01 / BEFORE YOU OFFER THE JOB

A £30,000 salary costs more than £30,000.

Budget the whole role, not just the amount on the job advert.

Start with a clear role

Agree the work, hours, workplace, start date and pay before making an offer. Check whether the person is really an employee or a self-employed contractor. Their preferred label or an invoice does not settle their status.

Gross salary is pay before the employee's deductions. **Net pay** is the amount they receive after tax, employee National Insurance and other deductions.

Employer National Insurance and employer pension contributions are additional business costs. Employee tax deductions come out of gross pay; they are not added again on top.

ALLOW FOR THE PRACTICAL COSTS

Recruitment, software, equipment, training, insurance, paid absence and management time all need funding. Holiday pay is normally already included in a salaried employee's annual salary, but cover or lost productive time can add cost.

Example: an ordinary employee aged 30

Full-year cost estimate	Amount
Annual gross salary	£30,000.00
Employer NI: (£30,000 − £5,000) × 15%	£3,750.00
Employer pension: (£30,000 − £6,240) × 3%	£712.80
Total before other costs / tax relief	**£34,462.80**

BEFORE EMPLOYMENT ALLOWANCE

Around **£2,871.90 per month** for this salary, employer NI and minimum employer pension alone.

If eligible Employment Allowance fully covers this £3,750 employer NI, the total falls to **£30,712.80**. The allowance is a reduction of eligible NI, not cash paid to the employee.

Assumptions: 2026/27, full-year ordinary NI category, qualifying-earnings pension basis, no salary sacrifice or special age/category relief. Payroll-period rounding can differ slightly.

CHECK THE RULES Getting ready to employ · 2026/27 employer rates · Minimum pension contributions · Employment Allowance eligibility

02 / PAY, RIGHTS AND PAPERWORK

A small business is still an employer.

Put the basics in place before the person starts.

Check pay against the hours worked

Minimum hourly rate from 1 April 2026	Rate
Age 21 and over	£12.71
Age 18 to 20	£10.85
Under 18	£8.00
Qualifying apprentice rate	£8.00

Apprentice rate: under 19, or 19+ in the first apprenticeship year. Other apprentices use their age rate. Check working time, unpaid work and deductions: an annual salary alone does not prove compliance.

A director's £12,570 salary plan is not a full-time employee wage rule. Family members doing employee work need genuine duties, appropriate pay and employment rights too.

Before day one

Check and retain the right-to-work evidence. Arrange Employers' Liability insurance where required, normally at least £5 million cover. Check safe working arrangements and any role-specific checks.

Put the employment terms in writing

In Great Britain, the main written employment particulars must normally be given on or before day one. Set out pay, hours, holiday, place of work and the other required terms. Use suitable employment-law support for the contract.

Budget paid time off

Most workers are entitled to **5.6 weeks' paid holiday** a year. A regular five-day week means 28 days, which can include bank holidays. Regular three-day weeks usually mean 16.8 days. Irregular hours and part-year staff need a separate calculation.

Sickness and family leave

From 6 April 2026, eligible Statutory Sick Pay is due from the first qualifying day. The weekly amount is **£123.25 or 80% of average weekly earnings, whichever is lower**, subject to the rules.

Keep absence dates and tell payroll promptly. Parental leave, statutory pay and any enhanced contractual rights also need checking before you promise or process payments.

SCOPE MATTERS

The employment-rights summary here is for Great Britain; Northern Ireland has separate employment-law rules. Staff working overseas need local payroll, employment and tax checks. UK payroll is not automatically the answer.

CHECK THE RULES Minimum wage rates · Written employment terms · Statutory holiday entitlement · Statutory Sick Pay · Right-to-work checks · Employers' Liability insurance

03 / PAYROLL AND PENSIONS

There are three payments to organise, not one.

Net pay to the employee, tax and NI to HMRC, and contributions to the pension provider.

Set up PAYE before the first payday

Register as an employer where required and give SBX the payroll start date, pay frequency and agreed salary or hourly rate. Do this early; registration and references can take time.

For each new starter, collect their personal details and **P45**, or a completed **HMRC starter checklist** if no P45 is available. This helps payroll apply the right tax and student-loan treatment.

Each payday

Send approved hours, pay changes, overtime, bonuses and absences by the agreed cutoff. Review the payroll, give the employee their payslip and pay the net amount shown.

HMRC's payroll report is normally due **on or before payday**. Electronic PAYE payments are normally due by the **22nd of the following tax month**; agreed quarterly arrangements can differ.

PAYROLL DOES NOT MOVE THE MONEY

Agree who makes each bank payment and who submits the pension information. Do not assume a payslip, HMRC submission or pension upload also paid the bill.

Workplace pensions start early

Automatic-enrolment duties start when you take on your first member of staff. Staff normally need automatic enrolment if they work ordinarily in the UK, are aged **22 to State Pension age**, and earn **over £10,000 a year**. Other staff may have joining rights.

Under the usual qualifying-earnings basis, minimum contributions are **8% in total**, including at least **3% from the employer**, on earnings between £6,240 and £50,270 for 2026/27. Scheme rules can require more.

Complete the pension **declaration of compliance within five months** of your duties start date. Duties can apply even if nobody initially needs automatic enrolment. An employee choosing to opt out does not mean you can skip the process.

Employment Allowance is not automatic

Eligible employers can offset up to **£10,500 a year** against eligible employer NI. A company with only one director liable for employer NI and no other such employee is excluded. Connected employers and other exclusions need checking.

CHECK THE RULES Register as an employer · Tell HMRC about a new employee · Running payroll · Paying PAYE · Workplace pension duties · Minimum pension contributions · Pension declaration deadline · Employment Allowance eligibility

04 / YOUR FIRST-EMPLOYEE PLAN

Get the information ready before the first pay run.

Use this worksheet to agree the role and responsibilities with SBX and your employment adviser.

Before the person starts	Decision / evidence	Owner / due date
Correct employing business and worker status	[enter legal employer and assessment]	[enter]
Role, start date, hours and workplace	[enter agreed terms]	[enter]
Gross pay, benefits and total employment budget	[enter pay and cost estimate]	[enter]
Right-to-work and any role-specific checks	[record securely]	[enter]
Written terms, insurance and safety arrangements	[confirm completed / outstanding]	[enter]
PAYE, payroll access and first pay date	[enter progress and date]	[enter]
Pension provider, assessment and declaration deadline	[enter]	[enter]
Who approves payroll and makes all three payments?	[employee / HMRC / pension responsibilities]	[enter]

Your first-month check

Check the first payslip against the contract; confirm net pay arrived; check HMRC and pension amounts were actually paid; and review whether the role's hours and workload match the budget.

Tell us about changes before payroll closes, including a birthday affecting the wage or NI category, a second job, leave, a bonus or a leaver.

What SBX needs securely

Full name, address, date of birth, National Insurance number if held, P45 or starter checklist, start date, pay details and pension information. Share bank details only through the agreed secure route.

SBX handles the payroll/tax work you engage us for. The employment contract, right-to-work duties and people management still need clear ownership; use appropriate legal or HR support.

Contact our office or your account manager. info@sbxaccountants.com | 020 7046 1730

Keep completed forms in your own private records. Send them through your agreed SBX channel, not the shared resource library.

CHECK THE RULES Tell HMRC about a new employee · Right-to-work checks · Written employment terms · Pension declaration deadline