



End of Tax Year – P11D Form Changes

Do you pay your employees benefits in kind or reimburse their expenses?

Significant procedural changes came into force on 6 April 2016 with regard to reporting benefits and reimbursement of expenses on forms P11D. If you pay employee expenses or have employees that receive benefits in kind, which need to be declared each year, you might be affected by these changes.

We would also like to remind you of your P11D and other tax filing obligations for the latest financial year, which ended on 5 April 2016.

[Details of End of Year Forms and Filing Deadlines:](#)

PAYE Full Payment Submission (FPS)	19 April 2016
P60 Forms	31 May 2016
Reaching a PAYE Settlement Agreement	5 July 2016
P11D & P11D (b) Forms	6 July 2016
EMI40 and Form 42 Forms	6 July 2016
Payment of Class 1A NIC	19 July 2016

Employee expenses and benefits – Changes

The Office of Tax Simplification has reviewed the employee expenses legislation and its

recommended alterations came into force on 6 April 2016 which:

- Removes HMRC's powers to grant dispensations;
- Exempts expenses and benefits otherwise deductible from earnings such as travel, subsistence, business entertainment, professional fees and subscriptions;
- Introduces an employer validation system for employee expense claims where a tax-exempt reimbursement is made via a scale rate payment;
- Allows some exempt benefits, where these are minor and valued at below £50. These will not need to be declared and there is no charge to income tax;
- Introduces employer sampling rules where bespoke allowances are requested;
- Retains salary sacrifice-related expense regulations in respect of some expenses and benefits. Employees subject to this arrangement can still claim deductions under self-assessment.

This new legislation renders P11D dispensations largely redundant for many UK employers. New agreements need to be applied for and agreed with HMRC, for example partially exempt expenses and benefits are subject to full disclosure by P11D and employees need to claim separate relief for their exempt portion through their tax return.

All employees, regardless of earnings, will now need to be assessed for benefits

in kind as the previous £8,500 threshold that related to the old P9D form no longer applies. HMRC will need to be satisfied that benefits have been legitimately incurred.

From 6 April 2016, employers now have the option to pay income tax and National Insurance Contributions on benefits incurred by employees directly.

Employers are able to facilitate expense and benefit taxation payments to HMRC through payroll in most instances, although it will not always be possible or practicable for niche benefits and expenses.

New or revised expenses agreements with HMRC will be required in certain instances as mentioned above.

National Insurance Regulations will also reflect the expense and benefit administration changes.

Employers affected by the changes need to act quickly and with appropriate qualified guidance, to ensure that they comply with the new regulations and provide HMRC with appropriate information and tax payments on expenses and benefits.

Review of expenses policies, procedures and recording and checking of in-force HMRC dispensation notices and approval notices is also vital as part of this process – if it has not already been undertaken.

How we can help make sure you stay compliant

- Review current dispensations to determine whether all the items will be covered by the new exemptions, in particular any peculiar items.
- Determine where new agreements with HMRC will be needed and the steps required to obtain new approval notices where required. Consider sampling internal processes and new checking procedures.
- Consider how salary sacrifice arrangements will be affected and how these can be exited with minimal disruption.

- Ensure the approach you take to partly exempt expenses or benefits remains compliant.
- Review expense policies and documents and if necessary update them. Provide further training for employees or managers involved in reviewing claims.
- Review international aspects of your policies in particular positions taken on payroll, P11D's and tax returns.
- If there is uncertainty on employee expenses meeting the exemption then identify these cases and please contact us for further advice on how to treat these.

For further advice:

Wilson Wright's expert team can assist with all of your payroll needs ensuring you comply with the new P11D rules.

For full details of our services please visit www.wilsonwright.com or call: 020 7832 0444.

If you have any questions relating to these matters, please speak to your Wilson Wright contact or alternatively Jessie Hu or Gareth Lishman who will also be able to assist you.

MEET THE TEAM

If you require further information or guidance on any of the matters in this guide, do not hesitate to contact the Wilson Wright team.

For full details of our services please visit wilsonwright.com or call 020 7832 0444.

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