Tax E-News

June 2026 Edition

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In this issue

Welcome to the June 2026 edition of Tax E-News. We hope that you find this informative. Please contact us if you wish to discuss any matters in more detail.

Tax-Free Mileage Rates

A 10p per mile increase in tax free mileage rates will apply in the 2026/27 tax year, backdated to April 2026. The increase relates to the amount per business mile driven that attracts tax relief and affects both employees and the self-employed. HMRC’s mileage rates guidance has been updated as follows:

For the self-employed:

Vehicle	Flat rate per mile for 2026/27	Flat rate per mile before 6 April 2026
Cars and goods vehicles – first 10,000 miles	55p	45p
Cars and goods vehicles – after 10,000 miles	25p	25p
Motorbikes	24p	24p

For employees:

Vehicle	Flat rate per mile for 2026/27	Flat rate per mile before 6 April 2026
Cars and vans – first 10,000 miles	55p	45p
Cars and vans – after 10,000 miles	25p	25p
Motorbikes	24p	24p
Bicycles	20p	20p

Note that only the rate for cars and vans for the first 10,000 miles has increased; other rates are unchanged.

Mandatory payrolling now to be phased in

The announcement of mandatory payrolling for Benefits In Kind was originally expected to start in April 2027, but following industry pressure, it will now be introduced in two phases.

Phase 1 will continue to be rolled out from 6 April 2027, with Phase 2 starting a year later on 6 April 2028. The move to mandatory payrolling will replace the current P11D process for most benefits and move it to real-time processing through a company's payroll system.

Employers providing employee benefits must provide taxable values through payroll in real-time and apply Income Tax and Class 1A NICs through payroll rather than submitting yearly P11D forms.

Phase 1 of mandatory payrolling from April 2027 will include: company cars, car fuel, vans, van fuel and employer-provided medical benefits.

Phase 2 from April 2028 will include most other Benefits In Kind except beneficial loans and living accommodation. These will continue to be voluntary.

Further guidance is expected by July 2026.

If you need any help with the mandatory payrolling changes, please give us a call. We would be happy to help you.

Upcoming deadlines for SME reporting to HMRC

PAYE Settlement Agreement

The deadline for applying for a PAYE Settlement Agreement (PSA) or making any amendments to an existing PSA is 5 July following the first tax year to which it applies. PSAs are an agreement between an employer and HMRC.

For example, for the tax year 2025-26, you will have until 5 July to apply for your PSA.

Expenses and benefits

P11D and P11D(b) filing and payment deadlines for those employers who do not payroll expenses and benefits is close. The deadline for reporting P11D(b) Class 1A National Insurance Contributions (NICs), P11D expenses and Benefits In Kind (BIK) provided in the 2025-26 tax year, is 6 July 2026.

Payment must reach HMRC by 19 July 2026 if paying by cheque, or 22 July 2026 if paying electronically.

Reminder: file monthly CIS returns or face late-filing penalties

From April 2026, CIS contractors are legally obliged to file a CIS return every month, including nil returns in months where they have not used a subcontractor.

Voluntary NICs abroad

In the 2025 Budget, the government announced changes to voluntary NICs abroad. From 6 April 2026, for tax years 2026-27 onwards, the option to pay voluntary Class 2 NICs for periods abroad has been removed.

New applications to pay voluntary Class 3 NICs for periods abroad will only be accepted where the individual has either 10 years' continuous UK residency or has paid at least 10 years of NICs.

If you need any help with tax or payroll issues, please give us a call. We would be happy to help you.

Look twice to spot bad tax advice

HMRC's 'Don't get caught out' campaign encourages contractors working through umbrella companies to take a closer look at their circumstances and watch out for tax avoidance.

Contractors can use HMRC's online guidance and tools to learn about tax avoidance, to understand how they are paid and how to check if the right amount of tax is being paid to avoid an unexpected tax bill later.

There are real-life stories of people caught out by tax avoidance in a short explainer YouTube video on how umbrella companies work.

Contractors can also review HMRC's list of published named tax avoidance schemes and their promoters here at the Rossmartin tax site. This is not an exhaustive list, as some operators are yet to be identified by HMRC.

HMRC never approve such schemes, even if promoters say otherwise or promote them by saying they have been found compliant by barristers.

If you have concerns that you may have been caught out, please give us a call. We would be happy to help you.

Dividends On The 2025/26 Self Assessment Tax Return

For taxpayers required to submit a self assessment tax return, new boxes on the 2025/26 employment page form will require the following information for each directorship held by an individual:

- If the company was a close company;
- The company's name and registration number;
- Dividends the taxpayer received from the close company during the tax year; and
- The highest percentage shareholding that the taxpayer held during the tax year.

A penalty of £60 may apply for failing to provide the required information. It is therefore important that you notify us of each directorship that you held during the year. In light of HMRC's recent scrutiny of close company dividends, it will be wise to make sure that dividend procedures are tight, lawful and compliant. Please do contact us if we can assist in this regard.

Research & Development: An Update

NEW R&D TARGETED ADVANCE ASSURANCE SCHEME

HMRC have introduced a targeted advance assurance service for Research and Development (R&D) tax relief claims. The service, which is a pilot, aims to provide Small and Medium-sized Enterprises (SMEs) with clarity on complex or high-risk areas before a claim is made.

The new targeted scheme is open to any SME wishing to obtain HMRC's assurance in any of the following areas:

- Whether the project meets the definition of R&D for tax purposes.
- Whether overseas expenditure qualifies for relief.
- Whether the company can claim R&D relief where work is contracted by one company to another.
- Whether the company qualifies for exemption from the PAYE and National Insurance contributions cap.

The scheme will run alongside the existing full claim advance assurance service, which is only available to first-time claimants.

R&D CLAIMS AT THE FIRST TIER TRIBUNAL

A recent First Tier Tribunal case (Beer Express Ltd v HMRC) demonstrates the pitfalls involved in overreliance on R&D advisers. The FTT's task was to answer a straightforward question: had Beer Express proved that its projects met the BEIS Guidelines for R&D?

Under those guidelines, qualifying R&D must aim to achieve an advance in science or technology by resolving genuine technological uncertainty - not merely improving a company's own processes.

The Tribunal found there was no clear explanation of the technological baseline, no defined advance, and no identified uncertainties for any of the projects.

Instead, the supporting reports were described as vague and unconvincing, offering little more than high-level descriptions.

Equally damaging was the absence of input from a "competent professional" - someone with the technical expertise to explain why the work qualified. Beer Express's director was found to be honest and credible, but lacked the detailed technical knowledge required.

When HMRC challenged the claims, the adviser who had prepared them had disappeared, leaving Beer Express to defend a case it could not fully explain.

The FTT dismissed the appeal in full, concluding that Beer Express had failed to discharge the burden of proof required to access R&D relief.

In recent years, HMRC have vastly increased their scrutiny of R&D claims, so it is important to use advisers who are competent in this area.

Employment Status Of Professional Football Match Officials

In Professional Game Match Officials Ltd (PGMOL) v HMRC, the First-tier Tribunal (FTT) concluded that football referees engaged by PGMOL were not employees for tax purposes. The decision followed a long procedural history, including appeals up to the Supreme Court, and focused on the correct application of employment status principles.

PGMOL provides referees for professional football matches. HMRC argued that match officials should be treated as employees, meaning that PAYE and National Insurance contributions should have been applied to match fees.

The case had already been considered by multiple courts. The Supreme Court confirmed that when a referee accepted a match appointment, there was sufficient mutuality of obligation and a framework of control. However, it sent the case back to the FTT to determine the overall employment status using a comprehensive test.

The FTT considered the overall relationship between PGMOL and the referees. Key findings included:

- No ongoing obligation: PGMOL was not required to offer matches, and referees were not required to accept them.
- High level of flexibility: Referees could decline appointments or withdraw without sanction.
- Short, discrete engagements: Each match appointment was a separate, limited arrangement.
- Limited integration: Refereeing was generally undertaken alongside other full-time work.

The FTT concluded that, viewed as a whole, the relationship lacked the characteristics of employment. The referees were self-employed, and therefore PGMOL was not required to operate PAYE or account for employer National Insurance on the payments made to them.

This case shows the numerous factors that must be considered when determining whether a worker is employed or self-employed.

If you have any questions regarding your employment status, or of the status of individuals you engage, please get in touch – we'd be happy to help.

Diary Of Main Tax Events

JUNE/JULY 2026

Date	What's Due
1 June	Corporation Tax for year to 31/08/2025, unless quarterly instalments apply
19 June	PAYE & NIC deductions, and CIS return and tax, for month to 05/06/2026 (due 22 June if you pay electronically)
1 July	Corporation Tax for year to 30/09/2025, unless quarterly instalments apply
5 July	Deadline to agree PAYE settlement agreements for 2025/26
6 July	P11D, P11D(b) and Employment Related Securities returns due for 2025/26
19 July	PAYE & NIC deductions, and CIS return and tax, for month to 05/07/2026 (due 22 July if you pay electronically)
31 July	Due date for the second self assessment payment on account for 2025/26 (if applicable)

Need advice? Contact Tax Kings on 0141 333 1852 or email contactus@taxkings.co.uk.