

Payrolling Benefits in Kind

What do employers need to know?

From **April 2027**, all employers will be **required to payroll Benefits in Kind 'BIKs'** (except for employment related loans and living accommodation, which will be phased in at a later date).

This means that BIKs will be taxed in real time through payroll removing the need for the annual P11D process (except for the employer P11D (b), which will still be required for Class 1A National Insurance Contributions purposes)



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Key Changes

- Employers **must** include BIKs in payroll each pay period from April 2027.
- The current P11D reporting process for most benefits will be **phased out**.
- Employers will need to ensure they are **registered for payroll benefits** with HMRC before the start of the 2027/28 tax year.
- Employees will pay tax on benefits in real time through the PAYE system instead of having their tax codes adjusted in the following year.

What you need to do?

We recommend reviewing your current benefit arrangements and preparing for this transition as early as possible. If you have any questions about how this affects your payroll processes, please contact us for further guidance.

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