



# P11D 2016-17

## Guidance Notes

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## 1 Introduction

To assist you in providing information for the form P11D, we have created these notes to advise you on what should be included in each section and what information you should be recording.

Who needs to file a P11D?

All employees or directors will require a P11D if they have received any of the benefits described below (as an employer, you should record the benefits for *all* employees, no matter how much they earn).

If employees have not been provided benefits

If employees have not been provided with any reportable benefits during the year, please ensure that you inform us. Although the employees will not require a nil form P11D, HM Revenue & Customs (HMRC) must still be informed. This can be done by making the correct online disclosure to HMRC.

Need help?

If you require further clarification on any section of the form, please feel free to contact us.

*This document is intended to provide guidance only and has no legal force.*

## 2 Exemptions & Trivial Benefits

Previously the Company would need to have a dispensation agreement in place for certain expenses confirmed as fully business related (e.g. Travel and Subsistence, Telephone, Entertaining). From 6 April 2016 this was no longer the case. Now you do not have to report the routine expenses to HMRC providing you pay back the employee's actual cost or pay a flat rate to your employee as part of their earnings.

Trivial benefits

If determined, a particular benefit is exempt as a trivial benefit. There is no need to include it within a PSA or P11D. Benefits are exempt from tax and NICs if all the following conditions are met:

- the cost of providing the benefit does not exceed **£50** (or the average cost per employee if a benefit is provided to a group of employees and it is impracticable to work out the exact cost per person)
- the benefit is not cash or a cash voucher
- the employee is not entitled to the benefit as part of a contractual obligation (including under salary sacrifice)
- the benefit is not provided in recognition of particular services performed by the employee as part of their employment duties (or in anticipation of such services)

Where the employer is a close company and the benefit is provided to an individual who is a director or other office holder of the company (or provided to a member of their family or household) the exemption is capped at a total cost of **£300** in the tax year.

If any of these conditions are not met then the benefit is taxed in the normal way, subject to any other exemptions or allowable deductions.

The exemption applies equally to benefits provided to the employee or to the employee's family or household.

### 3 P11D Sections

#### 3.1 Section A

*Assets Transferred (Cars, Property, Goods or Other Assets)*

*Companies have the option to process benefit through payroll rather than report on P11D.*

This section is intended to record any assets you have transferred from the Company's ownership to your employee.

Record the following:

|                       |   |
|-----------------------|---|
| Asset Description     | What was the item in question?                            |
| Date                  | When did the employee take ownership?                     |
| Market Value          | What is the value of the item?                            |
| Employee Contribution | What payment, if any, did the employee make for the item? |

#### 3.2 Section B

*Payments Made on Behalf of the Employee*

*Companies have the option to process benefit through payroll rather than report on P11D.*

This could include paying your employee's utility bills.

Record the following:

|                     |   |
|---------------------|---|
| Payment Description | What did you pay on your employee's behalf? |
| Date                | When did you make this payment?             |
| Gross Amount        | How much did you pay (including VAT)?       |

#### 3.3 Section C

*Vouchers and Credit Cards*

This section records any vouchers (e.g. childcare, luncheon) you have given to your employee and can be exchanged for goods and services.

It also records any payments made by a credit card provided by the company that are not dealt with in [Section F](#) or [Section M](#). This could include any credit card fees.

Record the following:

|                       |  |
|-----------------------|--|
| Description           | What did you provide?                                      |
| Gross Amount          | The total cost to you of providing the voucher/credit card |
| Employee Contribution | What payment, if any, did the employee make towards this?  |
| Availability          | Was this benefit made available to all employees?          |

### 3.4 Section D

#### *Living Accommodation*

If you have provided accommodation for an employee then this needs to be recorded.

Record the following:

|                    |  |
|--------------------|--|
| Address            | The location of the property   |
| Dates              | When it was available to your employee?  |
| Rent Paid          | What was the total rent paid for the property during the year ended 5 April 2017?  |
| Value              | If the property is owned by the employee, what is the rateable value of the property?  |
| Cost               | What did it cost you to acquire the property (including improvements)?   |
| Employee Rent Paid | What contribution, if any, did your employee make towards the rent during the year ended 5 April 2017?                             |
| Employee Payments  | Did your employee make any payments towards the costs of the accommodation, either initially or throughout the course of the year? |
| Duties             | Is it necessary for the employee to live there to do their job (e.g. onsite caretaker/janitor)?                                    |

### 3.5 Section E

#### *Mileage Allowance and Passenger Payments*

*Companies have the option to process benefit through payroll rather than report on P11D.*

This section records how much you have paid to your employees for business use of their private vehicle. UK tax law allows tax-free payments for this but you must record all business miles and make payments only for these miles.

The current tax-free rates are:

|               | First 10,000 business miles<br>in the tax year | Each business mile over 10,000<br>in the tax year |
|---------------|--|---|
| Cars and vans | 45p  | 25p   |
| Motorcycles   | 24p  | 24p   |
| Bicycles      | 20p  | 20p   |

Record the number of business miles you have paid for and the rates you have paid.

*In addition to the above, are there any car-pooling arrangements between employees?*

### 3.6 Section F

#### *Cars and Car Fuel*

*Companies have the option to process benefit through payroll rather than report on P11D.*

If you provide your employees with a company car then you must record all of the following details (if you do not have any of the details then the manufacturer or lease company should be able to provide them):

|                         |  |
|-------------------------|--|
| Make                    | e.g. Ford  |
| Model                   | e.g. Mondeo  |
| Dates Available         | When did the employee have use of the vehicle?   |
| Registration Date       | Date vehicle was first registered  |
| Registration Number     | e.g. AB 12 CDE   |
| Engine CC               | e.g. 1800  |
| Fuel Type               | Petrol / Diesel / Hybrid / Electric  |
| Approved CO2            | Approved CO2 emission figure   |
| List Price              | List price of vehicle at purchase date   |
| Accessory               | Cost of any accessories provided at purchase or subsequently added to the vehicle              |
| Employee Contribution   | Any contribution the employee made towards the capital cost of the vehicle or accessories      |
| Payment for Private Use | Any payments that the employee has made to you for private use of a company owned car          |
| Private Fuel            | Do you pay for the employee's private fuel? If so when did you start (and/or stop) doing this? |

### 3.7 Section G

#### *Vans*

*Companies have the option to process benefit through payroll rather than report on P11D.*

If you provide your employee with a company van then, even though flat rate benefits apply, you must record the following:

|                       |   |
|-----------------------|---|
| Make                  | e.g. Ford   |
| Model                 | e.g. Transit  |
| Dates Available       | When did the employee have use of the vehicle?                |
| Registration Date     | Date vehicle was first registered                             |
| Registration Number   | e.g. AB 12 CDE  |
| Employee Contribution | Any contribution the employee made towards use of the vehicle |
| Other Users           | Indicate YES if more than one employee has use of the van     |

### 3.8 Section H

#### *Interest Free and Low Interest Loans*

This section records any loans you have made to your employees. If the total amount of the loan(s) did not exceed £10,000 during the year to 5 April 2017 then they do not need to be recorded.

Otherwise, record the following:

|                         |  |
|-------------------------|--|
| Number of Borrowers     | If loan was made to more than one person               |
| Loan Balance            | Enter amount owed at beginning and end of the tax year |
| Max. Amount in Tax Year | What was the highest amount owed during the year?      |
| Interest Paid           | Any interest paid by the employee during the year      |
| Date Loan Made          | When did the employee first receive the loan?          |
| Date Loan Discharged    | When did the employee fully repay the loan?            |

### 3.9 Section I

#### *Private Medical Treatment or Insurance*

*Companies have the option to process benefit through payroll rather than report on P11D.*

This section records any medical, travel or dental insurance you and/or your employee has paid.

Record the following:

|                       |  |
|-----------------------|--|
| Total Amount          | Total cost to you of providing the insurance / treatment |
| Employee Contribution | Any contribution your employee made towards this         |

### 3.10 Section J

#### *Qualifying Relocation Expenses Payments and Benefits*

*Companies have the option to process benefit through payroll rather than report on P11D.*

If you have paid towards relocation expenses for your employee then you must record these payments.

The first £8,000 of “qualifying” relocation expenses per move are not subject to tax and will not be included in these figures when we calculate the form P11D benefits.

Record the following:

|                         |  |
|-------------------------|--|
| Gross Amount            | The total amount (including VAT) you have paid towards the employee's relocation expenses. Please provide an item by item breakdown of this expenditure e.g. removal costs, stamp duty, storage costs, airfares etc. |
| Employee Contribution   | What contribution, if any, has the employee made towards these expenses?   |
| Accommodation Cost      | The cost of providing accommodation for your employee whilst relocation is taking place  |
| Amount from prior years | How much have you previously paid towards this relocation?   |

#### *Qualifying & Non-Qualifying*

The rules regarding “qualifying” and “non-qualifying” relocation expenses are quite complex. We will review the information provided in respect of total relocation expenses and advise as to the amount to be entered on the form.

### 3.11 Section K

#### *Services Supplied*

*Companies have the option to process benefit through payroll rather than report on P11D.*

This is similar to Section B, but is to record any services where the contract is between you and the service provider rather than the individual employee.

Record the following:

|                       |   |
|-----------------------|---|
| Payment Description   | What did you pay on your employee's behalf?                               |
| Date                  | When did you make this payment?   |
| Gross Amount          | How much did you pay?   |
| Employee Contribution | What contribution, if any, did your employee make towards these services? |

### 3.12 Section L

#### *Assets Placed at the Employee's Disposal*

*Companies have the option to process benefit through payroll rather than report on P11D.*

This section is similar to Section A, but is intended to record any assets your employee uses.

Record the following:

|                       |   |
|-----------------------|---|
| Asset Description     | What was the item in question?                            |
| Date                  | When did the employee first have use of the item?         |
| Market Value          | What is the value of the item?                            |
| Employee Contribution | What payment, if any, did the employee make for the item? |
| Multiple Usage        | Did more than one employee have use of the item?          |

### 3.13 Section M

#### *Other Items*

*Companies have the option to process benefit through payroll rather than report on P11D.*

This is a catch-all section for companies to ensure items not entered elsewhere on the form P11D are disclosed. The types of benefits and expenses to be entered in this section include:

|                        |  |
|------------------------|--|
| Subscriptions          | This can include clubs, professional bodies, magazines etc.  |
| Educational Assistance | This covers grants and scholarships made to children of employees  |
| Nursery Places         | The whole cost of providing any non-qualifying childcare. The cost of providing qualifying expenditure that exceeds the £55 per week exempt amount. Please enter only the excess over £55 per week |
| Other                  | Any other benefit provided to the employee not included in any other section of the form P11D  |

For each of these, the following should be recorded:

|                       |  |
|-----------------------|--|
| Item Description      | What was provided?   |
| Gross Amount          | The total cost of the goods/service  |
| Employee Contribution | What contribution, if any, did the employee make toward the cost of the goods/service? |



### 3.14 Section N

*Not covered by Exemption in relation to wholly & exclusively trade related expenses.  
Companies have the option to process benefit through payroll rather than report on P11D.*

Any other details of expenses incurred in, or in connection with, the provision for the employee of any trade related benefits or facilities, which are not covered by the Exemptions should be reported under this section.

## 4 Filing Deadlines, Interest & Penalties

Please note HMRC requires the company's form P11D(b), together with all supporting forms P11D, to be submitted electronically by no later than **Thursday 6 July 2017**.

Where there are taxable benefits provided to your UK employees, you will also be required to make payment of the company's Class 1A National Insurance Contributions (NICs) liability on or before **Friday 21 July 2017**.

Failure to meet the above deadlines will result in HMRC levying late filing penalties and accruing interest on any overdue payment.

We are available to assist you with completing your form P11Ds. If there is anything you are unsure of, please contact your nominated Tax Manager or Consultant.