



# Payrolling Benefits Webinar

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# Presenters & Agenda

## Presenters:



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## Agenda:

- Today and Tomorrow
  - The current status
  - What employers need to do next
  - Points to remember
  - Outstanding questions with HMRC
  - Benefits of payrolling benefits
- Payrolling benefits within Zellis HCM Cloud
- How Zellis can support you

## **Questions, comments, thoughts?**

Please submit them through the Q&A section  
of GoToWebinar.

# Today and Tomorrow



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# The current status

- Currently payrolling benefits in kind (BIKs) is voluntary
- All benefits except accommodation and beneficial loans can be payrolled
- Companies still have to submit P11D(b) and pay over the employer's class 1A national insurance annually
- HMRC have mandated that benefits are to be payrolled by the start of the 2026/2027 tax year

# What employers need to do next

## Employers need to register with HMRC prior to the tax year in which they will migrating to taxing benefits at source:

- Registration is through the payrolling benefits and expenses online service ([How to use the payrolling benefits and expenses online service - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/how-to-use-the-payrolling-benefits-and-expenses-online-service))
- Notification should be given to all employees
- The notification should also tell the employees what will happen during the first year
  - their tax code will change to take out the adjustment for their benefits in kind
  - the per pay period benefit value will be processed through payroll each pay period and they will pay tax on that amount
  - at the end of the year you will tell them how much taxable benefit they have had in the year and what it was for, this could be via their payslip

### Employee notification

- By 1<sup>st</sup> of June
- Letter or email
- What benefits have been registered with HMRC, the value, cash equivalent and which are taxable
- Which benefits will not be payrolled

# Points to remember

## There are several points to remember when payrolling benefits:

- The value of benefits will be reported via the FPS
- Employers must not deduct more than 50% in tax from an employee's pay
  - If the employees tax liability is calculated to be more than 50% in a pay period, either:
    - Deduct 50% and carry the remainder forward to the next pay period
    - You can remove the employee from payrolling using the online service and their tax code will be amended accordingly
- If the employee leaves the value of the benefit should be pre-rated accordingly in their final pay period
  - If the leaver has no further pay periods inform HMRC via the FPS and they will collect the unpaid tax from the employee
  - If the leaver is retaining the benefit until the end of the tax year the value for any remaining periods should be added to their final payment
- If the value of the benefit changes calculate the revised taxable value and process across the remaining pay periods
- If an employee pays a contribution towards the benefit, reduce the taxable value of the benefit by the value the employee has contributed
  - If the employee doesn't make the contribution, in the final pay period calculate the value not contributed and add this to the value being taxed

# Outstanding questions with HMRC

**Other than the statement from HMRC there has been no further details, meaning the following questions are outstanding:**

- Will they require class 1A NIC payment each month?
  - Will this be on the EPS as a lump sum, or will the FPS now include employer data – class 1A?
- Will there be any difference in the processing of loans and accommodation?
- Will they allow corrections via the software?
- Currently if the employee reaches 50% regulatory tax limit and cannot make good the tax the following month you can request to have them removed from the payrolling and they will revert to an online P11D, how will this work from 2026/2027?



# Benefits of payroll benefits

**There are benefits from payrolling benefits for both employers and employees:**

- Real time tax for employees
- No more P11D or P46 car
- Reduces time spent on BIKs by not having to create P11D
- Reduce the employee responsibility to check or correct their tax code
- No more HMRC estimating for the following years tax
- If you have an adjustment to make and it is year end, you can carry this forward to the next tax year and make the correction in period one

# **Payrolling Benefits within Zellis HCM Cloud Demo**



Zellis – Company and customer confidential.

# How Zellis Can Support You



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# How Zellis can support you

## Zellis can support you prepare for the migration through:

- Reviewing your processes to understand what changes are required to enable payrolling benefits
- Setup of your Zellis Cloud HCM instance
  - Advice and guidance to support your System Administrators to configure the system
  - Configure the system
- Support the change management activities to inform employees about the change

Please speak to either your Account Manager or Customer Success Manager for further details



# Questions



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# Upcoming Webinars

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## **Managed services customers: Zellis Portal**

**Thursday 10<sup>th</sup> October, 10:00am**

**Thursday 14<sup>th</sup> November, 10:00am**

**Thursday 12<sup>th</sup> December, 10:00am**

**Thursday 9<sup>th</sup> January, 10:00am**

**Thursday 13<sup>th</sup> February, 10:00am**

## **Republic of Ireland payroll year-end**

**Thursday 24<sup>th</sup> October 10:00am**

## **Housekeeping**

**Thursday 6<sup>th</sup> February, 10:00am**

## **AMS**

**Thursday 27<sup>th</sup> February, 10:00am**

## **Payroll year-end (UK)**

**Thursday 20<sup>th</sup> February, 10:00am**

## **Pay Transparency in the public sector**

**Thursday 25<sup>th</sup> March, 10:00am**

# Thank you