



Employment Taxes & Global Mobility: Year-End Compliance and Key Tax Developments

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31 March 2026



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Your hosts



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About BKL

450+

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offices in London,
Cardiff and Newcastle

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accountants, tax advisers
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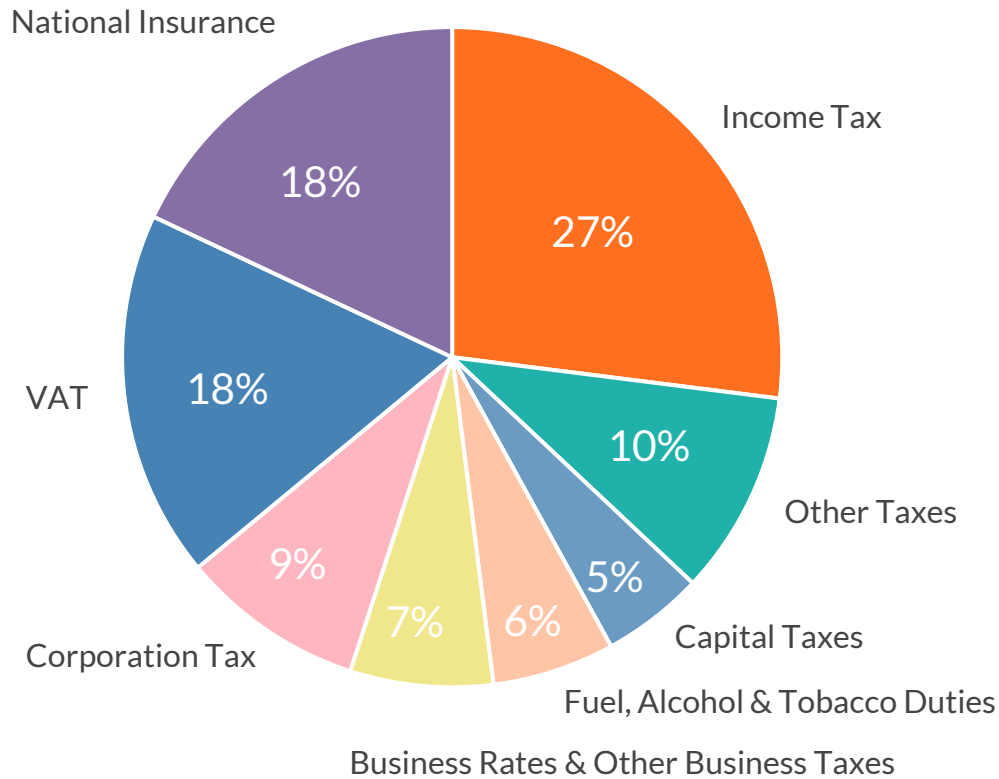
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HMRC Total Tax Revenues – 2024/25

UK Tax Receipts Breakdown (2024/25 approx)



Of the £859bn collected by HMRC during 2024/25, Employment Taxes account for *nearly half* of all tax receipts.



1.

Introducing Global Mobility

Introducing Global Mobility

- Amanda Varrall – Global Mobility Tax Specialist with 30+ years' experience gained at Big 4, Chiltern, BDO & in house
- Joined BKL Feb 2026 to establish Global Mobility service offering
- Supporting UK & global businesses & internationally mobile employees/individuals with all aspects of cross border movement



Global Mobility

Who

- Companies
- Business travellers
- Short & long term assignees
- Permanent overseas transfers
- Remote workers
- Directors
- Owner-managed businesses

How

- Tax & social security advisory – EE & ER
- Risk & compliance management
- Policy, governance & process design
- Stakeholder support
- Employee experience

The Middle East

- Primary concern is safety & duty of care
- Potential impact for individuals' tax residency
- Employer compliance obligations
- Permanent Establishment risk for the overseas entity

Short Term Business Visitors – HMRC Appendices 4 & 8

Appendix 4

- Essential if your organisation has an international footprint & you have business visitors coming to the UK to perform duties for the benefit of the UK business – Strict day 1 PAYE reporting obligation
- Conditions apply in relation to recharges of costs & treaty relief availability
- Must be able to demonstrate a robust tracking process
- **Annual STBV report submission: 31 May**

Appendix 8

- HMRC Appendix 8 annual PAYE scheme can be used to report STBVs who do not meet the conditions of the Appendix 4 scheme
- **Filing & payment deadline: 31 May**

Section 690 Directives

What is a Section 690 Directive?

- Provides cashflow benefits via payroll to reflect the final tax position where not all earnings subject to UK tax
- Example: someone who is employed & paid in the UK but works a some of their time overseas & those earnings are subject to tax there
- Example: Overseas workday relief under the new FIG regime capped at 30%

New rules effective 6 April 2025

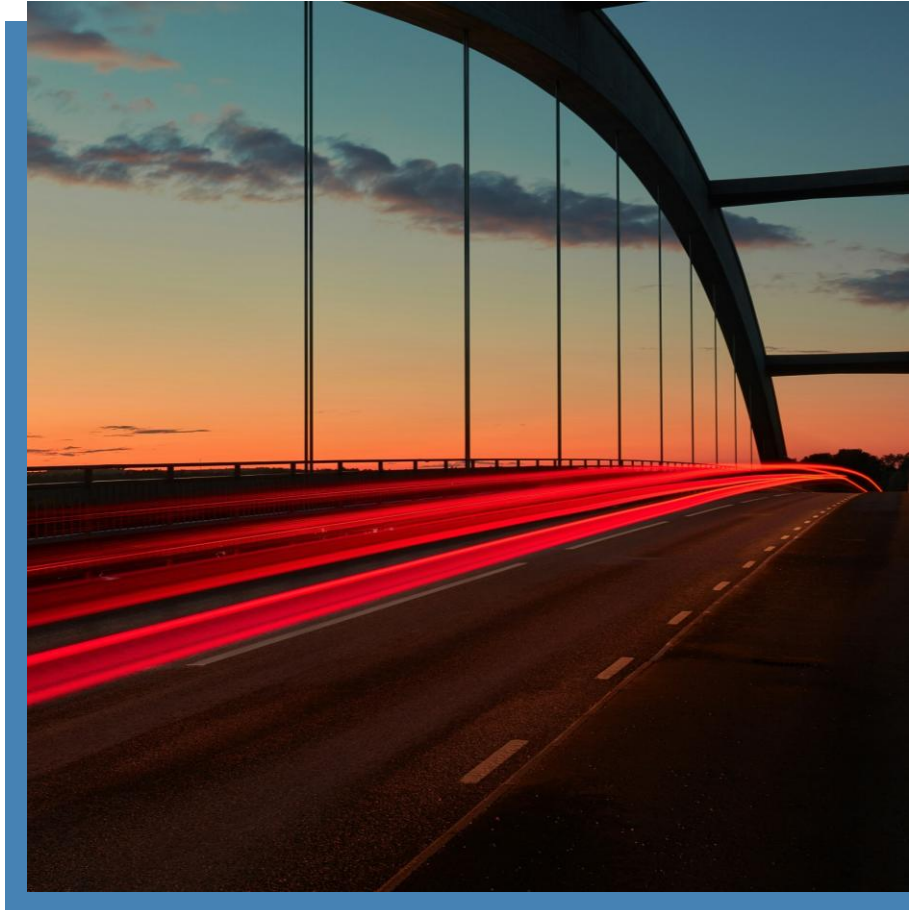
- Renewal required every year (no longer 3 years)
- Online process, no need to wait for a directive to be issued
- Current year – what can be done? **Deadline: 5 April 2026**
- New applications required from **6 April 2026** (cannot do them in advance)

Voluntary Class 2 National Insurance

- To be abolished from 6 April 2026 for Globally Mobile employees
- UK Government trying to ensure that those building a state pension have links to the UK & are paying a 'fairer' price
- Voluntary Class 3 contributions can be paid instead but only if:
 - Minimum 10 years of continuous residency or;
 - At least 10 years of qualifying National Insurance contributions
- Significant cost difference Class 2 = £183 pa v Class 3 = £907.40 (2025/26 rates)
- Can still make good for 6 years prior to 2026/27 tax year
- HMRC Personal Tax account details National Insurance Contribution record
- Recommend a review & application submission **by 5 April 2026**

Global Mobility Take Away

If someone is crossing an international border to work, there are likely to be compliance risks & obligations both for the individual & the employer!





2.

Employment Taxes – 2025/26 and Looking Ahead!

2025/26 Employment Tax – Key Changes

- Significant shift in employer cost base driven by Budget 2024
- Increased focus on compliance, transparency, and labour supply chains
- Policy direction: raise revenue from employers rather than employees
- Employer NIC – major cost increase from April 2025
 - Rate increased from **13.8% to 15%**
 - Secondary threshold reduced from **£9,100 to £5,000**
 - Employers now pay NIC earlier and at a higher rate
 - Applies across the workforce – broad impact
- Employment allowance – increased support for SMEs
 - Increased from **£5,000 to £10,500**
 - Previous £100,000 eligibility cap removed
 - More businesses now qualify
 - Offsets NIC increases for smaller employers

Pension Salary Sacrifice – NIC Advantage Restricted

- From **April 2029**, NIC exemption capped at **£2,000** (*£5,000 proposed by House of Lords*)
- Employer & employee NIC due on excess
- Income tax relief remains unchanged
- Employer pension contributions (not via salary sacrifice) remain NIC exempt
- Impacts higher earners and common reward structures
- Take full advantage of the NIC exemption for the next 3 years!

Pension Salary Sacrifice – Worked Example (Pre & Post)

Salary Level	£75,000	£150,000
5% Salary Sacrifice	£3,750	£7,500
2025/26 – Class 1 NIC Savings		
Employer NIC saving (15%)	£562	£1,125
Employee NIC saving	£75	£150
Total combined savings	£637	£1,275
From 2029/30 – Class 1 NIC Costs		
NIC-free amount	£2,000	£2,000
Excess subject to NIC	£1,750	£5,500
Employer NIC cost (15%)	£263	£825
Employee NIC cost	£35	£110
Total cost	£298	£935
Overall Movement (Net Impact)		
Employer (saving → cost)	£825 worse	£1,950 worse
Employee (saving → cost)	£110 worse	£260 worse
Combined impact	£935 worse	£2,210 worse

Umbrella Companies & Joint and Several Liability

- Increased scrutiny by HMRC of labour supply chains
- Introduction of **Joint and Several Liability (JSL)** principles
- End users / agencies may become liable for unpaid PAYE/NIC
- Focus on tackling non-compliant umbrella companies
- Reliance on 'approved suppliers' and annual compliance checks

Key Risk Areas That Employers Should Not Overlook

- Off-payroll working (IR35) – ongoing HMRC enquiries, status challenges + GfC13
- National Minimum Wage (NMW) – increased rates and technical compliance risks
- Termination payments – complex rules and frequent (PENP) calculation errors
- Benefits in Kind (BIKs) – accuracy of reporting and payrolling alignment
- PAYE Settlement Agreements (PSAs) – rising cost and HMRC scrutiny

3.

Payroll Updates and End Of Year Compliance

Payroll Updates and End Of Year Compliance

- **End of Year Compliance**
 - Submit FPS on or before the date employees are paid
 - EPS deadline: 19 April
 - PAYE payment due by 22 April
 - P60 submission by 31 May
 - P11D and P11D(b) deadline: 6 July
 - Class 1A NIC payment due by 22 July
- Confirm that HMRC has been informed of the year's 'Final Submission'
- Access the Online Employer PAYE Account
- Close the current tax year and proceed to 2026-27
 - Verify that tax codes have been updated

Payroll Updates and End Of Year Compliance

- **Updates for 2026-27**
 - National Minimum Wage effective from 1 April:
 - Age 21 and over – £12.71 (an increase of 50p from the previous year)
 - Age 18 to 20 – £10.85 (up 85p from the previous year)
 - Under 18 – £8 (an increase of 45p from the previous year)
 - Apprentices – £8 (up 45p from the previous year)
- The new rates take effect from the next pay reference period following the increase:
 - For employees paid for 1 April to 30 April, the updated rate applies to the April payroll
 - For employees paid for 16 March to 15 April, the old rate applies up to 15 April payroll, with the new rate applied from 16 April to 15 May pay period

Payroll Updates and End Of Year Compliance

- **National Minimum Wage**
- Important to remember: salary sacrifice affects minimum wage!
- The most common are:
 - Cars / EVs
 - Pensions
 - Cycle 2 Work
- They are all an agreement between an employer and employee to reduce the employee's gross salary in exchange for non-cash benefit
- HMRC recently issued penalties to 389 employers for failing to pay workers the minimum wage
- Around £12.6m of penalties issued
- Employers with over 6,000 workers to just 1!

Payroll Updates and End Of Year Compliance

- **Student loan repayments**
- Thresholds stay the same for Plans 1-4 and PG
- Implementation of SL Plan 5 begins
- Recovery rates are set at 9% for Plans 1, 2, 4, and 5, and 6% for PG

Plan type	Yearly income threshold	Monthly income threshold	Weekly income threshold
Plan 1	£26,065	£2,172	£501
Plan 2	£28,470	£2,372	£547
Plan 4	£32,745	£2,728	£629
Plan 5	£25,000	£2,083	£480
Postgraduate Loan	£21,000	£1,750	£403

Payroll Updates and End Of Year Compliance

- **Changes for 2026-27**
- Sick pay and leave effective from 6 April (Employment Rights Act 2025)
 - Statutory Sick Pay (SSP) will be a right from day one
 - The Lower Earnings Limit (LEL) will be removed
 - SSP will increase to £123.25 per week
 - Pay will be 80% of average weekly earnings (AWE) or £123.25, whichever is lower
- Transitional protection
 - Employees already on sick leave before 6 April will continue to receive the increased rate until:
 - They return to work
 - They have been receiving SSP for 28 weeks
 - Their employment ends
 - They begin receiving statutory maternity pay or maternity allowance

Payroll Updates and End Of Year Compliance

- **Payrolling Benefits in Kind (PBiK)**
- Allows employers to report BIKs to HMRC directly through the payroll system in real time
- Tax is calculated directly through the payroll
- Eliminates the requirement for P11D forms
- All benefits can be payrolled except for accommodation and loans. These must still be reported on a P11D
- Will become mandatory starting April 2027
- Employers are required to register with HMRC before the start of the tax year so there's still time!

4.

**Global Mobility, P11Ds, PAYE
Settlement Agreements**

Forms P11D

- **Reporting deadline: 6 July 2026** (for 2025/26 tax year)
- Payment of Class 1A NIC (15%) due by 19/22 July 2026
- Reports all taxable (non-cash) **benefits and expenses** provided to employees
 - Cars, private fuel, loans, private health insurance, accommodation, etc.
- **Key issues**
 - Trivial Benefits – up to £50 exempt per benefit
 - Staff v client entertaining
 - PBIK can be reported via payroll instead of P11D
- Accuracy is critical; errors can trigger HMRC questions or an enquiry

PSAs

- **Purpose:** Allows employers to pay tax on minor or irregular benefits **on behalf of employees**, otherwise reportable on the P11D
- Deadline to apply for PSA: 6th July 2026 (aligned with P11D deadline)
- Calculations due: 31st August 2026
- Payment deadline: 19th / 22nd October 2026
- **Key Considerations:**
 - Avoid including benefits already subject to PAYE/NIC
 - Can include staff entertaining, gifts, or taxable travel expenses
 - Rising employer NIC makes PSA costs higher for 2025/26

Global Mobility Related Deadlines

Deadline	Action
31 March 2026	Modified Class 1 National Insurance HMRC Appendix 7a & 7b submission & payment
5 April 2026	Voluntary Class 2 National Insurance position reviewed & application for 2025/26 submitted
5 April 2026	2025/26 Section 690 directive applications submitted online
6 April 2026	2026/27 Section 690 directive online submission portal opens
31 May 2026	STBV Appendix 4 annual report submission to HMRC
31 May 2026	Annual PAYE reporting deadline for HMRC Appendix 8 (taxable STBVs)
31 January 2027	Modified Payroll HMRC Appendix 6 P11D submission

Thank you



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