

Payrolling of Benefits in Kind, Are You Ready?

In a series of short articles we consider the employment tax challenges 2025 will present to employers. In this article we look at the impending changes to how benefits in kind will need to be reported to HMRC, **specifically the steps employers will need to consider ahead of April 2026.**

What is happening from April 2026?

Where any employer is providing a taxable benefit in kind to their employees, such as:

- ◆ Private medical insurance
- ◆ Company car
- ◆ Gym membership

From 6 April 2026 all employers must report and deduct income tax on the value of the benefits in kind as part of the payroll. Additionally, employers will be required to pay Class 1A National Insurance contributions (NIC) as part of their real time payroll reporting obligations. This will present a significant change for both employers and employees alike and for more information please read the following article ([link here](#)).

Two benefits will not initially be included within the payrolling of benefits regime, namely:

- ◆ Employee loans, including director's loan accounts; and
- ◆ Taxable living accommodation.

For both benefits employers will be required to submit a simplified P11D each year to HMRC.

Employers will need to ensure they are ready for the changes, especially as there will not be any gradual or phased transition. All employers must be ready!

What to do next?

There are several steps which need to be considered including:

What benefits in kind will be provided?

- ◆ How can we determine the value of the benefits?
- ◆ What information do you need to obtain from your benefit provider?
- ◆ How will you need to share the information with your payroll provider?
- ◆ What support and staff communication needs to be provided?

Preparing early will help as employers must not underestimate the impact that payrolling of benefits in kind will present.

How Haysmac can help?

Our employment taxes team can help you manage the pre and post implementation processes, including preparing an implementation plan to help ensure each of the steps outlined above are successfully achieved.

For further information please contact Joanne Hennessy, Kirsty Rose or any member of the Employment Taxes team on the details below.

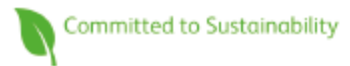


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