



23 October 2015

## **The taxation of employees' benefits and expenses through the payroll**

If you provide benefits and/or reimburse expenses to your employees and report these annually on forms P11D, you may be able to dispense with the completion of forms P11D by 'payrolling' the benefits and expenses.

- The new system is available for the 2016/17 tax year.
- The deadline for registering for 2016/17 is 5 April 2016.
- From a practical point of view you should aim to register by early December 2015.
- Register for the new scheme and manage the running of the scheme online.
- Identify the employees and the benefits and expenses to be included in the payroll.
- Any tax due on the benefits / expenses is collected by adding a notional value through the payroll.
- Once the tax year has started, you must continue to payroll the benefit or expenses for the whole tax year unless you cease to provide it.
- All 'payrolled' benefits and expenses should be included in the PAYE 'Full Payment Submission'.
- You do not need to complete forms P11D where benefits and expenses are 'payrolled' but you will still need to complete a form P11D(b) showing total benefits and expenses provided.

This new facility may help reduce some of the PAYE compliance burden for your business by negating or reducing the need for completing forms P11D. Contact Paul Southward or your usual KSK contact if you would like to learn more about how this facility could be used by your business.