

Payroll Updates

September 2025

Bereavement Entitlement: Payroll

With the introduction of Jack's Law in April 2020, paid bereavement pay came onto the statute books and should not be confused with bereavement leave or bereavement support payments.

Bereavement Leave

Bereavement leave generally refers to time off an employee takes due to the death of a close family member or dependent. This time off may be paid or unpaid time off depending on the employer's internal policy. While there is no statutory right to bereavement leave, employees are entitled to take "reasonable time off".

Bereavement Pay

Bereavement pay, on the other hand, applies to the death of a child under the age of 18 or a stillbirth after 24 weeks of pregnancy. Statutory bereavement pay provides for two weeks of paid leave for eligible parents who have lost a child. The current rate of pay is £187.18, or 90% of weekly earnings whichever is the lesser and the employer reclaims this payment via a reduction in their PAYE return.

Bereavement Support Payments

Bereavement Support Payments replaced three different benefits in April 2017 and becomes claimable by a surviving partner when a death is caused by an accident at work, or caused by a work-related disease. Claims need to be made directly to the Bereavement Service helpline within 21 months of a death. The longer the time taken to claim, the less a claimant can expect to receive.

The higher rate of a claim, if claiming within three months of a death, is £3,500 as a one-off payment, plus a further £350 per month for the next 18 months. The lower rate is £2,500 as a one-off payment, followed by £100 per month for the next 18 months.

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Discover how we can help you with your Payroll today by contacting our Payroll Bureau on 01353 662595.



HMRC Interest Rates

The pace of interest rate changes, as charged by HMRC, has slowed somewhat in recent months. The general feeling is that, in the search for economic growth, the government would be happy to see a decrease in the over-riding bank rate. However, with inflationary pressure still in-built into the economy where we go from here is anyone's guess.

HMRC interest rates are set by legislation linking them to the Bank of England base rate. As of 8th August 2025, the 2 rates to be aware of are:

- late payment interest set at base rate plus 4%
- repayment interest set at base rate minus 1%

On 7th August 2025, the Bank of England cut the base rate to 4%, meaning that, from 27th August the following charges will apply:

- late payment interest rate - 8%
- repayment interest rate - 3%



Changes To Advisory Fuel Rates

After a period of relative stability following months of volatility, advisory fuel rates will change from 1st September 2025. Previous rates can still be used for up to one month after the 1st September.

Please remember that hybrid cars should be treated as petrol or diesel for the purpose of these rates.

Engine Size	Petrol Rate Per Mile	LPG Rate Per Mile
1400cc or less	12 pence	11 pence
1401cc to 2000cc	14 pence	13 pence
Over 2000cc	22 pence	21 pence

Engine Size	Petrol - Rate Per Mile
1400cc or less	12 pence
1401cc to 2000cc	14 pence
Over 2000cc	22 pence

Charging Location	Electric - Rate Per Mile
Home Charging	08 pence
Public Charging	14 pence

The big change concerns electric cars. Coming into effect from 26th August 2025, the advisory rates have now been split depending on the charging location. The previous 7p per mile rate can be used until 30th September.



Apprentice Levy - The Basics

The Apprenticeship Scheme itself was rolled out from the start of the 2017 tax year to address the UK's growing skills shortage. The scheme is currently under review and we could see changes to it as soon as January 2026, however the levy itself is not expected to change.

The levy is charged at 0.5% of an employer's pay bill if the total exceeds £3m. The £3m is defined as those earnings that are liable to Class 1 NIC, so do not include earnings:

- of employees under the age of 16
- of employees who are exempt from UK NI contributions
- where Class 1A contributions are payable, such as benefits in kind. There is an annual offset allowance of £15,000 that can be used against the levy.

The levy is charged against all companies, groups of companies or related companies. If a company funds its own apprenticeship scheme, it must still pay the levy if its payroll bill exceeds £3m. For levy purposes, any group of companies, or connected companies, are treated as one company when reporting their total payroll bill. The £15,000 allowance can be claimed by one company in the group, or it can be split between the various group members.

If a stand-alone company becomes part of a group of companies mid-year, the levy does not become payable until the start of the following tax year.

The levy is charged on a cumulative basis across the tax year and is payable monthly via the PAYE return. The levy itself is reported monthly to HMRC via an EPS return generated via the payroll software.



Correcting a PAYE Bill

At some point or another, any long-established company will have received a PAYE charge they do not agree with. Until now, the process to query or dispute this charge has been convoluted and time consuming at best. In it's ongoing drive to simplify all things payroll, HMRC has now launched an online web link to help employers who think their PAYE bill is incorrect.

<https://www.gov.uk/payroll-errors>

This service can be used by any employer who believes their PAYE bill is incorrect. It can also be used by agents acting on behalf of a PAYE employer.

Bear in mind, most queries on PAYE bills are caused by payroll re-runs when an FPS amendment has not been filed, so the starting point for any PAYE investigation should be a reconciliation of the FPS sent against the payroll record for the period in question.

So, if an error is discovered simply send an amended FPS.

Before stating your dispute, you'll need your:

- PAYE and A/cs office reference numbers
- Your Self Assessment or UTR number
- Number of employees the business has

You'll also need to give details of the FPS amounts as processed via the payroll software including the total:

- Income Tax
- Employee and employer NI contributions
- Student loan details
- Class 1A NI

You will need to raise a separate disputed charge for each period you may be questioning.



Free Childcare Hours Extended

The UK's Childcare Voucher Scheme was replaced by Tax-Free Childcare in October 2018. Although the voucher scheme is still in use, it was closed to new applicants at that time.

From 1st September 2025, free childcare has been extended from 15 to 30 hours per week for children aged nine months to three years old for 38 weeks of the year. If you take less than 30 hours per week, you may be able to get free childcare for more than 38 weeks. Potentially this can save parents up to £7,500 per year.

Working parents need to register through a personal Government Gateway account providing the following information:

- NI number
- UTR number (if self-employed)
- Date you started, or are about to start, work

Parents can apply for childcare allowance once the child has reached 23 weeks old, although the child cannot be placed in care until it has reached nine months. Claimants will receive an 11-digit access code and must provide the account details to their chosen childcare provider.

Parents must access their on-line account every three months to confirm their details are up to date in order to retain access to free childcare. If the three-month deadline is missed, parents may need to reapply for their 11-digit code to be reactivated.

Children aged three to four in England have 15 hours of government funded early education. This is claimed directly by the childcare provider, so, other than providing evidence in the form of a child's birth certificate, the parents need take no action to claim this.



Adoption Pay & Leave

Adopters who are employed are usually entitled to adoption leave and may be eligible to adoption pay.

Employees may be eligible to Adoption leave of up to 52 weeks. If a couple is adopting, only 1 person in the couple can take adoption leave. The partner would be eligible for paternity leave instead.

For qualification purposes, employees must have been employed for at least 26 weeks by the time they are matched with a child and earn at least £125.00 per week.

Potential adopters must inform their employers of the following within 7 days of being matched with a child:

- Start date of adoption leave (where possible a minimum of 28 days' notice is required).
- How much leave they require.
- Date of placement.

Employees must give you proof of adoption to qualify for Statutory Adoption Pay. The proof must show:

- The employees name and address and that of the adoption agency.
- The match date - for example the matching certificate
- The date of placement - for example a letter from the agency

- The relevant UK authority's official notification, confirming you're allowed to adopt (overseas adoption only)
- The date the child arrived in the UK - for example a plane ticketed (overseas adoptions only).

Statutory Adoption Pay is paid up to 39 weeks.

The weekly amounts are broken down into the below:

- 90% of the employees average weekly earnings for the first 6 weeks
- £187.18 or 90% of their average weekly earnings (whichever is lower) for the next 33 weeks

This is to be paid in the same way as their wages. Tax, NI and pension, where applicable, are deducted as normal.



Pension Scheme: Re-Enrolment & Re-Declaration

Every employer must assess all their workers every three years. If any worker has chosen to opt-out more than 12 months before the re-declaration date, they must be re-enrolled into the pension scheme. The employer must then complete a re-declaration to the Pensions Regulators.

If your re-enrolment date is approaching, you should receive several emails from the Pension Regulators stating your re-enrolment date and when the re-declaration deadline is.

You must complete and submit your Re-Declaration of Compliance within five months of the third anniversary of your automatic enrolment duties start date. Your re-declaration deadline does not change if you chose a different date to assess your staff.

The re-declaration of compliance is an online form for you to tell the Pension Regulator how you have met your legal duties. It is the employer's legal duty to complete the form accurately and on time. Failure to do so can result in a fine.

Ongoing Duties After Re-Enrolment

Whether you have staff to put back into your pension scheme or not, you will have ongoing duties. You need to keep records of how you've met your legal duties, and you must keep these for six years except for requests to leave the pension scheme which must be kept for four years.

The record you should keep a record of are below:

- Names and address of those you've put into a pension scheme
- Records that show when money was paid into the pension scheme
- Any requests to join or leave your pension scheme
- Your pension scheme reference or registry number

Get In Touch

For information or advice on how we can help with your Payroll, contact your local Whitings LLP office today.



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