

## DON'T OVERLOOK THE P11D FILING DEADLINE

The main areas of focus for most businesses recently have understandably been in connection with keeping the business afloat and making use of the various Coronavirus-related grants and funding available.

As mentioned in previous articles over the last couple of months, HM Revenue & Customs (HMRC) have deferred payment of VAT and some tax liabilities for businesses during the Coronavirus outbreak to ease the pressure on businesses at this difficult time. However, one important filing and payment deadline which hasn't been deferred at the time of writing is in connection with forms P11D and P11D(b). It is frustrating and surprising to many that HMRC have not extended the filing deadline for these annual forms since it is an administrative and financial burden which many businesses could do without at the moment.

Unfortunately therefore, unless the Government confirms otherwise in the next few weeks, forms P11D 'Expenses and Benefits' in respect of the year ended 5 April 2020, together with the annual Employer Declaration form P11D(b), must be submitted to HMRC by 6 July 2020 to avoid late filing penalties. A copy of the form P11D must also be passed to the employee in question by the same date. Payment of the Class 1A National Insurance liability arising on the business is payable by 19 or 22 July 2020, as detailed below.

### Do all businesses need to complete the forms and which benefits/expenses are reportable?

Not every business will need to prepare forms P11D since they are only required if the employer has provided reportable and/or taxable benefits or expenses to employees during the tax year. However, any business with employees (whether operating as a sole proprietor, partnership, limited company etc.) will need to consider their reporting requirements. The list of taxable benefits and expenses that may need to be reported is long but some of the more common benefits include company cars and vans, provision of living accommodation, medical insurance and interest-free (or low interest) loans etc.

Employers should review their records for the tax year carefully to ensure that any benefits or expenses provided to employees are analysed and reported where necessary. There are potentially significant penalties for not filing the forms where they are required, or for completion of incorrect forms.

In recent years, there has also been the option to include the value of certain taxable benefits and expenses through your payroll, rather than including the details on a form P11D. This is known as 'payrolling' but you must have registered before the start of the tax year in question to make use of it, so if you haven't registered already, you will not be able to payroll any benefits for the current tax year ending 5 April 2021. If you payroll all of the benefits and expenses in a particular tax year (having registered before the start of the year) then you shouldn't need to file a form P11D for the employee(s) in question. Form P11D(b) will however still be required to account for any Class 1A National Insurance payable to HMRC.

### Is any tax and National Insurance payable?

An income tax charge will usually arise on the employee based on the value of the taxable benefits included on form P11D. The employer may also have to pay Class 1A National Insurance on certain benefits provided and any Class 1A NI is payable to HMRC by 22 July following the end of the tax year if paid electronically (or 19 July if paid by cheque).

Employers should also be mindful that if they settle any personal liabilities owed by employees e.g. personal debts, or make payment for personal bills in the employee's name e.g. telephone bills, the value of such payments could well be taxable on the employee as earnings and liable to Class 1 (employee and employer) National Insurance.

### Are there any exemptions from reporting certain benefits/expenses?

There are a number of exempt benefits which employers can provide to staff without incurring a tax or National Insurance liability and which do not need to be reported on forms P11D. Again, the list of exempt benefits is lengthy but the more common items include car parking at or near the employee's place of work, annual parties and functions where the cost does not exceed £150 per head per year, childcare vouchers (up to the exempt amount), contributions to a registered pension scheme and provision of a mobile phone (one per employee).

For the past few years now, there has also been a general exemption from the requirement to report certain business expenses paid or reimbursed by employers to employees and a 'trivial benefits' exemption.

The most common items that will be covered by the general exemption include reimbursement or payment of business travel (excluding ordinary commuting), subsistence costs associated with business travel, business entertainment expenses, credit cards used for business expenditure and qualifying fees and subscriptions.

Due to the recent increase in the number of employees working from home as a result of Coronavirus, HMRC have also recently confirmed that employers will not need to pay tax or National Insurance on the reimbursement of money to employees for the purchase of home office equipment. Under the usual benefits and expenses rules, where employees purchase such equipment and the employer then reimburses the individual, a tax and National Insurance charge could arise.

This exemption applies from 16 March 2020 up to the end of the current tax year on 5 April 2021 so will be applicable in respect of 2019/20 P11Ds for any such reimbursement of expenditure between 16 March 2020 and 5 April 2020.

*The above is for general guidance only and no action should be taken without obtaining specific advice.*

**Bath**  
37 Great Pulteney Street  
Bath  
BA2 4DA  
+44 (0)1225 460491

**Chippenham**  
67 & 68 St Mary Street  
Chippenham, Wiltshire  
SN15 3JF  
+44 (0)1249 444666

**Trowbridge**  
5 Wicker Hill  
Trowbridge, Wiltshire  
BA14 8JS  
+44 (0)1225 764441