 0.2 percentage point increase from the previous quarter.

The rise in joblessness is based on data from the Office for National Statistics' (ONS) Labour Force Survey, which has faced heavy criticism due to declining response rates. However, the ONS said recent updates show "clear improvement" in data quality.

Alongside the higher unemployment rate, job vacancies have also dropped. There were 761,000 vacancies in the three months to April, down 5.3% on the previous quarter and 131,000 fewer than a year earlier. The construction industry saw the most significant fall in openings.

Regular pay growth slowed slightly to 5.6% in the three months to March, compared with 5.9%. While still high by historical standards, the slower growth may reassure the Bank of England's monetary policy committee, which reduced interest rates to 4.25% last week.

The number of payroll employees also dipped by 47,000 between February and March. The overall employment rate was steady at 75%, while economic inactivity increased to 21.4%, still above pre-pandemic levels.

The Bank of England is watching closely as firms adapt to a £25bn rise in employer national insurance contributions and a 6.7% increase in the national living wage. Meanwhile, the ONS is undergoing an independent review into the reliability of its data.

Talk to us about your business.



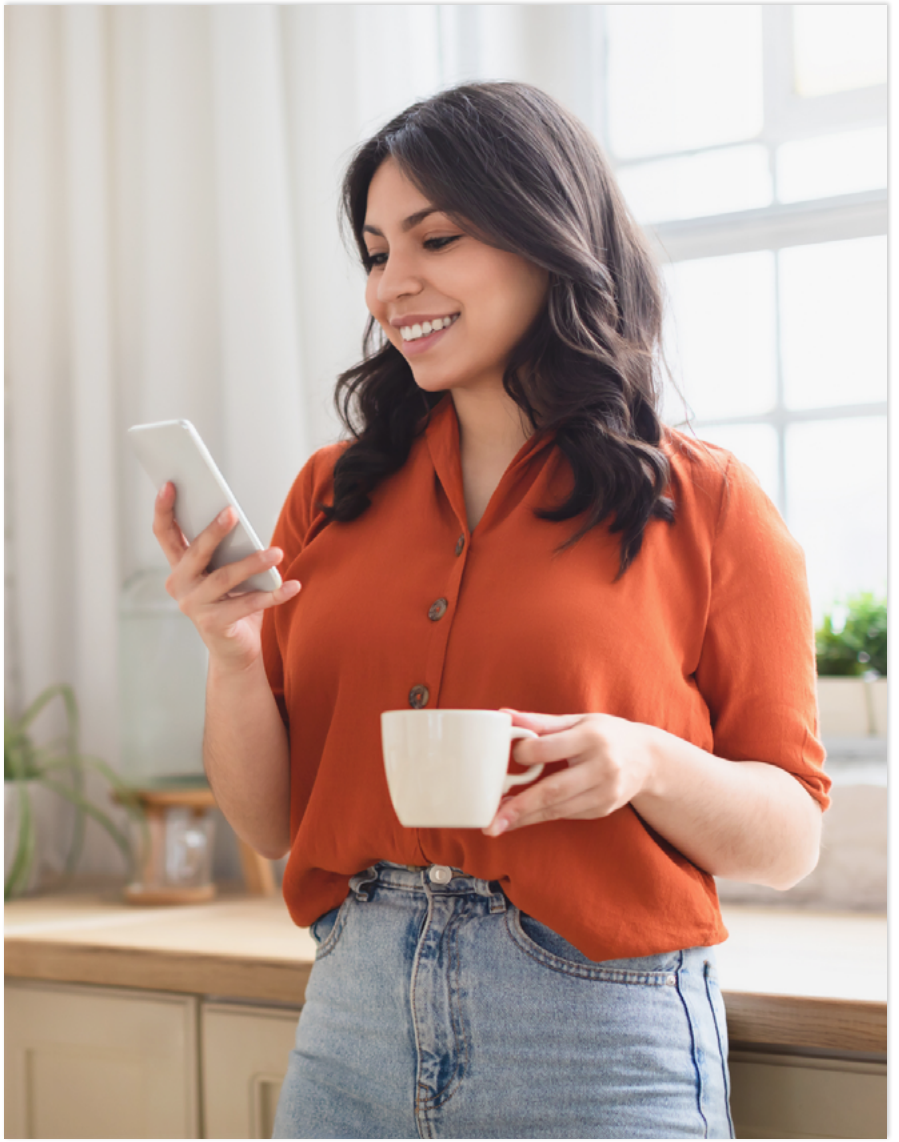
WANT TO TALK TO AN EXPERT?

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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