

2025/26

Hazlewoods

Payroll Facts

PAYE guide for employers



Contents

Page

Tax

Tax rates	1
Personal allowances	1
Pension allowances	2
Student loan recovery threshold	2

National insurance

National insurance contributions	3
National insurance rates	4

Statutory payments

Statutory payments	5
Statutory redundancy	5

Car and fuel rates

Company cars and mileage	6
Fuel benefit	8
HMRC's advisory fuel rates	8
Approved mileage rates	8

Useful information

National minimum wage (NMW) and national living wage (NLW)	9
Tax codes	9
Childcare vouchers	10
Key payroll dates	11

Tax

Tax rates (rUK and Wales)	2025/26 Taxable income	2024/25 Taxable income
20% basic rate	Up to £37,700	Up to £37,700
40% higher rate	£37,701 - £125,140	£37,701 - £125,140
45% additional rate	Over £125,140	Over £125,140

Scottish tax rates (SRIT)	2025/26 Taxable income	2024/25 Taxable income
19% starter rate	£12,571 - £15,397	£12,571 - £14,876
20% basic rate	£15,398 - £27,491	£14,877 - £26,561
21% intermediate rate	£27,492 - £43,662	£26,562 - £43,662
42% higher rate	£43,663 - £75,000	£43,663 - £75,000
45% advanced rate	£75,001 - £125,140	£75,001 - £125,140
48% top rate	Over £125,140	Over £125,140

Personal allowances	2025/26	2024/25
Personal allowance*	£12,570	£12,570
Blind person's allowance	£3,130	£3,070
Marriage allowance**	£1,260	£1,260
Married couple's allowance for those born before 6 April 1935		
Minimum	£4,360	£11,270
Maximum	£4,280	£11,080

* Personal allowance is restricted by £1 for every £2 of income over £100,000, to a minimum of nil.

**Spouses or civil partners who are both basic rate taxpayers can elect to transfer 10% of their personal allowance between them.

Pension allowances	2025/26	2024/25
Annual allowance	£60,000	£60,000
Lifetime allowance	N/A	N/A

From April 2020, the annual allowance is reduced by £1 for every £2 of ‘adjusted income’ (which includes employer pension contributions) above £260,000 to a minimum of £10,000, but only if an individual also has ‘threshold income’ of over £200,000.

Student loan recovery threshold

An employee commences repayment of their student loan at 9% of their earnings which are subject to national insurance contributions (NICs) and exceed:

Plan 1 – Students who took out their loan before 1 September 2012	Plan 2 – Students who took out their loan on or after 1 September 2012
per annum £26,065	per annum £28,470
per month £2,172.08	per month £2,372.50
per week £501.25	per week £547.50
Plan 4 – Scottish students who were on Plan 1 will be moved to Plan 4	Plan 5 – Students who took out their loan on or after August 2023
per annum £32,745	per annum £25,000
per month £2,728.75	per month £2,083
per week £629.71	per week £480

Each pay period is treated in isolation; there are no carried forward debits or credits.

An employee commences repayment of their post graduate loan at 6% of their earnings which are subject to NICs and exceed:	Postgraduate loan
	per annum £21,000
	per month £1,750
	per week £403

National insurance

Class 1 – Employers and Employees	Weekly	Fortnightly	Four weekly	Monthly	Annual
Lower earnings limit (LEL)	£125	£250	£500	£542	£6,500
Primary threshold (PT)	£242	£484	£967	£1048	£12,570
Secondary threshold (ST)	£96	£193	£385	£417	£5,000
Upper earnings limit (UEL)	£967	£1,934	£3,867	£4,189	£50,270
Upper secondary threshold (UST) for under 21's	£967	£1,934	£3,867	£4,189	£50,270
Apprentice upper secondary threshold (AUST)	£967	£1,934	£3,867	£4,189	£50,270
Veterans upper secondary threshold (VUST)	£967	£1,934	£3,867	£4,189	£50,270
Freeport upper secondary threshold (FUST)	£481	£962	£1,924	£2,083	£25,000

Earnings over the LEL qualify an individual for certain state benefits and must be reported under PAYE, but no employer's NICs are payable until earnings exceed the threshold of £96 per week and no employee's NICs are payable until earnings exceed the threshold of £242 per week.

National insurance rates		2025/26	2024/25
Class 1 – Employers	LEL – ST	0%	0%
	Rate above ST (no upper limit)	15%	13.8
Class 1 – Employees	LEL – PT	0%	0%
	Rate between primary threshold PT and UEL	8%	8%
	Rate above UEL	2%	2%
	Married women and widows rate above threshold, below UEL*	3.85%	3.85%
	Deferred rate	2%	2%
Class 1A**		15%	13.8%
Class 1B (PAYE settlement agreement)		15%	13.8%
Class 2 (Self-employed)	Small profits threshold (SPT)	£6,845	£6,725
	Flat rate per week	£3.50	£3.45
Class 3 (Voluntary)	Flat rate per week	£17.75	£17.45
Class 4 (Self-employed)	Lower limit	£12,570	£12,570
	Upper limit	£50,270	£50,270
	Rate between limits	6%	6%
	Rate above upper limit	2%	2%
Employment allowance		£10,500	£5,000

* Only for women opting in before 1977.

** (Taxable benefits, termination payments over £30,000 and sporting testimonial payments over £100,000)

Statutory payments

Statutory payments	2025/26	2024/25
Qualifying earnings level	£125	£123
Statutory sick pay (SSP)	£118.75	£116.75
Statutory maternity pay (SMP)*	£187.18	£184.03
Statutory paternity pay (SPP)**	£187.18	£184.03
Statutory adoption pay (SAP)*	£187.18	£184.03
Statutory shared parental pay (ShPP)***	£187.18	£184.03
Statutory parental bereavement pay (SPBP)**	£187.18	£184.03

* First six weeks at 90% of average weekly earnings (AWE) then 33 weeks at 90% of AWE or £187.18 whichever is lower.

** One or two weeks at 90% of AWE or £187.18 whichever is lower.

***Weekly rate at 90% of AWE or £187.18 whichever is lower for a maximum of 37 weeks.

Recoverable amount from HMRC – SMP, SPP, SAP, ShPP and SPBP

92% if your total class 1 national insurance (both employee and employer contributions) is above £45,000 for the previous tax year, or 103% if your total class 1 national insurance for the previous tax year is £45,000 or lower.

Statutory redundancy

The maximum week's pay that an employee can receive under the statutory scheme is:

	2025/26	2024/25
England, Wales, Scotland	£719	£700
Northern Ireland	£749	£729

Ages	Number of weeks' pay
Each complete year of service between 18 and 21	½
Each complete year of service between 22 and 40	1
Each complete year of service over 41	1 ½

Service exceeding 20 years is not counted.

A week's pay is the amount due under the employee's employment contract on the date that the minimum notice of termination of employment was or should have been given.

Car and fuel rates

Company cars and mileage

The car benefit is calculated by multiplying the list price of the car when new (not the purchase price) by a percentage that is dependent on the level of approved CO2 emissions of the car.

Petrol/ Electric/ RDE2 Diesel			
CO2 emissions g/km	Electric range (miles)	NEDC % of list price to be taxed	WLTP % of list price to be taxed
0	n/a	3	3
1-50	>129	3	3
1-50	70-129	6	6
1-50	40-69	9	9
1-50	30-39	13	13
1-50	<30	15	15
51-54		16	16
55-59		17	17
60-64		18	18
65-69		19	19
70-74		20	20
75-79		21	21
80-84		22	22
85-89		23	23
90-94		24	24
95-99		25	25
100-104		26	26
105-109		27	27
110-114		28	28
115-119		29	29
120-124		30	30
125-129		31	31
130-134		32	32
135-139		33	33
140-144		34	34
145-149		35	35
150-154		36	36
155-159		37	37
160+		37	37

Diesel/ Non RDE2			
CO ₂ emissions g/km	Electric range (miles)	NEDC % of list price to be taxed	WLTP % of list price to be taxed
0	n/a	n/a	n/a
1-50	>129	n/a	n/a
1-50	70-129	n/a	n/a
1-50	40-69	n/a	n/a
1-50	30-39	n/a	n/a
1-50	<30	n/a	n/a
51-54		20	20
55-59		21	21
60-64		22	22
65-69		23	23
70-74		24	24
75-79		25	25
80-84		26	26
85-89		27	27
90-94		28	28
95-99		29	29
100-104		30	30
105-109		31	31
110-114		32	32
115-119		33	33
120-124		34	34
125-129		35	35
130-134		36	36
135-139		37	37
140+		37	37

This percentage is increased by 4% if the car is propelled solely by diesel (up to a maximum of 37%). Cars that meet the real driving emissions step 2 (RDE2) standard or diesel plug-in hybrids are exempt from the diesel supplement.

Fuel scale charges

	2025/26	2024/25
Car fuel benefit charge	£28,200	£27,800
Van fuel benefit charge	£769	£757

For 2024/25 the benefit is £27,800 multiplied by the relevant percentage as shown above (plus 4% diesel supplement where applicable but capped at 37%).

	2025/26	2024/25
Van benefit charge	£4,020	£3,960

HMRC’s advisory fuel rates (AFR)

From 1 March 2024	Petrol	LPG	Diesel	Fully Electric Cars
1400cc or less	13p	11p	1600cc or less 12p	9p
1401cc to 2000cc	15p	13p	1601cc to 2000cc 14p	Electricity is not a fuel for car fuel benefit
Over 2000cc	24p	21p	Over 2000cc 19p	

Hybrid cars are treated as either petrol or diesel cars for advisory fuel rates. HMRC’s approved tax-free business mileage rates for employees using company cars are reviewed quarterly, with any changes taking effect from 1 March, 1 June, 1 September and 1 December. The rates are the maximum amount that can be paid without a charge to tax and NIC for business miles. If an employee receives less than these rates, then they can claim tax relief on the difference.

For further information and current rates employers are advised to check the following website: <https://www.gov.uk/guidance/advisory-fuel-rates>

Approved mileage rates – for employees using their own vehicle	
First 10,000 for tax purposes	45p
Over 10,000 for tax purposes	25p
For NIC purposes – regardless of mileage	45p
Bicycle rate – regardless of mileage	20p
Motorcycle rate – regardless of mileage	24p
Passenger rate – regardless of mileage	5p

Useful information

National minimum wage (NMW)

NMW	2025/26	2024/25
Under 18s	£7.55	£6.40
Workers between 18–20	£10.00	£8.60
National Living Wage (21 and above)	£12.21	£11.44
Apprentice*	£7.55	£6.40

* Apprentices are entitled to apprentice rate if they are aged under 19 or are aged over 19 and in the first year of their apprenticeship.

If providing accommodation for employees then this can be taken into account when calculating the NMW.

Accommodation offset rates	2025/26	2024/25
Daily accommodation offset rate	£10.66	£9.99
Weekly accommodation offset rate	£74.62	£69.93

Tax codes

Code	What it means
L	For an employee entitled to the standard tax-free personal allowance.
M	Marriage allowance: for employee whose spouse or civil partner has transferred some of their personal allowance.
N	Marriage allowance: for employee who has transferred some of their personal allowance.
OT	For an employee whose personal allowance has been used up, or new employee who hasn't provided P45.
S	Income or pension is taxed at the Scottish rate of income tax.
C	Income or pension is taxed at the Welsh rate of income tax.
T	When HMRC needs to review tax code.

Tax codes

Code	What it means
K	Total allowances are less than total 'deductions'.
BR	All income is taxed at the basic rate – currently 20%.
D0	All income is taxed at the higher rate of tax – currently 40%.
D1	All income is taxed at the highest rate of tax – currently 45%.
NT	When no tax is to be taken from income or pension.
CBR	Welsh basic rate – 20%
CDO	Welsh higher rate – 40%
CD1	Welsh additional rate – 45%
SBR	Scottish basic rate – 20%
SDO	Scottish intermediate rate – 21%
SD1	Scottish higher rate – 42%
SD2	Scottish top rate – 48%

Childcare vouchers

Tax rate	Maximum voucher value per week	Maximum voucher value per month
Basic rate tax payer – 20%	£55	£243
Higher rate tax payer – 40%	£28	£124
Additional rate tax payer – 45%	£25	£110

The Government introduced the tax-free childcare scheme (TFC) in 2017. For further information please go to – <https://www.gov.uk/tax-free-childcare>. As a result, childcare vouchers schemes were closed to new entrants from 4 October 2018. Existing scheme members can continue to receive childcare vouchers if they remain eligible, do not leave the scheme and remain with their current employer.

Employees who joined a childcare voucher scheme on or before 5 April 2011 can receive vouchers worth up to £55 a week free of tax regardless of their tax rate.

Key payroll dates

Annual

1 April:

National living wage and national minimum wage legislation becomes effective. The new rates will apply to the first pay reference period that begins on or after 1 April 2024.

6 April:

Start of new tax year. New tax/NIC bands and thresholds are effective.

19 April:

Deadline for final RTI submission of the year.

31 May:

Issue of P60s to all eligible employees.

6 July:

Return of forms P11D/P11D(b) to HM Revenue & Customs. Deadline for issuing form P11D to employees.

19 July (22 for electronic payments):

Remittance deadline of Class 1A NICs (P11Ds).

19 October (22 for electronic payments):

Remittance deadline of tax and Class 1B NICs (PSAs).

Monthly

On or before each pay date:

Full payment summary (FPS) submission due to HMRC.

19th of each month (22nd for electronic payments):

Remittance deadline of PAYE, NICs and CIS to HMRC.

19th of the following tax month:

Employer payment summary (EPS) submission due to HMRC to apply a reduction for any statutory payments made or to advise of NIL PAYE liability.

CLICK
HERE

Receive our business
updates via email

Hazlewoods LLP and Hazlewoods Financial Planning LLP produce regular updates, using our expert commentary to provide you with information about our services, events and topical premium business news.

☎ 01242 680000

➦ hazlewoods.co.uk

📷 @ hazlewoods

This newsletter has been prepared as a guide to topics of current financial business interests. We strongly recommend you take professional advice before making decisions on matters discussed here. No responsibility for any loss to any person acting as a result of the material can be accepted by us. Hazlewoods LLP is a Limited Liability Partnership registered in England and Wales with number OC311817. Registered office: Staverton Court, Staverton, Cheltenham, Glos, GL51 0UX. A list of LLP partners is available for inspection at each office. Hazlewoods LLP is registered to carry on audit work in the UK and regulated for a range of investment business activities by the Institute of Chartered Accountants in England & Wales.



WE ARE AN INDEPENDENT MEMBER OF
THE GLOBAL ADVISORY
AND ACCOUNTING NETWORK