

SEPTEMBER 2026 TAX NEWSLETTER

Welcome to our monthly newsletter. We hope you enjoy reading this newsletter and find it useful.

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Welcome to the September 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.

BENEFITS IN KIND: MANDATORY PAYROLLING FROM 6 APRIL 2027

Mandatory payrolling of benefits in kind (BiKs) will begin from **6 April 2027**, with a phased introduction designed to give employers and payroll providers time to adapt.

Under the first phase, covering the 2027/28 tax year, mandatory payrolling will apply to:

- Company cars
- Company car fuel
- Vans
- Van fuel
- Private medical benefits

These benefits will need to be reported through payroll in real time rather than being reported after the end of the tax year on form P11D.

Mandatory payrolling will then be extended to **most other benefits and expenses from April 2028**. HMRC has confirmed that employers will be able to register voluntarily from November 2026 to payroll other benefits not included in the first phase, such as beneficial loans and living accommodation.

The change will affect employees as well as employers. Employees who currently pay tax on benefits through adjustments to their tax codes will instead pay the tax in real time through PAYE. Some employees may also be paying tax on BiKs from earlier years at the same time, which could create confusion about their take-home pay. HMRC is encouraging employers to communicate these changes well in advance.

WHAT SHOULD EMPLOYERS BE DOING NOW?

If you have employees in receipt of BiKs, we recommend that you:

1. Compile a complete list of all benefits currently reported on P11Ds.
2. If you carry out your own payroll reporting, review whether your payroll software can support real-time BiK reporting from April 2027.
3. Consider how you will deal with joiners, leavers and changes in benefit values during the year.
4. Establish procedures for managing underpayments and overpayments.
5. Develop an employee communication plan explaining how the changes will affect tax deductions and tax codes.

Although the first mandatory reporting deadline is still several months away, employers that start preparing now are likely to face a much smoother transition when the new regime takes effect in April 2027.

Please contact a member of our team if you would like to discuss any of the issues raised.

MAKING TAX DIGITAL FOR INCOME TAX: AN UPDATE

Making Tax Digital (MTD) for Income Tax became mandatory from **6 April 2026** for sole traders and landlords with combined gross income from self-employment and property exceeding **£50,000**, based on their 2024/25 tax return. Qualifying income is measured before expenses are deducted.

The scope of MTD will widen in future years:

- From **April 2027**, it will apply to those with qualifying income above **£30,000**.
- From **April 2028**, it will apply to those with qualifying income above **£20,000**.

Under MTD, affected taxpayers must keep digital records and submit quarterly updates to HMRC using compatible software, together with an end-of-year submission.

HMRC has recently announced that they will begin **automatically signing up taxpayers from September 2026** where they believe the taxpayer should already be using MTD but has not yet registered. The sign-up process will be carried out in stages and could affect around 294,000 taxpayers. HMRC says that they will notify the taxpayer once they have been signed up.

If you receive a letter or digital notification from HMRC, do not ignore it. You should review your MTD status immediately, check that HMRC's information is correct, and ensure you have suitable MTD-compatible software in place. If you believe you qualify for an exemption, or HMRC's records are incorrect, action should be taken promptly.

If you are unsure whether MTD applies to you, need help selecting software, or have received an HMRC sign-up notification, please contact us. We can review your position, ensure you meet your obligations and help you establish a compliant and efficient MTD process.

HMRC USING THIRD-PARTY INFORMATION TO TARGET LANDLORDS

HMRC has begun writing to landlords where the information it holds from third parties does not appear to match the taxpayer's records. The letters encourage recipients to review whether all rental income has been declared and remind them of their obligations under Making Tax Digital (MTD) for Income Tax.

HMRC receives information from a variety of sources, including tenancy deposit schemes and other statutory reporting systems. This data is increasingly being used to identify landlords whose tax returns may not accurately reflect their property income.

If you receive one of these letters, it is important not to ignore it. HMRC asks landlords to review their position and take action by the deadline stated in the correspondence. Where there is undeclared rental income, HMRC expects the taxpayer to make a disclosure. If there is nothing to declare, HMRC should still be informed using the contact details provided.

The stakes can be significant. HMRC warns that if it later opens a compliance check or criminal investigation, any disclosure made at that stage may be treated as a "prompted" disclosure, potentially leading to higher penalties.

The letters also remind landlords to consider whether they have any capital gains tax obligations following the disposal of a rental property and whether they fall within MTD for Income Tax.

For landlords, the message is clear: ensure rental income is fully declared and maintain accurate records. If you receive such a letter, please notify us as soon as possible, as we can help.

Please contact a member of our team if you would like to discuss any of the issues raised.

Call: 01384 261300 Email: mail@tnmca.com

ADVISORY FUEL RATES FOR COMPANY CARS

The table below sets out the HMRC advisory fuel rates from 1 September 2026. These are the suggested reimbursement rates for employees' private mileage using their company car.

Where the employer does not pay for any fuel for the company car, these are the amounts that can be reimbursed in respect of business journeys without the amount being taxable on the employee.

Engine Size	Petrol	Diesel	LPG
1400cc or less	14p (14p)		11p (11p)
1600cc or less		15p (15p)	
1401cc to 2000cc	17p (17p)		13p (13p)
1601cc to 2000cc		16p (17p)	
Over 2000cc	27p (26p)	22p (23p)	20p (21p)

Previous rates are shown in brackets.

You can also continue to use the previous rates for up to one month from the date the new rates apply.

Note that for hybrid cars, you must use the petrol or diesel rate.

For fully electric vehicles the rate is 7p (7p) per mile where the vehicle is charged at home. The rate applicable to vehicles charged using public facilities is 15p (15p) per mile.

Employees using their own cars

For employees using their own cars for business purposes, the Approved Mileage Allowance Payment (AMAP) tax-free reimbursement rate was increased on 6 April 2026 to 55p per mile (plus 5p per passenger) for the first 10,000 business miles, reducing to 25p per mile thereafter. Note that for NIC purposes the employer can continue to reimburse at the 55p rate regardless of mileage as the 10,000 mile threshold does not apply.

Input VAT

Within the 55p/25p AMAP payments, the amounts in the above table represent the fuel element. The employer is able to reclaim 20/120 of the fuel amount as input VAT provided the claim is supported by a VAT invoice from the filling station. For a 1500cc diesel-engine car, 2.5 pence per mile can be reclaimed as input VAT (15p x 1/6).

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DIARY OF MAIN TAX EVENTS

SEPTEMBER/OCTOBER 2026

Date	What's Due
1 September	Corporation Tax for year to 30/11/2025, unless quarterly instalments apply
19 September	PAYE & NIC deductions, and CIS return and tax, for month to 05/09/2026 (due 22 September if you pay electronically)
1 October	Corporation Tax for year to 31/12/2025, unless quarterly instalments apply
19 October	PAYE & NIC deductions, and CIS return and tax, for month to 05/10/2026 (due 22 October if you pay electronically) These are also the due dates for Class 1B NICs due under PAYE Settlement Agreements.
28 October	Chancellor John Healey delivers Autumn Budget 2026

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