



# Answering your payroll questions

## **Benefits in kind change**

Payrolling benefits in kind, which is already an option available to employers, will be compulsory for all from April 2026.

Employers should familiarise themselves with the process of payrolling benefits in real time before the change comes into effect and communicate these changes to employees.

For some employees, the introduction of mandatory payrolling and PAYE coding adjustments for prior years will overlap, potentially creating an additional tax charge in the first year.

An employer will still need to submit a P11D(b) form by 6 July after the end of the tax year to report the employer's Class 1A national insurance contributions due on the payrolled benefits.

We are suggesting that employers register before April 2025, to begin payrolling benefits in the 2025-26 tax year, a year ahead of the mandatory change. As agents, if we have active authorisation in place with HMRC, we can register on behalf of

employers. More detail on the Shipleys website at <https://tinyurl.com/2at4m8t7>

## **New hours of work rules delayed**

Employers will be required to provide details of hours worked by each employee in the relevant pay period.

The new regime for reporting hours through the PAYE Real Time Information return was to be introduced in April 2025 but has been delayed until April 2026 to give software providers more time to prepare.

## **Holiday pay**

Holiday pay reforms were introduced for leave years beginning on or after 1 April 2024.

From 1 January 2025 these changes will impact employers that operate a January to December holiday year.

To help employers get to grips with changes to the Working Time Regulations – which mostly focus on how pay should be calculated for part-year and irregular hours workers – the government has published online guidance at: <https://tinyurl.com/yr77r3u9>