

A woman with dark curly hair and glasses, wearing a black zip-up jacket and a bright yellow high-visibility safety vest, is sitting in the driver's seat of a vehicle. She is looking down at a tablet computer in her hands. The background shows the interior of the vehicle and a glimpse of the outside world through the window.

# PAYROLL YEAR END 2025/26 & LEGISLATION UPDATE

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# 01 WHAT IS PAYROLL YEAR END?

For UK payrolls at year end, you are required by HM Revenue & Customs (HMRC) to produce a **final year submission** on an Employer Payment Summary (EPS) submission.

You also have a statutory obligation to provide those in employment as at 5th April with an end of tax year form, **P60 (UK)/T14 (Isle of Man)**.

# HOW DOES ZELLIS HELP?

- **Webinar**
- **Release notes:** click [here](#)
- **User Guide:** click [here](#)
- **Consultancy:** Please contact your Account Manager
- **HMRC:** click [here](#)

## 10 FAQs about year end processing

The following are common support queries with year end processing.

- **I've submitted my last FPS but now I can't process my current tax period. What do I do this?**  
Use the FPS amendments process as detailed in the user guide.
- **I can't set the current tax period to the year I want to process.**  
Check you have created the tax period you want to process.
- **How do I amend year-to-date figures?**  
You can amend the required figures accessed from fast path **HREMPFIXE** navigation panel, and save the record via the FPS Amendments processing.
- **How do I advance a control group to the final tax period?**  
Set the tax calendar to the final tax period and all employees transferred to and from the final tax period will display a warning message: 'Warning: This is just a warning to alert you that one or more employees are not intended in these circumstances, the tax period is not set to the final tax period.'
- **When I process my first payroll after year end processing I receive a warning message for some employees "Year end processing not complete. What should I do?"**  
This is a warning message that appears for employees whose tax has not been paid in the previous year, the message refers to the instructions in article [KB0013872](#) to ensure you have processed the previous year's payroll.
- **Why has a P60 been produced for some employees for this tax year?**  
If an employee has a student loan, a P60 will be produced for the current tax year.
- **Processed Extra Period (Week 53, 54 or 56) shown as cumulative. What should I do?**  
In week 53, 54 or 56, ResourceLink displays a warning message reported on the P60 is the cumulative period is in accordance with the HMRC tax code used when processing - i.e. 'Current period = 53, 54 or 56'.
- **Error - 'Current period = 53, 54 or 56' defined on the Tax Period Set. The software is unable to add the extra week(s).**  
This is caused by having 53, 54 or 56 defined on the Tax Period Set. The software is unable to add the extra week(s).

Tax year ending 5th April 2026

# UK and Isle of Man year-end processing.

Zellis HCM 10.2  
ResourceLink 34b



## Responsibilities:

- To **report** to HMRC on the previous tax year, which ends on 5 April
- Give your employees a **P60/T14**
- **Prepare** for the new tax year, which starts on 6 April

What you need to do	When
• <u>Send your final payroll report of the year</u>	On or before your employee's payday
• <u>Update employee payroll records</u>	From <b>6 April</b>
• <u>Update payroll software</u>	From <b>6 April</b> or earlier if the software provider asks you to
• <u>Give your employees a P60</u>	By <b>31 May</b>
• <u>Report employee expenses and benefits P11D</u>	By <b>6 July</b> (different for PBIK)

# 03 LEGISLATION UPDATE – APRIL 2026

## Measures that will take effect on 1 April 2026

- the repeal of the levy that trade unions and employer associations pay to the Certification Officer

## Measures that will take effect on 6 April 2026

- collective redundancy protective award – doubling the maximum period of the protective award
- ‘Day 1’ Paternity Leave and Unpaid Parental Leave
- whistleblowing – strengthening protections for workers who ‘blow the whistle’ on sexual harassment
- Bereaved Partners’ Paternity Leave – (non-MWP measure) will enable bereaved fathers and partners to take up to 52 weeks of paternity leave if the mother or primary adopter dies within the first year of the child’s life
- Statutory Sick Pay (SSP) – removing the Lower Earnings Limit (LEL) and waiting period
- action plans on gender equality and supporting employees through the menopause (voluntary)
- menopause guidance
- simplifying trade union recognition process

## Measures that will take effect on 7 April 2026

- the establishment of the Fair Work Agency

## Measures that will take effect in August 2026

- electronic and workplace balloting for Statutory Trade Union Ballots

## Measures that will take effect in October 2026

- bringing forward regulations to establish the Fair Pay Agreement Adult Social Care Negotiating Body in England
- procurement – two-tier code
- tightening tipping law
- the duty to inform workers of their right to join a trade union
- strengthening trade unions’ right of access
- requiring employers to take ‘all reasonable steps’ to prevent sexual harassment of their employees
- introducing an obligation on employers not to permit the harassment of their employees by third parties
- introducing a power to enable regulations to specify steps that are to be regarded as ‘reasonable’, to determine whether an employer has taken all reasonable steps to prevent sexual harassment
- unfair practices in the trade union recognition process
- new rights and protections for trade union representatives
- extending protections against detriments for taking industrial action

## Measures that will take effect no earlier than October 2026

- employment tribunal time limits

- **Access to parental bereavement pay as a Day 1 right in the cases of stillbirth and child death, thereby removing the 26-week continuous employment criteria which will continue to apply in Britain.**
- **Inclusion of miscarriage (up to 24 weeks) as part of the bereavement provision (also available from the first day of employment).**
- **The Miscarriage element of the bereavement payment and the Day 1 right for parental bereavement payments only applies to claimants gainfully employed in Northern Ireland and on whose behalf an employer makes Class 1 National Insurance Contributions.**
- **Payments made under the distinct elements of the NI entitlement for miscarriage payments in NI and the Day 1 right for parental bereavement payments to be reported and accounted for separately.**

- **Waiting days will be removed, PIW will start from day one**
  - An employee who has not completed their waiting days on 6th April 2026 will now be entitled to SSP on 6th April 2026 and onwards, where this is a qualifying day
- **New rate will be 80% of AWE or SSP flat rate, whichever is lower. The daily rate will be as currently set – weekly rate divided by no. of working days**
  - For those already in receipt of SSP before the 6th April 2026 who are in a continuous period of sickness, there are transitional protections in place which maintain the weekly SSP rate at the uplifted £123.25 under transitional protection. Otherwise;
    - those earning between £125 and £154.05 will now see a weekly rate which is lower than the maximum SSP rate of £123.25
- **No change to linked periods, 28 weeks of pay, exclusions (other than earnings), relevant period, or that they have to have at least turned up on their 1<sup>st</sup> day of employment before going off sick for day one right. You must still use the correct relevant period, even if they were previously not entitled to SSP**
- **Day one right – you may not have actual earnings if they have just started, DBT guidance is to use reasonable assumption of earnings**
- **Northern Ireland Assembly accepted SSP changes into their devolved legislation**

- Protection brought in due to current rules paying more to those who will earn between LEL & £154.05
- Protections include:
  - Those in receipt of SSP at a higher rate over 6th April will continue to receive that rate of pay until;
    - They return to work because they are fit to do so
    - They have exhausted their 28-week entitlement, so will go onto no pay
    - Their employment contract ends
    - They start a period of exclusion due to pregnancy (going on to SML)
- This protection only applies to those on a continuous period of absence
- Should an employee return to work and then go off sick again within a period of 56 days, the new rate (80% earnings or the flat rate whichever is lower) would then apply to the second (linked) period of absence
- If the employee is off and NOT in receipt of SSP due to being below LEL from a date starting after 21<sup>st</sup> September 2025 they will be eligible for SSP at their 80% rate for up to 28 weeks

- Paternity Leave becomes a day one right subject to correct notice being given
- Unpaid Parental Leave day one right
- New Bereaved Partner Paternity Leave (BPPL) – for partners / 2<sup>nd</sup> parent who have lost the mother of their child before 1<sup>st</sup> birthday
  - The right to take time off work will apply where an employee's child is less than a year old, or within the first year of adoption, and their mother or primary adopter has died.
  - Employees may be eligible for up to 52 weeks of leave, depending on when the bereavement occurs.
  - There is no statutory pay requirement – paid leave is at employer discretion.
  - This is a day one right.
- Paternity Leave and Pay will no longer need to be taken before Shared Parental Leave and Pay

- Personal Tax allowance rises to £17,000 for individuals and £34,000 for jointly-assessed couples
- Highest rate of income tax frozen at 21% - will become payable on income over £23,500
- Increasing National Insurance Class 1 Primary and Secondary Thresholds and Class 4 Lower Profits Limit by 4.8%
- National minimum wage increase for over 18 to £12.86, and over compulsory school age but under 18 £10.16

# TAX RATES & THRESHOLDS

## England, Wales & Northern Ireland

	Rate	Thresholds
Basic Rate	20%	£1 - £37,700
Higher Rate	40%	£37,701 - £125,140
Additional Rate	45%	£125,141 +

## Scotland

	Rate	Thresholds
Starter Rate	19%	£1 - £3,967
Basic Rate	20%	£3,968 - £16,956
Intermediate Rate	21%	£16,957 - £31,0992
Higher Rate	42%	£31,093 - £62,430
Advance Rate	45%	£62,431 - £125,140
Top Rate	48%	£125,141 +

# NATIONAL INSURANCE THRESHOLDS

Pay Frequency	Secondary Threshold (ST)	Lower Earnings Limit (LEL)	Primary Threshold (PT)	Upper Earnings Limit (UEL)	Upper Secondary Threshold (UST)	Apprentice Upper Secondary Threshold (AUST)	Freeport & Investment Zone UST (FUST / IZUST)	Veterans Upper Secondary Threshold
Weekly	£96	£129	£242	£967	£967	£967	£481	£967
2 weekly	£193	£258	£484	£1,934	£1,934	£1,934	£962	£1,934
4 weekly	£385	£516	£967	£3,867	£3,867	£3,867	£1,924	£3,867
Monthly	£417	£559	£1,048	£4,189	£4,189	£4,189	£2,083	£4,189
Annual	£5,000	£6,708	£12,570	£50,270	£50,270	£50,270	£25,000	£50,270

# NATIONAL INSURANCE RATES

Employee (primary) contribution rates		
National Insurance category letter	Earnings above PT up to and including UEL	Balance of earnings above UEL
A – Standard rate	8%	2%
B – reduced rate	1.85%	2%
C – Above SPA	0%	0%
D – Investment Zone Deferment	2%	2%
E – Investment Zone Reduced Rate	1.85%	2%
F – Freeport Standard rate	8%	2%
H – Apprentice under 25	8%	2%
I – Freeport reduced rate	1.85%	2%
J – Deferment	2%	2%
K – Investment Zone above SPA	0%	0%
L – Freeport deferment	2%	2%
M – Under 21	8%	2%
N – Investment Zone Standard	8%	2%
S – Freeport above SPA	0%	0%
V – veteran	8%	2%
Z – Deferment under 21	2%	2%

Employer (secondary) contribution rates			
National Insurance category letter	Earnings above ST <sup>1</sup>	Earnings above FUST <sup>2</sup>	Balance of earnings above UEL <sup>3</sup>
A – Standard rate	15%	15%	15%
B – reduced rate	15%	15%	15%
C – Above SPA	15%	15%	15%
D – Investment Zone Deferment	0%	15%	15%
E – Investment Zone Reduced Rates	0%	15%	15%
F – Freeport Standard rate	0%	15%	15%
H – Apprentice under 25	0%	0%	15%
I – Freeport reduced rate	0%	15%	15%
J – Deferment	15%	15%	15%
K – Investment Zone above SPA	0%	15%	15%
L – Freeport deferment	0%	15%	15%
M – Under 21	0%	0%	15%
N – Investment Zone Standard	0%	15%	15%
S – Freeport above SPA	0%	15%	15%
V – veteran	0%	0%	15%
Z – Deferment under 21	0%	0%	15%

<sup>1</sup> Earnings From ST to LEL, above LEL up to and including FUST

<sup>2</sup> Earnings above FUST up to and including UEL, UST for under 21s, apprentices and veterans

<sup>3</sup> Balance of earnings above UEL, UST for under 21s, apprentices and veterans

# STATUTORY RATES

<b>Minimum average weekly earnings during relevant period*</b>	<b>£129</b>
<b>SMP – Statutory Maternity Pay</b>	90% of AWE
<b>First 6 weeks</b>	Lower of 90% of AWE or £194.32
<b>Further 33 weeks</b>	
<b>SAP – Statutory Adoption Pay</b>	90% of AWE
<b>First 6 weeks</b>	Lower of 90% of AWE or £194.32
<b>Further 33 weeks</b>	
<b>SPP – Statutory Paternity Pay</b>	
<b>Maximum 2 weeks</b>	£194.32
<b>ShPP – Statutory Shared Parental Pay</b>	
<b>Maximum of 37 weeks</b>	£194.32
<b>SPBP – Statutory Parental Bereavement Pay</b>	
<b>Maximum 2 weeks</b>	£194.32
<b>SNCP – Statutory Neonatal Care Pay</b>	
<b>Maximum 12 weeks</b>	£194.32
<b>SSP – Statutory Sick Pay</b>	Lower of 80% of AWE or
<b>Standard weekly rate</b>	£123.25

\* Excluding SSP

	Percentage	Repayment thresholds
<b>Plan 1</b>	9%	£26,900
<b>Plan 2</b>	9%	£29,385
<b>Plan 4</b>	9%	£33,795
<b>Plan 5</b>	9%	£25,000
<b>Postgraduate</b>	6%	£21,000

# NATIONAL MINIMUM WAGE

Category	Hourly Rate
Aged 21 and above	£12.71
Aged 18 to 20 inclusive	£10.85
Aged under 18 (but above compulsory school leaving age)	£8.00
Apprentices aged under 19	£8.00
Apprentices 19 and over in first year of apprenticeship	£8.00
Accommodation Offset	£11.10

## Real Living Wage

Region	Hourly Wage
UK	£13.45
London	£14.80

Qualifying Days in the week	Unrounded daily rates	Rounded daily rates
7 Days	£17.6071	£17.61
6 Day	£20.5416	£35.22
5 Days	£24.65	£52.83
4 Days	£30.8125	£70.43
3 Days	£41.0833	£88.04
2 Days	£61.625	£105.65
1 Day	£123.25	£123.25

[Rates and thresholds for employers 2026 to 2027 - GOV.UK](https://www.gov.uk/guidance/rates-and-thresholds-for-employers-2026-to-2027#statutory-sick-pay-ssp)

<https://www.gov.uk/guidance/rates-and-thresholds-for-employers-2026-to-2027#statutory-sick-pay-ssp>

Rate / Thresholds (per week unless stated otherwise)	20/21	21/22	22/23	23/24	24/25	25/26	26/27
Lower Earnings Limit, Class 1 (LEL)	£120	£120	£123	£123	£123	£125	£129
Lower Earnings Limit, Class 1 (LEL) monthly	£520	£520	£533	£533	£533	£542	£559
Upper Accrual Point (UAP)	£770	N/A	N/A	N/A	N/A	N/A	N/A
Upper Accrual Point (UAP) monthly	£3,337	N/A	N/A	N/A	N/A	N/A	N/A
Upper Earnings Limit, Class 1 (UEL)	£823	£823	£823	£864	£938	£1,032	£1,082
Upper Earnings Limit, Class 1 (UEL) monthly	£3,567	£3,567	£3,567	£3,744	£4,065	£4,472	£4,689
Primary Threshold	£138	£138	£138	£145	£160	£168	£176
Primary Threshold (monthly)	£598	£598	£598	£629	£694	£728	£763
Secondary Threshold	£138	£138	£138	£145	£160	£168	£176

Personal Allowance	2026/2027
Single Person Allowance*	£17,000
Jointly Assessed Couple Allowance*	£34,000
Single Parent Additional Allowance	£6,400
Blind Person Allowance	£2,900
Disabled Person Allowance	£2,900
Non-Resident Allowance	£0

Personal Tax	2026/27
Standard Rate	10%
Higher Rate	21%
Non-Resident Rate	21%

Description	Rate
Over compulsory school age but under 18	£10.16
Aged 18 and over	£12.86

## SSP

- [Registration](#) – HMRC webinar on SSP
- [SPM110800 – Statutory Sick Pay \(SSP\): general information – when entitlement ends – HMRC internal manual – GOV.UK](#) – not yet updated
- [Sickness absence that starts before and ends on or after 6 April 2026](#)

## ERA

- <https://www.gov.uk/government/publications/employment-rights-bill-factsheets>
- <https://www.business.gov.uk/campaign/employment-changes/>

## NIBL

- <https://www.niassembly.gov.uk/globalassets/documents/committees/2022-2027/economy/legislation/delegated-legislation/2026/sl1-miscarriage/draft-sr-parental-bereavement-miscarriage-regs.pdf>

## Statutory Thresholds

- <https://www.gov.uk/guidance/rates-and-thresholds-for-employers-2026-to-2027>

## HMRC Latest Bulletin

- <https://www.gov.uk/government/publications/employer-bulletin-february-2026/february-2026-issue-of-the-employer-bulletin>

## New Starter Checklist

- [https://assets.publishing.service.gov.uk/media/69959214bfdab2546272bf04/Starter\\_checklist.pdf](https://assets.publishing.service.gov.uk/media/69959214bfdab2546272bf04/Starter_checklist.pdf)

## IOM Budget

- [Isle of Man Government – Budget 2026: all the facts and figures](#)
- [Isle of Man Government – Rates and Thresholds](#)

We're excited to share the content of our next release, with great new payroll functionality. For further detail on any of these items please check the **knowledgebase** in our customer help centre for release notes, user guides and other documentation.

Section	Content
<b>Payroll</b>	<b>LGPS pension</b> changes from April 2026
	<b>Police and Firefighters' pension</b> changes from April 2026
	<b>My Civil Service Pension</b> improvement
	Public Sector Returns: <b>HESA C25025</b> update

# 04 PAYROLL YEAR END AN OVERVIEW

## IMPORTANT

You must have **upgraded** to the latest legislation software before running year end.

For April 2026, the year-end upgrade is **Zellis HCM 10.2** and **ResourceLink 34b**.

## BACKUP

**We recommend you take a backup of your database before continuing!**

This is done **automatically** for Zellis HCM AIR, Zellis HCM Cloud, and SaaS customers.

## PREPARATION

- **Standard reconciliation: Run and balance** the last pay period for each control group and **terminate**
- **Final submission of the year** – Employer Payment Summary (EPS)
- Advance any **redundant control groups** to final tax period
- **Tax calendar** for new year created?
- **HCM AIR Real-time Payroll** – Review and adjust your scheduled tasks, as necessary, between the last period of the current tax year and the first period of the next tax year
- Is a **database copy** required?
- Check **audit** settings

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## YEAR END PROCESS

The process takes a snapshot of the employee data at that point in time and writes it to the **Details at Year** end files, resetting the existing year-to-date cumulative totals to zero. **The process is irreversible.**

- **Week 1/Month 1** status is removed from all UK employees
- **CA2700** NI category may be removed. The employee will return to normal NI category deductions unless the appropriate details are re-entered.
- **Control group** – year end view
- **Details at year end** – employee view
- Check all **RTI** submissions filed

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## DATA CORRECTIONS

- **Week**
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- **Final** full payment submission (FPS)
  - **Veteran NI relief** where NI letter is not V

## PREVIOUS YEAR

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## YEAR

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## DATA

- **Final**
- **Vete**

## NEW TAX YEAR

- **Statutory parameters**
- Set **current tax period**
- Create new **tax calendar 2027/28**
- **Tax code uplift** (not applicable 2026/27)
- **Apprenticeship Levy** and **Employment Allowance**
- **Off-payroll workers**
- **Holiday pay** reference period
- **Standard dates**
- **HMRC payment definition**
- Produce and dispatch **P60s/T14s**
- **HOUSEKEEPING:** FBI housekeeping (UK), archive leavers
- **OTHER PROCESSES:** clear down pay element accumulators, create new holiday year entitlement, produce pension returns and address employees requiring annual pension re-banding, car mileage year end, process compensatory grants, review and amend monetary tables, increment processing

## 9 Year-end checklist

You may want to duplicate/amend this checklist so that you have one copy to tick for each control group or whatever you find useful (not all items are control group-specific).

You may also find this checklist useful when planning your year-end timetable, including any assistance that you may require from your database administrator. Once it is completed, you may also want to file it for future reference.

Action to be completed	✓ or ✗	Initials	Date complete	For which legislation?
Review HMRC payment definition (if required) for new pay elements if still using third party accumulations method rather than the RTI reported amount method				BOTH
Consider if car mileage year end should be run here or after April pay run.				BOTH
Check statutory parameters				BOTH
Review apprenticeship levy liability, employment allowance eligibility and update statutory units				UK
Review average pay reference periods				BOTH
Run recalc SPLP rates (if required)				UK
Run pension banding processes				BOTH
Review and set flags for any employees that should be excluded from payrolled benefits				UK
Advance payroll to new tax year				BOTH
Run summary analysis for period 01 – YTDs should be zero				BOTH
*Apply P9 updates				UK
Apply tax code Uplift (see <a href="#">note</a> above for this tax year)				UK
Corrections made via FPS amendments (if required)				UK
Check all FPS files for the year and any FPS				UK

Action to be completed	✓ or ✗	Initials	Date complete	For which legislation?
Stationery ordered. You can request a quotation and place your order for P60 forms via <a href="mailto:stationery@zellis.com">stationery@zellis.com</a> .				UK
Additional assistance/training (internal/external) organised. See <a href="#">KB0011996: Zellis customer learning   Training schedule and course catalogues</a> .				BOTH
Legislation software installed				BOTH
For Isle of Man year 2025-26 run T14 print to identify employees with invalid contributions for withdrawn NI categories D, E, L and rectify records				IOM
Last main period processed for the year – including any disguised remuneration payments				BOTH
Any post-payroll reports (e.g. P45) complete				BOTH
Any pay groups open at previous pay periods closed and advanced to final period (if applicable)				BOTH

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# 05 DEMONSTRATION

**ANY QUESTIONS  
PLEASE?**



**THANK YOU FOR  
YOUR TIME**

