

CONTENTS

- CEST Tool
- Statutory Sick Pay Reform
- Pensions dashboard explained
- Unfair dismissal - day one rights
- Injury to feelings awards
- Changes ahead for Bereavement Leave for Pregnancy Loss
- Further key Employment Law changes on the horizon
- Important points to remember
- MNP Website
- MNA contact details
- MNA Website

Check Employment Status for Tax (CEST) Tool

By law, all employers are obligated to check the status of their workers to ensure the correct tax status is applied.

Understanding HMRC's Check Employment Status for Tax (CEST) Tool

The Check Employment Status for Tax (CEST) tool is an online service provided by HM Revenue & Customs (HMRC) to help determine whether a worker should be classified as employed or self-employed for tax purposes. This classification is crucial for assessing tax and National Insurance contributions (NICs), especially concerning the off-payroll working (IR35) rules.



How the CEST Tool Works

The CEST tool asks a series of questions about the working relationship between a worker and their engager. Based on the responses, it provides an HMRC determination regarding the worker's employment status for tax purposes. The tool aims to offer clarity on whether the off-payroll working rules apply, which is essential for both workers and businesses to ensure compliance and avoid potential tax liabilities.



Usage and Limitations

While the CEST tool is a valuable resource, it's important to note its limitations. In a report covering the period from November 2019 to August 2021, approximately 21% of the cases assessed by the tool resulted in an "unable to determine" outcome. This indicates that in a significant number of instances, the tool couldn't provide a definitive classification, potentially leaving users uncertain about their tax status.

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Statutory Sick Pay Reform

What Employers Need to Know for April 2026

Starting from 6th April 2026, significant changes to Statutory Sick Pay (SSP) will come into effect in the UK, as part of the Employment Rights Bill. These reforms aim to enhance worker protections and make SSP more accessible and inclusive.

1. SSP from Day One

The current three-day waiting period for SSP will be abolished. Employees will now receive SSP from the first day of sickness absence, improving financial support for short-term illnesses.

2. Removal of the Lower Earnings Limit (LEL)

The earnings threshold of £125 per week will be removed. This means all employees, regardless of their earnings, will be eligible for SSP when they cannot work due to illness.

3. New SSP Calculation Method

Employees will receive the lower of:

- 80% of their average weekly earnings, or
- the flat rate of SSP (which is £118.75 per week for the 2025/26 tax year).

This ensures that SSP remains affordable for employers while providing more meaningful income protection for lower earners.

Implications for Employers

• Increased Eligibility

With the removal of the LEL, approximately 1.3 million more workers will qualify for SSP for the first time.

• Cost Considerations

Employers may face increased costs due to the expanded eligibility and the removal of the waiting period. It's advisable to review your payroll systems and budget accordingly.

• Policy Updates

Employment contracts and sickness policies will need to be revised to reflect these changes. Clear internal policies will be essential to manage attendance and prevent misuse of the new SSP provisions.

Preparing for the Changes

- Review Payroll Systems: Ensure your payroll systems can accommodate the new SSP calculation and payment methods.
- Update Employment Contracts: Revise employment contracts to reflect the removal of the LEL and the new SSP entitlements.
- Communicate with Employees: Inform employees about the upcoming changes and how it may affect them.
- Monitor Absence Patterns: Keep track of sickness absence to identify any trends or potential issues early.

By taking these steps, employers can ensure a smooth transition to the new SSP system and continue to support their employees effectively.

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Unlocking Your Retirement Future: The Pensions Dashboard Explained

In April 2026, the UK government will launch the Pensions Dashboard, a digital service designed to help individuals view all their pension information—including workplace pensions and the State Pension—in one secure online platform. This initiative aims to make retirement planning more straightforward by consolidating pension details from various providers into a single, user-friendly interface.

What Is the Pensions Dashboard?

The Pensions Dashboard is an online tool that allows you to see your pension information in one place. It will display details about your current and past pensions, including the State Pension, but will not show pensions that are already in payment. This service is being developed by the Money and Pensions Service (MaPS) and is part of the Pensions Dashboards Programme (PDP).

Timeline for Implementation

April 2026: The initial government-backed dashboard will be launched, allowing individuals to access their pension information online.

October 2026: All pension providers are required to connect to the pensions dashboards ecosystem, ensuring that their members' pension information is available through the dashboard.

Key Features of the Pensions Dashboard

- **Comprehensive View:** Access information about all your pensions, including workplace pensions and the State Pension, in one place.
- **Secure Access:** Log in using your Government Gateway credentials to ensure the security of your personal information.
- **User-Friendly Interface:** Navigate through your pension information with ease, making it simpler to understand your retirement savings.

How to Prepare

- **Keep Your Details Updated:** Ensure that your personal information, such as your National Insurance number and contact details, are up to date with your pension providers.
- **Register for the Dashboard:** Once available, register for the Pensions Dashboard through the official platform to start viewing your pension information.
- **Review Your Pension Information:** Regularly check your pension details to stay informed about your retirement savings and make any necessary adjustments.

The Pensions Dashboard is a significant step towards empowering individuals to take control of their retirement planning. By consolidating pension information into a single, accessible platform, it aims to simplify the process of managing retirement savings and help you make more informed decisions about your financial future.

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UNFAIR DISMISSAL: DAY-ONE RIGHTS?

The House of Lords has voted to amend the Employment Rights Bill, replacing the proposed "day-one" unfair dismissal rights with a six-month qualifying period.

Labour's manifesto had promised "day-one" rights, but early drafts left the initial employment period unspecified. The Lords' amendment would cut the unfair dismissal qualifying period from two years to six months, allowing employees to claim sooner and reducing the need for new legal structures. It could also ease pressure on tribunals, though lawyers warn of a potential rise in claims.

The amendment is expected to be rejected by the Commons. If so, "day-one" rights could proceed, possibly with a longer initial period.

Under current rules, employers can manage performance within the first two years. If changes pass, probation periods remain, but fair processes must be followed from the start, increasing HR pressure.

The new unfair dismissal rules are scheduled for 2027.

INJURY TO FEELINGS AWARDS

Update: Injury to Feelings Awards (Vento Bands) for 2025/26

The latest annual update for awards in discrimination and detriment cases has been published. For claims presented to Employment Tribunals on or after 6 April 2025, the Vento bands are:

- Lower band: £1,200 – £12,100 (less serious cases)
- Middle band: £12,100 – £36,400 (moderate cases)
- Upper band: £36,400 – £60,700 (most serious cases), with exceptional cases exceeding £60,700

This update is a timely reminder to ensure your equal opportunities and diversity policies are current and that managers and supervisors receive proper training, helping to reduce risk and foster an inclusive workplace.

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Bereavement Leave for Pregnancy Loss – Changes Ahead

The government plans to extend bereavement leave for parents who experience a miscarriage before 24 weeks. Under the proposed change to the Employment Rights Bill, parents will have the legal right to take time off work to grieve, regardless of when the loss occurs.

Currently, bereavement leave applies only to losses after 24 weeks or if a child under 18 dies. The new law will guarantee “at least” one week of leave, though the final duration, eligibility criteria, and whether a doctor’s note will be required are still under consultation.

Deputy Prime Minister Angela Rayner said the change will give “people time away from work to grieve,” adding, “No one who is going through the heartbreak of pregnancy loss should have to go back to work before they are ready.”

Employers should monitor developments to update policies and support employees when the new rules come into effect.



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Further Key Employment Law Changes on the Horizon

Several major employment law reforms are expected in the coming months, with significant implications for payroll and HR teams.

Here's a summary of the most important changes:

Protective Awards for Redundancies

The maximum period for protective awards in collective redundancies is set to double. Payroll and HR teams will need to factor this into redundancy planning and calculations.



Day 1 Paternity and Unpaid Parental Leave

New legislation is expected to grant paternity and unpaid parental leave rights from day one of employment, giving employees earlier access to these benefits.



Enhanced Whistleblower Protections

Stronger safeguards for whistleblowers are being introduced, requiring careful attention to payroll and HR reporting processes to ensure compliance.



Fair Work Agency

A new Fair Work Agency will be established to oversee employment standards, which could impact payroll audits and employee rights management.

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! IMPORTANT INFORMATION TO REMEMBER !**Employee details**

As you will be aware, under the payroll Real Time Information (RTI) rules we must report accurate details for every employee, on every payroll run, when we submit the data to HMRC. We would therefore remind you that **it is essential that you let us know if any of the following details change for any of your employees:-**

• Name	• Title	• Address
• Normal hours worked	• Marital status	• Gender

If we are not told of any changes we will assume the data we hold is correct. Please note that there are potential penalties for filing incorrect data.

Pay date

A very important rule under RTI is that we run the payroll 'on or before' the day the employees are actually paid. **We therefore assume that your employees are not paid before the pay day you tell us**, and are not paid more frequently than you tell us (e.g. actually paid weekly but only run payroll monthly, paid middle of week but run payroll at end of week etc.). We are not responsible if you receive penalties for incorrect RTI submissions due to filing incorrect pay dates.

National Minimum Wage (NMW) and National Living Wage (NLW)

We will monitor hourly paid employees for NMW and NLW where we can, for salaried employees this is harder. **Please remember to ensure all your pay rates adhere to the NMW/ NLW regulations**, please call us for assistance if you need any help at all with regards to this.

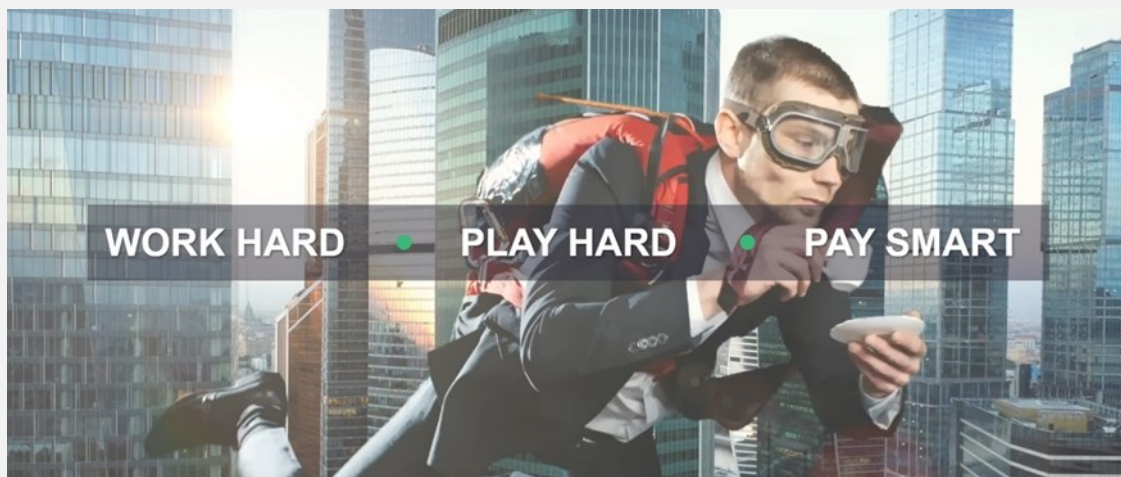
Company Cars

Please be aware that if any of your employees are in receipt of a company car we need to be made aware of this immediately so that the employee in question is allocated the correct tax code. When notifying us of this we will need the following information:

• Car Registration	• Make and Model	• Engine Capacity
• List Price (Inc standard accessories)	• Fuel Type	• Date First Registered
• Date First Used	• Co2 Emissions	

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PAYROLL WEBSITE



We have created a dedicated website at www.mnpay.co.uk
With our payroll clients in mind, so all your payroll resources
are in one place



Visit our website or contact Joe Bostock who
will be happy to assist you.

Direct Line: 01803 698 928

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Marsland Nash Associates

We have parking right outside the building and the office is situated on the ground floor for ease of access.

**Vantage Point House
Silverhills Road
Decoy Industrial Estate
Newton Abbot
Devon
TQ12 5ND**

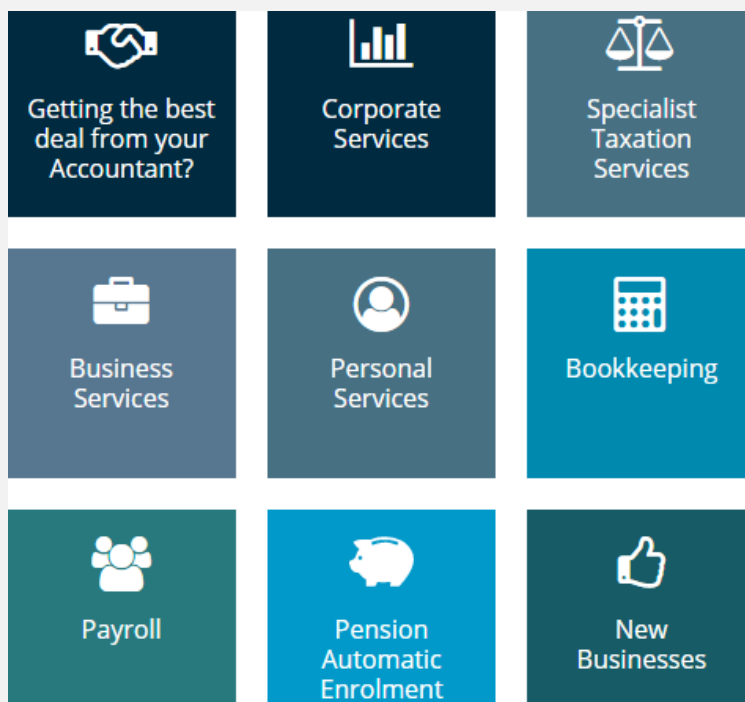
***Tel: 01626 334 989 / 01803 527 599**
Email: enquiries@marslandnash.com
<https://www.marslandnash.com>

*we have 2 main reception numbers based at our Newton Abbot office



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MARSLAND NASH ASSOCIATES WEBSITE



Remember we have a comprehensive website at <https://www.marslandnash.com> which contains full details of all of our services, as well as:

- ⇒ Latest accounts and tax news
- ⇒ Downloads section which includes all our newsletters
- ⇒ Filing deadlines pages
- ⇒ Current tax rates and information pages

Plus much more!