

Common queries for PBIK

How will the employer make the P11D(b) payment going forward, will that be monthly now?

At present a P11D(b) is still required at the end of the tax year for benefits that have been payrolled. HMRC have not yet announced if this will change when payrolling benefits becomes mandatory from April 2026.



What happens if premiums for health insurance change during the tax year due to a renewal?

If the insurance premium changes due to a renewal mid-tax year, you apply the new monthly taxable BIK amount from the month it changes. For example, if October 2023-September 2024 the annual premium is £1,200 for an employee, each month you would process the monthly BIK amount of £100. If from October 2024 the premium amount changes to £1,440 you would process the new monthly BIK rate of £120 from October 2024.

What is the effect on benefits currently dealt with via a PSA?

HMRC hasn't advise of any changes to this process, therefore it shall remain the same.



How will directors benefits be managed if they are not on the payroll?

Whilst Payrolling BIK is still voluntary, the directors will remain to be processed via P11ds in the usual way. HMRC haven't advised how this will look when things become mandatory from 2026-27 and we expect there may be changes made.

Can someone register for Payroll BIK on my behalf?

Yes, if they have agent access on the HMRC Government Gateway and have all the details of which benefits you wish to payroll.



How will tax codes be amended?

Tax codes are adjusted when a person owes HMRC tax from a previous tax year. If benefits are payrolled the tax is paid in 'live' time so it is not in arrears and owed to HMRC in the following tax year, causing a tax code adjustment.

If you currently report benefits on a P11D, tax codes are adjusted in the current year to pay the tax owing on the benefits received in the previous tax year. So, in the first year you payroll benefits, employees tax codes will still be adjusted to pay the tax owed on the benefits received in the previous tax year, reported on a P11D however, in the second year you payroll benefits tax codes should be adjusted again to remove the benefit from the tax code, as tax will no longer be owed in arrears as the tax was being paid in 'live' time.

So, although in the first year there will unfortunately be a cross-over, where tax is being paid for the benefits in the previous year and the current year, following this, no adjustments to tax codes for benefits received will be required, as the tax has already been paid due to being payrolled.

How do I manage Payrolling BIK on my software?

All softwares will have this set-up differently and we would recommend asking your provider for guidance. Most will include this within the pay element set-up and you can select BIK but it will be a manual process to include the right treatment on each benefit/element. Cars are often within the employee record as they require more information to calculate the relevant benefit percentage.



Will there be many changes between the 2025-26 voluntary process and when it becomes mandatory?

We are unaware of the changes HMRC propose to make, we suspect the process through the payroll remain very similar and the key changes will be in relation to the P11d(b) filing/payment. Once we know more nearer 2026-27 we will do a further update.

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