IRIS Payroll Business and IRIS Bureau Payroll

Release Notes v25.10

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Contents

Release Version 25.10

Statutory Neonatal Care Pay (SNCP)

Following the introduction of the Neonatal Care (Leave and Pay) Act 2023, employees with a parental or other personal relationship with a baby who is receiving neonatal care can take up to 12 weeks of paid leave which, subject to meeting the relevant criteria, will be paid at the statutory rate. This new act comes into effect from 6th April 2025 (Tax year 2025/2026).

This includes a minimum entitlement of one week, in addition to other leave entitlements such as maternity, paternity and shared parental leave. SNCP applies to employees in England, Scotland, and Wales, but not currently Northern Ireland.

Key factors of Statutory Neonatal care include:

- 26 weeks continuous service required
- Rate is the same as other statutory parental pay, for 2025/2026 £187.18 or 90% of average weekly earnings, whichever is lower
- The employee must take leave within the first 68 weeks of their baby's birth to qualify for SNCP.
- Statutory Neonatal Care Pay and Leave can be taken in two tiers:
  Tier One
  - Applies to employees who take their leave while their child is in neonatal care or within the 1st week following their discharge. This tier can be taken flexibly in weekly periods that do not need be consecutive.
  Tier Two
  - Applies after the Tier One period ends and until the end of the 68-week period following the child's birth date. Any Tier Two leave must be taken in a single continuous block.

Following the new SNCP legislation, we have made the following software adjustments:

System Parameters

The system parameters have been updated to include the new Statutory Neonatal Care Pay rate. To view the new rate, go to **HMRC | Statutory Payment Rates**.

Employee menu

Under the **Employee | Employee Absence** section, a new **SNCP** icon has been added to allow SNCP set up and calculation.

Click the **SNCP** icon to open the **SNCP** screen. From this screen you can add a new SNCP record or view/edit an existing record.

Add a new SNCP record

With the employee selected, click the **SNCP** icon. The **SNCP** tab contains the following fields:

- Date of Child's Neonatal Care
- Date of Child's Birth
- Expected Week of Childbirth, Week Baby Due, Matching Week, Date of Child's Death: If the employee is entitled to another statutory parental pay and you have created a record for the other statutory payment, enter the relevant date:
  - If the employee is entitled to Statutory Maternity Pay (SMP), enter the **Expected Week of Childbirth** date
  - If the employee is entitled to Statutory Paternity Pay (SPP), enter the **Week Baby Due** date
  - If the employee is entitled to Statutory Adoption Pay (SAP) or Statutory Paternity Pay (Adoption) (SPP(A)), enter the **Matching Week** date
  - If the employee is entitled to Statutory Parental Bereavement Date (SPBP), enter the **Date of Child's Death**
  - If the employee is entitled to Shared Parental Pay (ShPP) or is not entitled to another statutory parental pay, leave the field blank

The system will match the date you have entered to the other statutory pay record you have created and will use its relevant period to calculate the **Average Gross Pay** for SNCP. If the field is left blank, the system will calculate the relevant period and **Average Gross Pay** using SNCP rules.

- Relevant Week (Sunday)
- Latest employment Start Date (Saturday)
- Average Gross Pay
- Tier 1 Leave Start Date (date cannot be more than 28 days after the Date of Child's Birth)
- No. of weeks to pay
- Tier 2 Leave Start Date (date cannot be more than 68 weeks after the Date of Child's Birth)
- No. of weeks to pay
- Number of SNCP weeks already paid (cannot exceed 12 weeks)

As with other statutory payments, at the bottom of the screen it will display the SNCP the employee is entitled to, if any, or the reason why they do not qualify.

> **Please Note**: Most commonly, an employee will be entitled to SNCP along with another statutory payment, e.g. SMP. An employee cannot receive SNCP where the leave dates overlap with another statutory payment; they must be paid consecutively. For example, an employee can only receive SNCP once their SMP entitlement is complete

Using the SNCP fields you can:

- Enter the total number of weeks SNCP you want to pay at the time you create the record (to a maximum of 12 weeks)
- Enter the number of weeks to pay that you know about and then return to the screen at a later date to enter further weeks to pay (to a maximum of 12 weeks), for example if the employee takes some SNCP leave, then takes SPP leave, then takes the remaining SNCP entitlement after SPP has been paid
- Transfer an employee to IRIS Payroll where some weeks were paid in another payroll software and some weeks are yet to be paid

To pay all SNCP entitlement when creating the record

1. From the sidebar, highlight the employee

2. Select the **Employee** menu, then **SNCP**

3. Enter the required dates

4. The **Relevant Week (Sunday)** and **Latest employment Start Date (Saturday)** fields will be populated automatically

5. **Average Gross Pay** will display the calculated average earnings

6. **Employed for more than 26 weeks** will be ticked (assuming the employee has 26 weeks or more pay history)

7. Enter the **Tier 1** and/or **Tier 2 Leave Start Date**. Enter the **No. of Weeks to Pay** that you wish to pay (to a maximum total of 12 weeks)

8. Select **OK**

To pay some SNCP now, and the rest in the future

1. From the sidebar, highlight the employee

2. Select the **Employee** menu, then **SNCP**

3. Enter the required dates

4. The **Relevant Week (Sunday)** and **Latest employment Start Date (Saturday)** fields will be populated automatically

5. **Average Gross Pay** will display the calculated average earnings

6. **Employed for more than 26 weeks** will be ticked (assuming the employee has 26 weeks or more pay history)

7. Enter the **Tier 1** and/or **Tier 2 Leave Start Date**. Enter the **No. of Weeks to Pay** that you wish to pay

Then, when you are ready to pay further SNCP
8. From the sidebar, highlight the employee

9. Select the **Employee** menu, then **SNCP**

10. Increase the **No. of Weeks to Pay** value for Tier 1 and/or Tier 2, or enter the **Tier 2 Leave Date** and **No. of Weeks to Pay** to include the number of weeks you want to pay now (ensuring the total does not exceed the maximum of 12 weeks)

11. Click **OK**

To pay SNCP to an employee that has transferred to IRIS Payroll, who has already received part of their SNCP entitlement

1. From the sidebar, highlight the employee

2. Select the **Employee** menu, then **SNCP**

3. Enter the required dates

4. The **Relevant Week (Sunday)** and **Latest employment Start Date (Saturday)** fields will be populated automatically

5. **Average Gross Pay** will display the calculated average earnings. You might need to enter this value yourself, since IRIS Payroll will not have the payroll history to calculate the amount automatically

6. Tick the **Employed for more than 26 weeks** indicator

7. Enter the **Number of SNCP weeks already paid** that the employee already received

8. Enter the **Tier 1** and/or **Tier 2 Leave Start Date** for the SNCP you need to pay. Enter the **No. of Weeks to Pay** that you wish to pay, ensuring that the total number of weeks you enter plus the **Number of SNCP weeks already paid** does not exceed 12 weeks

9. Click **OK**

Enter Variations

A new **SNCP** field has been added to the **Pay | Enter Variations | Statutory Payments** section. If an SNCP record exists for the employee, this field will include the number of weeks due to be paid, dependent on the pay period and frequency.

Diary

Any Statutory Neonatal Care Pay processed through **Pay | Enter Variations** or **Pay | Calculate** will be added as **Statutory Leave** in **Employee | Diary Entry**.

Employee Details

We have added a new **SNCP** field to the **Statutory Payments** section to record the to-date values.

We have also added SNCP to the following locations:

- Employee | To-date History
- Employee | Alter To-dates

All references in the software to **SMP, SAP, SPP, ShPP & SPBP** have been amended to **SMP, SAP, SPP, ShPP, SPBP & SNCP**.

Reports

All necessary reports have been updated to include SNCP.

If you have bespoke payslips or summary reports, following the introduction of SNCP, these may require changes. SNCP payments will be included in the totals fields as standard. If you require changes to your bespoke reports, please contact us.

Month end Processing

As with other statutory payments, if necessary, the month-end processing will calculate any SNCP Recovered and SNCP Compensation. New columns have been added for:

- Statutory Neonatal Pay (SNCP) Recovered
- NIC compensation on SNCP

Useful Online Links

A link to **SNCP & Leave** has been added to the **HMRC | Useful Online Links** section.

Import Data

The **Application Menu | Import/Export | Import Data**, import structure **Fields** tab now includes **Initial SNCP YTD** and **SNCP To-date**.

Export Data

The **Application Menu | Import/Export | Export Data**, export structure **Fields** tab now includes **SNCP Current Month**, **SNCP Paid This Period** and **SNCP To-date**.

National Insurance

On 30th October 2024, the Government announced changes affecting National Insurance contributions Secondary Threshold and Secondary Class 1 rate. From 6th April 2025, the NICs Secondary Threshold decreases from £9,100 to £5,000, and the main rate of Secondary (Employers) Class 1 NICs increases from 13.8% to 15%. We have updated the system with the new threshold and rate.

NICs compensation rate on Statutory Payments

Employers can currently reclaim 92% of employees' Statutory Maternity, Paternity, Adoption, Parental Bereavement and Shared Parental Pay, or if a business has paid £45,000 or less in Class 1 National Insurance (ignoring any reductions like Employment Allowance) in the last complete tax year they can qualify for Small Employers Relief, and reclaim 100% of the Statutory Payment, plus an additional 3% compensation.

From 6th April 2025, the rate or compensation increases from 3% to 8.5%. We have updated the system with the new rate.

Workplace Postcode

From April 2025, HMRC intends to reject an FPS if a Freeport or Investment Zone NIC category letter is reported for an employment but does not contain the workplace postcode for any qualifying employee. In **Employee Details | Tax & NI** tab, we have added a **Workplace Postcode** field, which should be entered for any qualifying employee located within a designated special tax site.

Employee Form Validation

Following a new rule introduced by HMRC where the FPS will be rejected when a reduced rate NICs category letter (B, E or I) is supplied but does not qualify based on the date of birth supplied, a date validation warning message now appears in the **Employee Details**, **Pay Variations**, and **Payroll Calculation** screens. This occurs if you update a female employee's NI Rate to B, E, or I and their date of birth is after 05/04/1961.

Employment Allowance

The government announced that from the 6th April 2025, Employment Allowance would increase from £5,000 to £10,500.

The restriction that previously applied, where employers who have incurred a secondary Class 1 NICs liability of more than £100,000 in the previous year are unable to claim Employment Allowance, has been removed from 6th April 2025.

We have made the following software changes, applicable from 2025/2026:

- Increased the maximum Employment Allowance value to £10,500 in relevant screens and reports
- Changed the current indicator text from 'Continue to claim Employment Allowance. My Employer's NI bill for <previous tax year> was below £100,000' to 'Continue to claim Employment Allowance
- On all **Employment Allowance** screens, we have removed "de minimis" and replaced it with "state aid".

Statutory Paternity Pay

Fixed an issue where the system defaulted to paying Statutory Paternity Pay at the previous tax year's rate.

PAYE Legislation

Student/Postgraduate Loan Thresholds

Student and postgraduate loan thresholds for the 2025/2026 tax year. We have updated the system with these figures.

Earnings Arrestment (Scotland)

Scottish Earnings Arrestment Deduction tables have been updated from April 2025. We have updated the system with these rates.

Tax Codes

Personal allowance tax code rates for the 2025/2026 tax year. We have updated the system with these rates.

National Minimum Wage/National Living Wage

National Minimum Wage and National Living Wage rates for the 2025/2026 tax year. We have updated the system with these rates.

NI Thresholds have changed:

- ST is now below the LEL
- Employers now pay 15% NI instead of 13.8%.

Tax, NI and Statutory Payment Rates

Tax, NI, and statutory payment rates for the 2025/2026 tax year. We have modified the system with these rates.

Car and Fuel benefit thresholds

Car and fuel benefit thresholds for the 2025/2026 tax year. We have updated the system with these thresholds.

RTI

FPS – 2025/2026

In line with government legislation, we have updated the FPS schema for the 2025/2026 tax year.

EPS – 2025/2026

We have amended the EPS schema for submissions relating to the 2025/2026 tax year.

Earlier Year FPS Changes for 2024/2025

We have updated the EYFPS schema for the 2024/2025 tax year.

Other Improvements

P60 Changes for 2024/2025

A new P60 layout for year-end 2024/2025 is now available.

Useful numbers

HMRC online service helpdesk	HMRC employer helpline
Tel: **0300 200 3600** **Fax:** **0844 366 7828** **Email:** **helpdesk@ir-efile.gov.uk**	**Tel:** **0300 200 3200** **Tel:** **0300 200 3211 (new business)**

Contact Support

Your Product	Phone	E-mail
IRIS PAYE-Master	**0344 815 5555**	**payroll@iris.co.uk**
IRIS Payroll Business	**0344 815 5555**	**ipsupport@iris.co.uk**
IRIS Bureau Payroll	**0344 815 5555**	**ipsupport@iris.co.uk**
IRIS GP Payroll	**0344 815 5555**	**gpsupport@iris.co.uk**
IRIS GP Accounts	**0344 815 5555**	**gpaccsupport@iris.co.uk**
Earnie or Earnie IQ	**0344 815 5555**	**earniesupport@iris.co.uk**
IRIS Payroll Professional (formerly Star)	**0344 815 5555**	**payroll-support@iris.co.uk**

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