Cranleys
CHARTERED ACCOUNTANTS




CRANLEYS' CLEVER CHECKLISTS · No. 17 · BUSINESS TAX

# Employment, Payroll and Benefits Checklist 2026/27

Tick it, print it, pin it up. Every box you cannot tick is a conversation worth having.




By Colin Davison FCA, Managing Partner, Cranleys Chartered Accountants. In practice since 1998. Reviewed 15 November 2026 against the 2026/27 rules.

## THE QUICK ANSWER

Employers must pay at least the National Living Wage of £12.71 for those aged 21 and over, report pay to HMRC on or before payday, and file benefits and expenses returns by 6 July. Termination payments, mileage and homeworking all have set tax rules that are easy to get wrong.

## THE KEY FIGURES

| 2026/27 figure | Amount |
|---|---|
| **National Living Wage (21 and over)** | £12.71 an hour |
| **Ages 18 to 20** | £10.85 |
| **Under 18 and apprentices** | £8.00 |
| **Class 1A and employer NIC** | 15% |
| **P11D and P11D(b)** | 6 July, Class 1A paid by 22 July |
| **Mileage allowance** | 45p first 10,000 miles, 25p after |
| **Homeworking** | £6 a week without evidence |
| **Trivial benefits** | £50 each, not cash |


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## The checklist, box by box

| | The check | What to do | Keep as evidence |
|---|---|---|---|
| ☐ | **Are Full Payment Submissions on or before payday?** | Late submissions bring penalties. File the final submission by 19 April and issue P60s by 31 May. | RTI submissions, payroll reports |
| ☐ | **Are P11D and Class 1A on time?** | Report benefits by 6 July and pay Class 1A NIC by 22 July. Benefits payrolled through the year do not go on the P11D. | P11D, P11D(b), payment |
| ☐ | **Is every employee paid at least the right minimum rate?** | Include apprentices and those who turned 21. Salary sacrifice must not take pay below minimum wage. | Payslips, age records |
| ☐ | **Are termination payments split correctly?** | Payment in lieu of notice and pay for the notice period is taxable in full. The £30,000 exemption only covers genuine compensation. | Termination agreement, calculation |
| ☐ | **Are mileage and homeworking claims right?** | 45p and 25p mileage rates. Home working allowance of £6 a week where home is a workplace by requirement. | Mileage logs, home working agreement |
| ☐ | **Are small benefits within the limits?** | Trivial benefits up to £50 each, not cash, not a reward for work. Annual party up to £150 a head including VAT. | Records of events and gifts |



**MY PRO TIP**

***a late FPS is a penalty with your name on it.***

### A worked example

An employee is made redundant with £50,000, two months' notice and £4,000 a month in pay. Pay in lieu of notice is £8,000 and is taxed as earnings. Of the remaining £42,000, the first £30,000 is tax free and £12,000 is taxable. Total taxable is £20,000, not £50,000 and not £8,000.

### The trap to avoid

Paying £30,000 as tax free on a contractual pay in lieu clause. HMRC taxes that as pay, with National Insurance, and the employer carries the liability.

### Test your accountant

One question that tells you if you have the right adviser:

**When is my next payroll deadline, and have you checked every employee's minimum wage rate since April?**

## What has changed recently

- National Living Wage rose to £12.71 on 1 April 2026.
- The Apprenticeship Levy is 0.5% for employers with an annual pay bill over £3m.
- Check National Insurance details. See the National Insurance checklist.

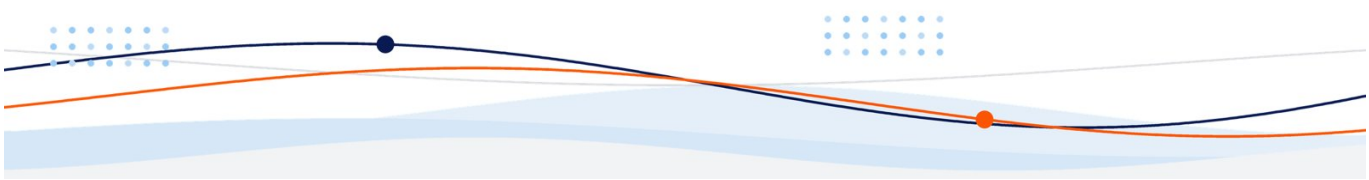
## Questions I get asked

### What is the minimum wage from April 2026?

£12.71 for 21 and over, £10.85 for 18 to 20, and £8.00 for under 18s and apprentices.

### When is the P11D deadline?

6 July after the tax year end. Class 1A National Insurance on benefits is due by 22 July.




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### Is a redundancy payment tax free?

The first £30,000 of genuine compensation can be tax free. Pay in lieu of notice and contractual payments are taxable.

### What is the mileage rate for business travel?

45p a mile for the first 10,000 miles and 25p after that.

### The 9 CAD Keys link: Capability

Capability is a payroll that runs smoothly because the system, the calendar and the people are set up for it.

**Colin's 9 CAD Keys.** CORE: Clarity, Capability, Consistency. ADVANCED: Analysis & Positioning, Alignment, Acceleration. DYNAMIC: Differentiation, Dexterity, Development. Score each key 1 to 5 in the free Business Value Assessment Scorecard, total out of 45. *Freedom is built. One CAD Key at a time.*

## Tick these next

**Tax checklist 03**
National Insurance Checklist 2026/27

**Tax checklist 14**
Capital Allowances Checklist 2026/27

**Tax checklist 24**
IR35 and Off-Payroll Working Checklist 2026/27

### Go deeper: my books

For this topic, start with **Business Tax Secrets**, part of The Cranleys Business and Tax Secrets Series: Property Tax Secrets, Inheritance Tax Secrets, Business Tax Secrets, Starting Up Secrets, Business Growth Secrets and Business Exit Secrets. The books are launching soon. Join the launch list at cranleys.online/books and I will tell you the moment each one is released.

YOUR NEXT STEP

### Ring me. Free draft plan, no hard sell.

I will build you a free draft tax plan or business plan on my 9 CAD Keys: a scorecard, a 12-month cashflow forecast, a 90-day action plan and a review with me. **1** Get in touch. **2** Short intro call. **3** Your free draft plan in plain English. You decide what happens next.

***Payday is also paperwork day.***

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Scan to read online, tick it on screen and take the Scorecard



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