

Payroll Updates



March 2026

Small Employer Relief (SER)

Small Employer Relief (SER), the rate at which small employers can reclaim any statutory payments, such as maternity pay, will rise from 8.5% to 9% from 6th April 2026. Qualified employers can reclaim 100% of statutory payments, plus a further 9% in compensation. The re-claim is made through the payroll via an Employer Payment Summery (EPS).

The qualification threshold for SER status is based on Class 1 NICs paid in the previous tax year and will remain at £45,000 or

less. It is expected that, due to the increase in employer NI in April 2025, a number of employers who were eligible to claim SER in 2025-26 tax year will no longer qualify in the 2026-27 tax year. Employers who are not eligible for SER will only be able to reclaim 92% of any statutory payment.

Get In Touch

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

Launch of Student Loan Plan 5

From April 2026 a new student loan, Plan 5 will be implemented. The plan applies to both undergraduate and postgraduate courses beginning on or after August 1st, 2023.

The loan will sit alongside the existing plans 1,2 and 4 paid at a rate of 9% on earnings over £25,000. The plan can run for 40 years before it can be written off and interest is to be charged at RPI (rate of inflation) in order to prevent the repayment exceeding the original loan.

HMRC are launching an updated New Starter Checklist that will include a Plan 5 option. In the meantime, if an employer is unsure what plan to use, they should default to Plan 1 until advised otherwise.

For reference, different plans have different thresholds as listed below. All plans, except for a Postgraduate loan, pay 9% on earnings above the threshold. Postgraduate loans are re-paid

at 6%. Payments are recovered via the payroll and paid across to HMRC as part of the PAYE liability return.

Plan 1 - £26,900
Plan 2 - £29,385
Plan 4 - £33,795
Plan 5 - £25,000
Postgrad Loan - £21,000



Employees Get New Rights

The Employment Rights Bill received “Royal Assent” on 18th December 2025 and is now known as the Employment Rights Act 2025. The Act will include additions and amendments to the existing legislation of the Employment Rights Act 1996. Changes to the Employment law included within the Act will take place over the next 2 years.

February 2026 Changes

One of the first changes being implemented is in February 2026 and this will affect changes to the dismissal for taking part in industrial action, which will become “automatically unfair”. This removes the current 12-week limit for claiming unfair dismissal.

Additionally, changes to trade union activity will take place as follows:

- The time needed to give notice of industrial action will reduce to 10 days, instead of 14 days
- Unions will need a simple majority to vote for industrial action
- Picket supervisors will no longer be required
- Industrial action mandates will last for 12 months, instead of 6 months
- Industrial action and ballot notices will be simplified
- Political fund rules will change
- Simplification of how a trade union can be recognised in a workplace
- Allow trade union members to vote electronically

April 2026 Changes

Changes that will come into effect in the next tax year will be:

Paternity Leave:

Paternity leave will become a “day one right”, meaning an employee can take paternity leave from the first day of their employment - an employee currently has to have been employed by an employer for 26 weeks.

Ordinary parental leave will also come a “day one right”, currently an employee must have been employed for 1 year to be eligible.

The restrictions on taking paternity leave and shared parental leave will be removed also.

Sick Pay:

Statutory Sick pay (SSP) is currently paid after 4 “waiting days”, from April 2026 it will be payable from day 1 of sickness.

An employee currently has to earn £125.00 per week to be eligible for SSP, this lower earnings limit will be removed from April 2026.

Collective Redundancy Protective Award

The maximum “protective award” for failure to consult in collective redundancy will double from 90 days pay to 180 days’ pay. This means that tribunals can award up to 180 days gross pay for affected employees with a potential for 25% uplift for non-compliance with the statutory code of practice.

Whistleblowing Protections for Sexual Harassment

Sexual harassment will become “qualifying disclosure” under whistleblowing law. This will mean that employees will have protection under unfair dismissal for whistleblowing or making a sexual harassment disclosure.

Gender Pay Gap and Menopause Action Plans

Employers will be required to create action plans around menopause and gender pay gaps. This will be voluntary from April 2026 but mandatory sometime in 2027.

Fair Work Agency

A Fair Work Agency will be established in April 2026, and the aim is to bring existing enforcement bodies together and take on enforcement of other employment rights, such as holiday pay and SSP.

Further changes are to be implemented from October 2026, and we will update you on these nearer the time.

Get In Touch

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



National Insurance Relief when Hiring Veterans

Introduced in April 2021 to help ease veterans into the civilian workplace by giving employers a relief on NI contributions for the first twelve months employment. A new NI code of V was introduced whereby no employer NI was raised on earnings beneath £50,270.00 (£4,189.17 per month).

The relief applies to any employer hiring a veteran in the first twelve months of their civilian employment and can be claimed

against anyone who has served at least one day in the armed services. If the veteran has several employers throughout the first 12 months, each of those employers can claim the relief.

The scheme was due to last until March 2026, however in the 2025 budget it was announced that the scheme would be extended to April 2028.

Payroll Causing You A Headache? Why Not Outsource?

As employers approach the new tax year, those who do not have the administrative capabilities or expertise to run a payroll function may wish to consider outsourcing. Payroll outsourcing involves the hiring of an external individual, or company, usually in the form of an accountant/bookkeeper, or via a specialist bureau to complete the payroll function on your behalf.

For any organisation employing staff, attending to payroll concerns can demand a great deal of time and expertise. Even single director only payrolls need to be processed in a timely and efficient manner in compliance with HMRC directives.

Employing specialist help can:

- Free up time to concentrate on the core business
- Remove the cost of maintaining your own payroll software
- Reduce employment costs
- Decrease chance of errors caused by untrained staff
- Enable the business to stay compliant with latest payroll legislation and thereby lessening the chances of late filing penalties or payroll omissions
- Provide secure on-line 24-7 payroll access

Free Up Time

Freeing up time to concentrate on the core business speaks for itself. It is unlikely that payroll is to be the core of your business. The more time you devote to running the payroll, the less time you have available to concentrate on what your business was set up to do. Employing a third-party expert to complete your payroll process can free up this time.

Save Money

Outsourcing your payroll can save money when compared to operating in-house. Processing in-house means investing in the necessary IT hardware and software not to mention providing the staff with adequate training in how to use the software and keeping abreast of all the latest legislative changes.

Reduced Employment Costs

For many companies' payroll is only a concern for a limited time of the month. The need to employ anyone for two or three days per month can be prohibitively expensive. Outsourcing

the payroll can reduce the employment costs of a company, by utilising the expertise of an external company but you can also cut down on the chances of errors arising when using untrained or part-trained staff.

Decrease Chance of Errors & Enable the Business to Stay Compliant

For many small to medium sized businesses complying with constantly changing laws, rules and regulations is just too daunting a task. The latest rulings concerning holiday pay is just one small example as to how complex payroll law is becoming. Failure to file the appropriate returns on time; or failure to comply with the latest holiday pay regulations can be very costly errors for any company to have to face. Outsourcing the payroll to a trustworthy service provider can help to avoid these pitfalls.

Secure Online 24-7 Payroll Access

A modern-day payroll provider allows access to payroll information 24 hours per day. The use of cloud-based payroll reporting and individual employee logins, provides the employer with instant access to all payroll data at little or no extra cost. No need for costly storage facilities.

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



Electric Vehicle Excise Duty

The 2025 Autumn Budget brought significant changes for electric vehicle owners from April 2028. From April 2028 electric car drivers will pay a road charge of 3p per mile, while plug-in-hybrid drivers will pay 1.5p per mile, with the rates going up each year with inflation. The new rate for electric vehicle owners is about half the fuel rate paid by drivers of petrol cars, according to the government's independent forecaster.

The Chancellor also committed to extending the 5p cut in fuel duty until September next year, after which it is set to increase annually by RPI measure of inflation.

How Will Pay-Per-Mile Work?

Drivers will pay the charge based on how many miles they drive from April 2028. Drivers will have their mileage checked annually, typically during their MOT as is already the case or for new cars around their first and second registration anniversary.

Payment will be integrated into the existing Vehicle Excise Duty system that is administrated by the DVLA.

2026-27 Payrolling Benefits

Final call for those employers who have expressed an interest in payrolling benefits for the 2026-27 tax year.

Anyone wishing to register their benefits for 2026-27 tax year needs to do so by 5th April 2026. From April 2027 it will be compulsory for all benefits (with the possible exceptions of preferential loans and employer provided living accommodation) to be payrolled, so you can, if you wish continue to file P11D's in the traditional way.

Payrolling benefits allows for real-time benefit reporting. No more in-year tax code modifications as any tax is accounted for in the actual pay run. The downside is obviously the fact that employees will have a short period where they are, in effect, paying tax twice. Once in real-time and once in arrears.

Only those benefits registered can be payrolled, so, for example, you could, if you wish, chose to payroll health insurance but leave car benefits to be processed via a P11D.

You register via your own employer tax portal, or if you prefer, ask your agent to register on your behalf. As it becomes compulsory from April 2027, why not take the plunge early?

Get In Touch

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



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