

P11D: Benefits in kind and expenses

If an employer provides benefits and/or expenses to its directors/employees, you must remember that those may be subject to tax.

It is therefore important to keep careful track of employee expenses and benefits for tax purposes and inform HMRC, either by using form P11D or via your payroll.

A benefit in kind can be anything beneficial other than actual money (as money should be processed via payroll). We have listed below the most common forms of benefits/expenses to assist you in identifying individuals that may require a form.

Common Expenses and Benefits

Vehicles

- Company car
- Company van
- Private fuel
- Own car used for business mileage (only where the mileage allowance paid is in excess of HMRC's published rates, the difference will be taxable on the employee).

Mobile Phones

- Mobile phone – where the contract is in the employee's name but paid/reimbursed by the employer.

Payments made on behalf of employees

- Accountancy fees
- Legal fees
- Home telephone
- Medical/dental costs
- Professional fees and subscriptions
- Provision for internet access at director/employee home.

Assets

- Asset loaned to employees
- Assets transferred to employees
- Share Options and share related benefits (these are generally dealt with via payroll however, this is a complex area and mainly for unapproved schemes, please contact us for further information if appropriate).

Other items

- Childcare (Employer funded nurseries - please contact us for further information)
- Clothing
- Credit cards, credit tokens and non-cash vouchers
- Living accommodation owned or rented by employer
- Loans to directors/employees
- Relocation costs
- Social functions
- Trivial benefits (i.e. gift of cash or vouchers exceeding £50 in value, other items in recognition of their work).

Reporting Requirements

For your information, forms P11D and P11D(b) for the year ended 5 April 2023 must be submitted to HM Revenue and Customs by **6 July 2023** to avoid substantial penalties. In addition, each employee/director must be provided with a copy of their P11D by the same date.

It is important to demonstrate to HM Revenue and Customs that reasonable care has been taken to get the forms P11D right. This will include making and keeping sufficient records for the complete tax year (6th April to 5th April) from which to prepare and complete an accurate return.

Class 1 A National Insurance Contributions (NIC) are levied on many taxable benefits provided. You are required to make a return of Class 1 A NIC due on a P11D(b) Declaration form which is submitted to HM Revenue and Customs with the P11D forms. Payment of Class 1 A NIC is due by 19 July 2023 and there are potential penalties for late or incorrect returns of Class 1 A NIC.