MNP

MARSLAND NASH PAYROLL

Payroll Post...

Issue 7
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National Minimum Wage & National Living Wage

From 1 April 2026, updated **National Minimum Wage (NMW)** and **National Living Wage (NLW)** rates will come into effect, bringing pay increases across all age categories.

Here's a clear breakdown of the changes:

Age 21 and Over

The **National Living Wage** will increase from **£12.21** per hour to **£12.71** per hour.

This represents a 50p per hour increase, providing additional annual earnings for full-time workers and increased payroll costs for employers to factor into their budgets.

Age 18–20

The rate will rise from **£10.00** per hour to **£10.85** per hour.

This is a significant uplift of 85p per hour, continuing the government's focus on narrowing the gap between youth and adult rates.

Age 16–17 and Apprentices

The minimum hourly rate will increase from **£7.55** per hour to **£8.00** per hour.

While a smaller increase in monetary terms, it still represents a meaningful boost for younger workers and apprentices starting out in the workforce.

What This Means for Employers

Employers should:

- Review pay rates to ensure compliance from the effective date
- Update payroll systems and software
- Check salary sacrifice arrangements to ensure minimum wage compliance is maintained
- Review budgets to reflect increased wage costs
- Communicate changes clearly to staff

Non-compliance with minimum wage legislation can result in financial penalties and reputational damage, so early preparation is key.

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Major Changes to Statutory Sick Pay From April 2026

From **6 April 2026**, the UK's Statutory Sick Pay (SSP) system is being **significantly reformed** under the **Employment Rights Act 2025**, delivering the biggest updates to sick pay in over a decade. These changes are designed to strengthen the safety net for workers while creating new requirements for employers to prepare for and manage.

1. SSP Paid from Day One of Sickness

Under the current rules, SSP only becomes payable after the **third "waiting day"**, meaning employees don't receive statutory pay until the fourth day of sickness absence. From **6 April 2026**, that waiting period is **abolished**. SSP will be paid **from the very first day** of sickness absence for qualifying employees.

Why it matters:

- Employees receive income support immediately when they fall ill.
- Particularly beneficial for short-term sickness periods that previously didn't qualify for SSP.

2. Expanded Eligibility — No Earnings Threshold

Currently, to qualify for SSP, an employee must earn at least the **Lower Earnings Limit (LEL)** (£125 per week in the 2025/26 tax year). From April 2026, the **LEL requirement is removed**, meaning **more workers**, including those on low pay, part-time hours or casual contracts, will now qualify for SSP.

3. How SSP Will Be Calculated

The way SSP is worked out is also changing:

- Employees will be entitled to the **lower of**:
  - ⇒ **80% of their average weekly earnings**, or
  - ⇒ The **statutory SSP weekly rate** (in the 2026/27 tax year this rises to around **£123.25 per week**).

This introduces a proportional element to SSP, ensuring lower-paid workers receive benefits relative to their usual earnings, while still maintaining a statutory cap.

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Major Changes to Statutory Sick Pay From April 2026

4. Increased Weekly Rate

The **weekly SSP rate** itself also increases for the 2026/27 year, rising to **£123.25 per week** (or remaining tied to 80% of earnings if that figure is lower).

What Employers Should Do Now:

These reforms will mean **greater payroll complexity and higher SSP exposure** for many businesses. Key preparations include:

- **Update payroll and HR systems** to ensure:
  - ⇒ SSP triggers from the first day of sickness,
  - ⇒ The correct earnings-based calculation is applied,
  - ⇒ Old waiting-day logic is removed.
- **Review employment contracts and sickness absence policies** to reflect the new entitlement rules.
- **Communicate changes clearly** to employees so they understand their new rights and what this means in practice.

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Mandatory Payrolling of Benefits in Kind from April 2027

From **6 April 2027,** the way UK employers report and tax Benefits in Kind (BiKs) and certain employee expenses are set to undergo a major transformation. This change marks one of the most significant payroll reforms in years and will affect businesses of all sizes.

What's Changing?

Currently, most employee benefits such as **company cars, private medical insurance, gym memberships, travel expenses and other perks** are reported to HM Revenue & Customs (HMRC) after the end of the tax year using **P11D** forms. Employers then pay any associated Class 1A National Insurance and tax is collected either by adjusting employee tax codes or through Self Assessment.

From **April 2027**, this system will be replaced with **mandatory payrolling of Benefits in Kind**:

- Employers must **report most BiKs and taxable expenses in real time** through payroll software, on or before each employee payday.
- Income Tax and **Class 1A National Insurance** on those benefits will be deducted and paid via payroll rather than being settled at the end of the tax year.
- This means the value of benefits will be included on employees' payslips and taxed **as they're received**, rather than retrospectively.

Which Benefits Are Affected?

Most BiKs will need to be payrolled, including:

- Company cars and fuel
- Private health insurance
- Gym memberships or health club subscriptions
- Travel allowances and some expenses

However, certain benefits—particularly **employment-related loans and employer-provided accommodation**—will **initially remain outside mandatory payrolling**. Employers may choose to payroll these voluntarily if they register with HMRC to do so, but P11D and P11D(b) reporting will still be needed for those benefits unless payrolled voluntarily.

Why the Delay to 2027?

The mandatory start date was originally planned for April 2026 but was **delayed to April 2027** to give employers, software providers and payroll teams more time to prepare for real-time reporting and systems changes.

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Cont/.....**Mandatory Payrolling of Benefits in Kind from April 2027**

What Employers Need to Do Now

To prepare for the transition next year:

⇒ **Review payroll systems** – Ensure your current software can handle the new BiK reporting requirements via Real Time Information (RTI).

⇒ **Identify all benefits provided** – List every BiK currently offered and plan how it will be valued and reported in payroll.

⇒ **Voluntary early payrolling** – Employers can choose to payroll benefits before the mandatory date to test processes. Voluntary registration needs to be completed well in advance of the 2026–27 tax year if you plan to adopt early.

⇒ **Plan cash flow for Class 1A NIC** – Because Class 1A NIC will be payable in real time via payroll rather than as a lump sum after year-end, budgeting for these cash flows is essential.

⇒ **Communicate with employees** – Staff will start to see benefits reflected on payslips and taxed as part of PAYE, so clear employer communications are crucial.

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Changes to Statutory Parental Payments from April 2026

From **6 April 2026**, the UK will see an increase in most **statutory parental payments** that affect maternity, paternity, shared parental, adoption, neonatal care and parental bereavement pay. These changes are set out by the Government as part of the **Benefit and Pension Rates 2026–27** and will apply for the **2026/27 tax year**.

New Weekly Statutory Payment Rates (from April 6 2026)

Here's a clear summary of the updated statutory parental payment rates:

Statutory Maternity Pay (SMP)
- **Weekly rate:** 90% of average weekly earnings for the **first 6 weeks**
- **Remaining weeks:** Lower of **90% of earnings** or **£194.32 per week** (up from £187.18)

Statutory Paternity Pay (SPP)
- **Weekly rate:** Lower of **90% of earnings** or **£194.32**

Statutory Shared Parental Pay (ShPP)
- **Weekly rate:** Lower of **90% of earnings** or **£194.32**

Statutory Adoption Pay (SAP)
- **Weekly rate:** 90% of earnings for first 6 weeks; then lower of **90% or £194.32**

Parental Bereavement Pay
- **Weekly rate:** Lower of **90% of earnings** or **£194.32**

Statutory Neonatal Care Pay
- **Weekly rate:** Lower of **90% of earnings** or **£194.32**

These changes mean statutory pay will be **£194.32 per week** for most of the key parental pay categories — an increase aligned with inflation and Government policy.

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Qualifying Threshold Update

To qualify for these statutory parental payments, an employee's **average weekly earnings** must meet the **Lower Earnings Limit (LEL)**.

From **April 2026**, the LEL will increase from **£125 to £129 per week**.

This applies to maternity, paternity, shared parental, adoption and parental bereavement pay — but different rules apply for **maternity allowance**, which remains at a separate threshold.

What This Means for Employers

Employers must:

- **Update payroll systems** to apply the new statutory rates from 6 April 2026
- **Check eligibility thresholds** when calculating statutory pay
- **Communicate updates** to employees planning parental leave
- Ensure entitlement and pay calculations reflect **90% of earnings or the new capped rate** where applicable

It's also a good time to review **parental leave policies and internal procedures** to make sure parents in your organisation understand their rights and benefits.

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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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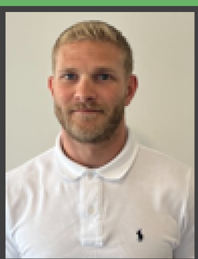
PAYROLL WEBSITE

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

Marsland Nash Associates

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

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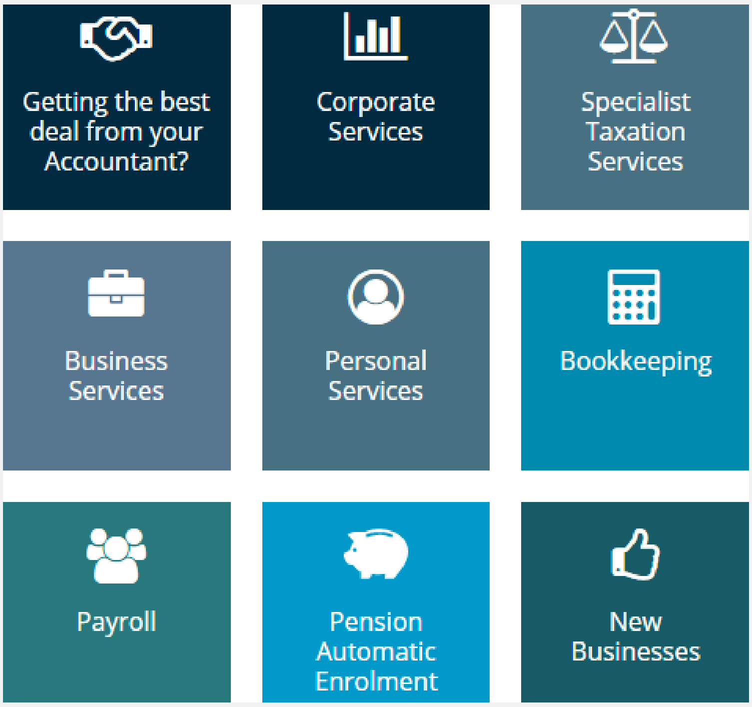
*we have 2 main reception numbers based at our Newton Abbot office

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!

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