

Business Cloud Essentials 1.9.4

Release Notes

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Introduction

This document contains an overview of the payroll changes included in version 1.9.4 of Business Cloud Essentials.

The key features and enhancements are:

BCE Payroll

- Income Tax threshold for the 2026/2027 tax year effective from 6 April 2026
- Employee National Insurance changes effective from 6 April 2026
- Student Loans Updates for the 2026/2027 tax year effective from 6 April 2026
- Removal of 'State Aid' items from the EPS
- Reference Only - Mandating the payrolling of benefits in kind from April 2027

Income Tax threshold changes for 2026/2027

For the tax year 6 April 2026 to 5 April 2027 the following PAYE deduction table updates have been applied:

England and Northern Ireland, the Income Tax PAYE deduction bands remain unchanged:

- Basic rate (BR) 20% £1.00 – £37,700.00
- Intermediate rate (D0) 40% £37,701.00 – £125,140.00
- Higher rate (D1) 45% £125,141.00 >

Wales, Income Tax PAYE deduction bands remain unchanged:

- Basic rate (CBR) 20% £1.00 – £37,700.00
- Higher rate (CD0) 40% £37,701.00 – £125,140.00
- Additional rate (CD1) 45% £125,141.00 >

Scotland, Income Tax PAYE deduction bands have been updated as follows:

- Starter rate 19% £1.00 – £3967.00
- Basic rate (SBR) 20% £3968.00 – £16956.00
- Intermediate rate (SD0) 21% £16957.00 – £31,092.00
- Higher rate (SD1) 42% £31,093.00 – £62,430.00
- Advanced rate (SD2) 45% £62,431.00 – £125,140.00
- Top rate (SD3) 48% £125,141.00 >

[Rates and thresholds for employers 2026 to 2027 - GOV.UK](https://www.gov.uk/government/publications/rates-and-thresholds-for-employers-2026-to-2027)

Employee NIC changes effective from 6th April 2026

For the tax year 6 April 2026 to 5 April 2027 the following NIC table update has been applied:

- Employee Lower Earning Limit (LEL) threshold has changed from £6500.00 to £6708.00 for all NIC rates

Last year's decrease to the NICs Secondary Threshold from £9,100 to £5,000 remains frozen from 6 April 2025 until 5 April 2028. The Secondary Threshold will be increased in line with CPI from 6 April 2028.

For the tax year commencing 6 April 2026 to 5 April 2027 the BCE NIC tables for rates A, B, C, H, J, M and Z have been updated to reflect the revised employee LEL threshold.

All other NIC categories will need to be manually managed in accordance with the rates published by the HMRC as required.

Student Loans – Updates for 2026/2027

The Student Loan tables for the tax year from 6 April 2026 to 5 April 2027 have been updated as follows:

- SL1 Changes from £26065.00 to £26900.00 at 9%
- SL2 Changes from £28470.00 to £29385.00 at 9%
- SL4 Changes from £32745.00 to £ 33795.00 at 9%
- New Plan type SL5 introduced with annual threshold of £25000.00 at 9%
- Post Graduate Loan (PGL) remains unchanged at £21000.00 @ 6%

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

Removal of 'State Aid' items from the EPS

Employment Allowance no longer counts as 'de minimis state aid' (financial support from the government) in tax year 2025-26. HMRC previously advised employers claiming Employment Allowance from 6 April 2025 to select data item 203 'State aid rules do not apply to Employer' on the Employer Payment Summary (EPS).

From 6 April 2026, employers claiming Employment Allowance no longer need to select one of data items:

- 199 'Employer is in the agriculture sector'
- 200 'Employer is in the fisheries sector'
- 201 'Employer is in the road transport sector'
- 202 'Employer is in the industrial/other sector'
- 203 'State aid rules do not apply'

These state aid-related data items are removed from the EPS.

BCE Payroll users are therefore advised not to tick the 'Employment Allowance claimed' option on the EPS P32 report.

If this is selected and any of the employment allowances ticked, the EPS file submission to HMRC will return an error and fail to send.

For Reference Only

Mandating the payrolling of benefits in kind from April 2027

HMRC will provide more time to prepare for the mandatory reporting of Income Tax and Class 1A NICs for most benefits in kind and taxable expenses from 6 April 2027, instead of 6 April 2026 as previously announced.

HMRC has published an updated technical note which provides more operational information on how employers can adapt to these changes in time for 6 April 2027.

This is available at: <https://www.gov.uk/government/publications/reporting-and-paying-income-tax-and-class-1a-national-insurance-contributions-on-benefits-in-kind-in-real-time-an-update>



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