

This brief guide will help you complete:

- form P11D Expenses payments and benefits 2015 to 2016
- form P11D(b) Return of Class 1A National Insurance contributions due

You can complete and submit returns online using:

- PAYE Online for Employers
- Online end of Year Expenses and Benefits forms (new from April 2013)
- Electronic Data Interchange (EDI)

You might find it easier and quicker to file online. You can find more information about completing returns online, including a range of calculators to help speed up calculations of taxable amounts. Go to [www.gov.uk/business-tax/payee](http://www.gov.uk/business-tax/payee)

Payroll expenses and benefits in future tax years to avoid completing P11Ds.

For more information go to:

[www.gov.uk/guidance/paying-your-employees-expenses-and-benefits-through-your-payroll](http://www.gov.uk/guidance/paying-your-employees-expenses-and-benefits-through-your-payroll)

Manual versions of the returns are available from the Employer Orderline. To get these phone **0300 123 1074**. You can find more detailed information on completing the returns in the booklets (which are also on the internet)

- 480(2016) Expenses and benefits – A tax guide
- CWG2(2016) Employer Further Guide to PAYE and NICs
- CWG5(2016) Class 1A National Insurance contributions on benefit in kind.

### **Class 1A National Insurance contributions**

Employers are required to pay Class 1A National Insurance contributions (NICs) on most benefits. These are identified throughout this guide under sections which have a brown heading and a **1A** symbol.

### **More help and guidance**

As well as this brief guide, P11D Working Sheets, helpbooks and other guidance are available to help you complete P11Ds and the P11D(b).

You can view or download the full range of HMRC booklets, forms and guidance online, go to [www.gov.uk/business-tax/payee](http://www.gov.uk/business-tax/payee) or you can get copies from the Employer Orderline, phone **0300 123 1074**.

#### **P11D Working Sheets**

There are working sheets to help you calculate the cash equivalent of benefits for:

- living accommodation
- cars and car fuel
- vans
- interest-free and low interest loans
- relocation expenses
- mileage allowance payments and passenger payments

#### **Official rates of interest**

Form P11D(INT) gives details of official rates of interest and average official rates of interest for 2015 to 2016.

#### **More information**

If you have any difficulties completing P11Ds or the P11D(b) you can:

- phone the Employer Helpline on **0300 200 3200**
- contact your HMRC office

### **When do you need a form P11D?**

By law, at the end of each tax year you must give HMRC particulars of any expenses payments, benefits and facilities provided to:

- each employee or director earning at a rate of £8,500 or more a year, and
- each director earning at a rate of less than £8,500 a year, unless they are
  - a full-time working director with no material interest in the company, or
  - a director of a charity or non-profit making concern

For details of how to calculate an employee's or director's annual rate of earnings, see booklet 480 paragraph 1.7.

You must also include any expenses payments, benefits or facilities provided to members of the director's or employee's family or household.

For most purposes 'family or household' is defined as the employee's spouse or civil partner, sons and daughters and their spouses or civil partners, his or her parents, servants, dependants, and guests. See booklet 480 paragraph 1.22.

Please use a separate form P11D for each director or relevant employee.

You must also give the information to each director and relevant employee.

### **When don't you need a form P11D**

You should not complete a P11D if there are no expenses payments or benefits to be returned for an individual or if the expenses and benefits have been taxed through your payroll.

### **Dispensations and PAYE settlement agreements**

You need not show on form P11D expenses payments or benefits in kind covered by:

- a PAYE settlement agreement, or
- a dispensation given by an Officer of HMRC

See booklet 480 chapter 2.

### **When do you need a form P11D(b)**

The form P11D(b) is used to declare the amounts of Class 1A NICs you are due to pay for the year.

You must complete and sign a form P11D(b) if you are liable to return any expenses

payments or benefits on form P11D.

If you don't receive a form, or if you need a replacement, contact your HMRC office.

The form P11D(b) is split into 4 sections:

**Section 1** is the return of Class 1A NICs due for the year.

See booklet CWG5(2016) paragraph 14.

**Section 2** is the declaration covering the return of Class 1A NICs and expenses and benefits.

**Section 3** provides important notes on the completion of the form.

**Section 4** is for any adjustments necessary to the total benefits liable to Class 1A NICs as shown on forms P11D.

See booklet CWG5(2016) paragraph 18.

### **Amount made good or from which tax has been deducted**

In boxes with this heading on the form P11D enter any amounts which have been made good by the director or employee and/or from which tax has been deducted under PAYE. You will need to make a corresponding adjustment to the total benefits reported on form P11D(b) if you enter an amount from which tax has been deducted under PAYE where the benefit is liable to Class 1A NICs.

### **Schedules and lists**

See booklet 480 paragraph 25.6.

Where there is not enough space on form P11D to enter all the relevant information attach a separate schedule.

### **Effects of VAT**

See booklet 480 paragraph 25.13.

Include the full amount of VAT on form P11D whether or not it may be recovered in whole or in part by you from HMRC.

### **Penalties**

See booklet 480 paragraphs 25.17 to 25.19 and CWG5(2016) paragraph 25.

There are penalties for failing to make returns, or for careless or deliberately incorrect returns, on forms P11D and P11D(b).

**The return date for both the P11D and P11D(b) for 2015 to 2016 is 6 July 2016.**

## A Assets transferred (cars, property, goods or other assets) 1A

See booklet 480 chapter 6.

Enter, as appropriate:

- the market value of the asset at the date of transfer, or
- a figure based on the cost to you

## B Payments made on behalf of the employee

See booklet 480 chapter 26.

Enter any amounts that your employee should have paid, but you paid instead.

### Tax on notional payments

PAYE applies to employment income taxable under new Part 7A ITEPA 2003 (certain income provided through third party arrangements), provided in the form of a cash voucher, or a readily convertible asset, or vouchers and credit tokens which are used to acquire such assets or are themselves readily convertible to cash.

PAYE also applies to employment income paid by an intermediary of the employer. Enter tax on such notional payments not recouped from the director/employee within 90 days of the end of the tax year.

## C Vouchers and credit cards

Enter the total of:

- the cost to you of providing any vouchers (including season tickets) which can be exchanged for money, goods or services
- any extra cost to you in providing the money, goods or services for which the vouchers are exchanged
- all expenses and other payments met by credit cards you provided, except
  - expenses directly in connection with the car(s) at section F
  - expenses more appropriate to section N

Do not include any vouchers, such as cash vouchers, which have suffered tax under PAYE (see part B above).

## D Living accommodation 1A

See booklet 480 chapter 21.

Enter the cash equivalent of the living accommodation provided for the director or employee or his or her family or household by reason of the employment.

The value to be used in calculating the cash equivalent is the gross value for rating which applied before the Community Charge was introduced. If the accommodation is rented, use the amount of rent payable (including any amount attributed in respect of a lease premium) instead of the gross rateable value. If the property did not have a gross rateable value, use your estimate of what the gross rateable value would have been if rates had continued. Different rules apply in Scotland. See booklet 480 paragraph 21.9.

If the total cost of the accommodation and any improvements was less than £75,000, the cash equivalent will be the greater of the gross value for rating and the total of any rent payable by the employer and any amount attributed in respect of a lease premium, less any rent the employee pays. See booklet 480 paragraphs 21.11 – 21.12 for how to calculate the benefit if a lease premium is payable.

If the accommodation cost more than £75,000 (including improvements), see booklet 480 paragraphs 21.13 – 21.15 for how to calculate the benefit.

The value of living accommodation is exempt from tax and Class 1A NICs in some circumstances. If the value of the accommodation is exempt, do not return a cash equivalent figure on the P11D. See booklet 480 paragraphs 21.2 – 21.3.

If, as well as providing the accommodation, you paid some of the employee's bills (such as heat and light) or provided ancillary benefits (such as furniture) show these on the P11D at section M for 'other items', whether or not the value of the accommodation itself is exempt from tax and Class 1A NICs.

- If the contract was between you and the supplier, enter details of the benefit in the **brown** box.
- If the supplier contracted direct with the employee, enter details of the benefit in the **blue** box. See booklet 480 paragraphs 21.17 – 21.22.

## E Mileage allowance payments/passenger payments

See booklet 480 chapter 16.

Enter the excess over and above the approved amount for each, which is exempt from tax.

For mileage allowance payments, the approved amount is the number of business miles travelled (other than as a passenger) multiplied by the appropriate rate(s) for the kind of vehicle used – see the table below. Approved mileage allowance payments can only be made for travel in the employee's own vehicle.

For passenger payments, the approved amount is the number of miles of business travel by car or van for which a passenger is carried and for which passenger payments are made, multiplied by 5p per mile per passenger. Passenger payments can be paid for a company car or van as well as for the employee's own vehicle.

Kind of vehicle	First 10,000 business miles in 2015 to 2016	Each business mile over 10,000 in 2015 to 2016
Cars and vans	45p	25p
Motorcycles	24p	24p
Cycles	20p	20p

## F Cars and car fuel 1A

### Car benefit charge

See booklet 480 chapters 11, 12, 15 and appendix 1.

Give details of cars made available for private use and the total car benefit charge.

The list price of a car will usually be the UK list price of the car on the day before the date of first registration, including VAT, car tax (where appropriate), delivery charges and number plates. If the car had no list price when it was first registered, use the notional price. This is the price that might reasonably be expected to be the car's list price if its manufacturer, importer or distributor had published a list price for an equivalent car for single retail sale in the UK.

Accessories must be added at their list price including VAT, fitting and delivery charges:

- any optional accessories with the car when it was first made available to the director/employee, whether or not they were available at any time in this tax year, and

- any accessories added to the car after it was first made available to the employee, provided they were added after (31 July 1993) and had a price of £100 or more

Capital contributions (payments made by the director/employee towards the cost of the car and accessories) are deducted from the price of the car and accessories (maximum deduction £5,000).

This figure is multiplied by the 'appropriate percentage' to give the car benefit charge for a full tax year. The appropriate percentage for cars registered on or after 1 January 1998 depends on the carbon dioxide (CO<sub>2</sub>) emissions of the car and the type of fuel used. You **must** enter the appropriate key letter from the table below to denote the type of fuel/power used in each car.

Key letter	Fuel or power type description
D	Diesel cars (all Euro standards)
A	All other cars

The appropriate percentage for cars registered before 1 January 1998 and cars registered on or after that date with no approved CO<sub>2</sub> emissions figure is based on the car's engine size as below:

Engine size	Registered before 1/1/98	Registered after 1997 with no approved CO <sub>2</sub> figure*
0–1400cc	15%	15%
1401cc–2000cc	22%	25%
over 2000cc	32%	37%
rotary engined cars	32%	37%

\*Note: a small number of cars will not have an approved CO<sub>2</sub> emissions figure. These will probably be rare or one-off models of cars, or cars imported from outside the European Union. Supplements and reductions for the type of fuel also apply to these cars, but not to those first registered before 1998.

If the car was unavailable for part of the year the car benefit charge for that car is reduced proportionately. Then any payments by the director or employee which are required for private use and have been paid in 2015 to 2016 are then deducted.

Full details, including the separate rules for calculating the benefit of cars which run on alternative fuels and classic cars are explained in chapter 12 of booklet 480. It covers the common rules on determining the prices used for tax purposes, finding the approved CO<sub>2</sub> emissions figure and deciding the appropriate percentage. It also covers the special rules for disabled drivers.

### Car fuel benefit charge

See booklet 480 chapter 13.

No benefit charge will arise if:

- fuel was provided solely for business travel, or
- the director/employee was required to make good the whole of the cost of the fuel used for private motoring (including travel between home and work) and actually did so, or
- a mileage allowance was paid covering no more than the cost of fuel used on business travel. If an allowance was paid which covered fuel costs for private travel, for example between home and work, a car fuel benefit charge will arise

If the provision of free fuel is withdrawn, the benefit charge is reduced in proportion to the number of days the car is available

after the date of withdrawal. There is no reduction if free fuel is reinstated later in the tax year.

Enter the total car fuel benefit charge for all cars available. Remember that the type of fuel/power used must be entered whether or not a car fuel benefit charge applies.

## **G** Vans and van fuel

**1A**

### **Van fuel benefit charge**

The van benefit charge is £3,150 for 2015 to 2016. The charge is reduced for periods when a van is unavailable. Any payments by the director or employee which are required to use the van for private use and have been paid in 2015 to 2016 are then deducted. If 2 or more directors/employees share private use of the van, the standard charge for each should be reduced on a just and reasonable basis. If the employees sharing the van are members of the same family or household and one of them is in an excluded employment, the fact that the van is available to that person is to be disregarded when making the sharing reduction to the benefit charge on the other employee(s).

Go to [www.gov.uk/expenses-and-benefits-company-vans](http://www.gov.uk/expenses-and-benefits-company-vans)

### **Van fuel benefit charge**

See booklet 480 chapter 13.

The van fuel benefit charge is £591 for 2015 to 2016. This is charged on all vans when any private fuel is provided and the van benefit charge (before any reductions) is more than £0. Apart from this, and the way in which the van fuel benefit charge is reported, the rules in section F under 'Car fuel benefit charge' apply equally to the van fuel benefit charge.

## **H** Interest-free low interest and notional loans

**1A**

See booklet 480 chapter 17.

You do not have to report on form P11D loans used wholly for a qualifying purpose. (As a guide to whether a loan is a qualifying loan see booklet 480 appendix 5.)

Enter the cash equivalent for each non-qualifying loan separately. But if you are a close company making loans to a director you may elect to treat all such loans which are in the same currency and which are owing at the same time as one loan. You make the election by showing the loans as a single loan on the form P11D. If you make any election the director will be bound by it.

Enter details of loans made to, or arranged for, a director/employee (or any of his/her relatives) on which no interest was paid or on which the amount of interest paid was less than interest paid at the official rate (see booklet 480 appendix 4). For loans in currencies other than sterling, indicate the currency. Form P11D(INT) has details of the official rates and can be ordered from the Employer Orderline.

Only put an entry in the box for 'Number of joint borrowers' if there are any other joint borrowers for whom you are completing a P11D for the (shared) benefit of the same loan. The number to enter in the box is the number of joint borrowers between whom the total cash equivalent is shared. The total amount of the loan is not affected by the number of joint borrowers. In all cases show the full amount of the loan.

Include the annual 'notional loan' benefits under Section 446S Income Tax (Earnings and Pensions) Act 2003 for shares acquired by the director/employee at undervalue and partly paid shares. But do not include Section 446U discharges of such notional loans. These need to be returned separately on employers return form 42.

For more information see:

- booklet 480 chapter 23
- the HMRC website, go to [www.gov.uk/business-tax/employment-related-securities](http://www.gov.uk/business-tax/employment-related-securities)

If you know that the total amount outstanding on all loans, or all non-qualifying loans does not exceed £10,000 in 2015 to 2016, you should disregard such loans when completing section H of form P11D.

Note that a loan made by a person other than the employer may in some cases fall within the rules in new Part 7A ITEPA 2003 on employment income provided through third party arrangements and PAYE will apply to such amounts.

See booklet 480 paragraph 1.26.

Up-to-date details of the official rate of interest (including average rate of interest for each tax year) are available on the HMRC website. Go to [www.gov.uk/government/publications/rates-and-allowances-beneficial-loan-arrangements-hmrc-official-rates](http://www.gov.uk/government/publications/rates-and-allowances-beneficial-loan-arrangements-hmrc-official-rates)

## **I** Private medical treatment or insurance

**1A**

Enter the cost of all medical and dental expenses arranged and paid by you and all premiums paid for insurance against such treatment.

If you paid medical or dental expenses, or insurance against such treatment, arranged by your employee, enter the amount you paid at section B.

## **J** Qualifying relocation expenses payments and benefits

**1A**

See booklet 480 chapter 5 and appendix 7 and CWG5(2016) paragraph 32.

Enter the excess over £8,000 of the total amount of all qualifying:

- expenses payments (the gross amount)
- benefits (cost to you as the employer less anything paid towards the cost by the director/employee), and
- provided accommodation

Qualifying expenses and benefits are those which are:

- exempt, see booklet 480 appendix 7, and
- paid by the 'relevant day' and meet the other qualifying conditions see booklet 480 chapter 5

Exempt costs include many of the normal costs of relocation, such as estate agents' and legal fees, stamp duty, house-hunting visits and removal costs.

If you have difficulty in valuing any benefits for the purpose of calculating the excess over £8,000, discuss the details with your HMRC office before you complete form P11D.

Remember that the £8,000 limit applies to the whole relocation not just to qualifying expenses, benefits and so on provided this year. If there were qualifying items for this director/employee last year, include them when working out whether there is an excess over £8,000.

For non-qualifying relocation costs, see boxes M and N.

## **K** Services supplied

**1A**

Enter the additional cost of any services supplied where the contract is between you and the service supplier.

Some employer provided services (whether on premises occupied by the employer or elsewhere) are exempt from charge where the private use of the service is not significant in the context of its use by the employee in performing their duties. See booklet 480 chapter 5.

## **L** Assets placed at the employee's disposal

**1A**

See booklet 480 paragraph 6.7 and CWG5(2016) paragraph 13.

Enter the annual value of the use of the asset (or the rent or hire charge if this was greater).

Some employer provided assets (whether on premises occupied by the employer or elsewhere) are exempt from charge where the private use of the asset is not significant in the context of its use by the employee in performing his or her duties. Certain types of benefits such as the use of vehicles (including boats and aeroplanes) are excluded from the exemption. See booklet 480 chapter 5.

## **Equipment provided to employees with a disability**

There is no taxable benefit if an employer provides equipment (for example, a wheelchair or hearing aid) to an employee with a disability to enable the employee to take up or retain work, and where the employee also uses the equipment for significant private use.

## **M** Other items

**1A**

Enter the following benefits in the brown box with the Class 1A indicator

### **Subscriptions**

See CWG5(2016) paragraph 30 and booklet 480 paragraph 25.16.

Enter details of fees and subscriptions arranged for and paid by you or on your behalf. Include initial and annual subscriptions to clubs catering for leisure or sporting activities and so on.

See section N if the fee or subscription was:

- arranged by the employee and was paid by you or on your behalf, or
- paid to a professional body or learned society related to the employment

### **Educational assistance**

See booklet 480 chapter 18.

Enter the cost of educational assistance provided where the contract is between you and the provider of the benefit. Include the value of scholarships awarded to children because of their parents' employment.

Do not include relevant payments for qualifying retraining courses (as defined by Section 311, ITEPA 2003).

### **Non-qualifying relocation benefits and expenses payments**

See CWG5(2016) paragraph 32.

### **Benefits**

Enter all relocation benefits (cost to you as the employer less anything paid towards the cost by the employee), which are:

- not exempt (not listed in booklet 480 appendix 7), or
- not paid by the 'relevant day' or which fail one of the other qualifying conditions. See booklet 480 chapter 5

If you have any difficulty valuing any benefits consult your HMRC office with details before you complete the form P11D.



## Expenses

Include here any relocation expenses payments (gross amounts less any amount from which tax is deducted), which are exempt expenses (listed in booklet 480 appendix 7) but which were paid after the 'relevant day' or which fail one of the other qualifying conditions see booklet 480 chapter 5.

Non-qualifying relocation expenses which are not exempt expenses (not listed in booklet 480 appendix 7) should be entered at section N.

A beneficial bridging loan given to an employee as part of a relocation package will not qualify for relief under Section 271 ITEPA 2003. But some alternative relief may be due to the director/employee under Section 288 ITEPA 2003 if qualifying relocation expenses and benefits total less than £8,000. See booklet 480 chapter 5.

## Incidental overnight expenses

See booklet 480 chapter 8 and appendix 8 and booklet CWG5(2016) paragraph 31.

### Prescribed limits

Normally payments of expenses of a personal nature are taxable. However where such payments are made to employees staying away from home overnight on business, they are exempt so long as the travel to which they relate itself qualifies for relief and provided the amounts involved are within the prescribed limits. These limits (which include VAT) are £5 per night for overnight stays anywhere within the UK and £10 per night for overnight stays outside the UK.

If incidental expenses consist of different elements (for instance, a cash payment and a benefit in kind) the different elements must be aggregated to determine whether the prescribed limits have been exceeded.

If you make payments for incidental overnight expenses which are over the limits, the whole amount (not just the excess) is liable to tax and National Insurance contributions under the normal rules.

You only need to include an amount in box M if part or all of such a payment consists of a benefit in kind.

## Employer provided childcare

The following are exempt from tax and NICs and need not be shown on form P11D:

- places made available in a nursery provided by the employer
- other qualifying or directly contracted childcare up to the exempt amount for the employee
- childcare vouchers that can be exchanged for qualifying childcare up to the exempt amount

## Relevant exempt amount

If your employee joined your scheme on or before 5 April 2011 the first £55 per week will be exempt from tax or NICs. For employees who join your scheme on or after 6 April 2011 there are reduced exempt amounts for higher earners. For more information, go to

[www.gov.uk/government/publications/employer-supported-childcare](http://www.gov.uk/government/publications/employer-supported-childcare) or see booklets:

- 480, chapters 5 and 6 and appendix 11, or
- CWG5(2016), paragraph 29

You should enter on the P11D:

- the whole cost of providing non-qualifying childcare
- the cost of providing qualifying childcare that exceeds the relevant exempt amount for the employee - only enter the excess over the relevant exempt amount

Where childcare vouchers are used, enter the excess in box C. Otherwise use box M.

## Other benefits

Enter details of expenses incurred in, or in connection with, the provision for the director/employee of any benefits or facilities of whatever nature not returned under any previous heading where the contract to provide the benefit was between you and the provider.

## M Income Tax paid to HMRC

See booklet 480 chapter 19.

Enter the amount of Income Tax paid to HMRC in the year which the company failed to deduct from remuneration paid to a director, irrespective of the year in which that remuneration was paid. Exclude any tax on notional payments you have already entered in section B.

## N Expenses payments made to, or on behalf of, the director or employee

Take care not to enter amounts that are entered in section C 'Vouchers and credit cards'.

## General expenses allowance for business travel

Enter the amount of any round sum allowance not exclusively for entertaining.

## Travelling and subsistence not included in general expenses allowances

See booklet 480 chapters 8, 9 and 10.

Enter the total expenses reimbursed on fares, hotels, meals, and so on including travel between home and a permanent workplace for UK employments and employments performed wholly outside the UK (not included above).

## Entertainment

See booklet 480 chapter 20.

Enter all payments made exclusively for entertaining including:

- the amount of any round sum allowance
- sums reimbursed
- specific allowances for entertaining
- sums paid to third persons

If you carry on a trade, business, profession or vocation and make payments to a director or employee exclusively for entertainment, the payments should be disallowed in computing your tax liability.

## Trading organisations other than tonnage tax companies

If you carry on a trade, business, profession or vocation:

- **tick** the box if **any** of the expenses payments have been, or will be, **disallowed** in your business's tax computations
- put a **cross** in the box if **none** of the expenses payments have been, or will be, **disallowed** in your business's tax computations

## Tonnage Tax companies

**Tick** the box if you have elected for your company's profits to be calculated in accordance with paragraph 4, Schedule 22 Finance Act 2000.

## Home phone

See CWG5(2016) appendix 1.

Enter any expenses reimbursed in connection with a phone at the home of the employee where the employee contracted directly with the supplier.

If you contracted with the supplier to provide a home phone to your employee, enter any expenses paid by you at sections K, L or M (**brown** box).

## Other non-qualifying relocation expenses payments

See booklet 480 chapter 5 and appendix 7 and booklet CWG5(2016) paragraph 32.

Enter any amounts that your employees should have paid, but you paid instead, in connection with a relocation, where the expense was not an exempt expense (not listed in booklet 480 appendix 7).

## Incidental overnight expenses

See booklet 480 chapter 8 and appendix 8 and booklet CWG5(2016) paragraph 31.

See the box under 'Incidental overnight expenses' at section M above for details of prescribed limits.

Enter details in box N of incidental expenses payments exceeding the prescribed limits which are made up of a cash payment, non-cash vouchers or a credit card payment.

## Other expenses

Enter details of expenses incurred in, or in connection with, the provision for the director/employee of any benefits or facilities of whatever their nature not returned under any previous heading.