

Expenses deadline approaches

Employers have until 6 July to report the value of expenses and benefits provided to employees over the last tax year.

Employers must complete a form P11D for the 2009/10 tax year for all employees earning £8,500 or more a year – including basic salary and the value of any expenses and benefits provided to employees and their family.

“The value of any expense or benefit reported on a P11D is essentially the cost (including VAT) to the employer of providing it to the employee,” explains Andrew Shaw, a tax partner at top 20 UK accountancy firm Kingston Smith LLP. “However, if the employee has repaid any of the amounts or if tax has already been deducted through the payroll then it’s up to the employer to notify HM Revenue & Customs (HMRC) through the P11D form.

“Late filing will result in a penalty of £100 per 50 employees for each month or part month your return is outstanding. You’ll receive further penalty notices in November and again the following March and July if your P11D form is still outstanding,” says Andrew. “These will be calculated in the same way as the first, so £100 per 50 employees for each month or part month you delay filing. Obviously, these charges can add up so it’s worth getting your form in on time.”

P11D forms identify those expenses and benefits on which Class 1A NICs is payable. Employers can total up these amounts when completing form P11D (b), which records an employer’s Class 1A NICs liability for the year. HMRC may also use P11D forms to review an employee’s tax position and, where necessary, to adjust their tax code.

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