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P11D Expenses and Benefits

What is a P11D?

A P11D is the form used to report benefits paid to directors and employees earning over £8,500 a year which have not been subject to PAYE tax. By 6th July each year, employers must submit a P11D for each director and employee earning over £8,500. Any NICs owed must be paid by 22nd July.

What is a P11Db?

A P11D(b) is the form that is sent to HMRC with the P11D showing the amount of Class 1A National Insurance due on the expenses. If there are no benefits to report, you need to send a "nil" return to avoid penalties for failure to submit the return.

What happens if I don't complete a P11D?

Failure to complete a P11D for a director (or employee earning over £8,500) could have serious consequences, including penalties of up to £3,000 per return.

What are benefits in kind?

Where the company incurs costs or provides assets for the private use of the director these normally result in a Benefit in Kind charge. This means additional tax is payable personally and potentially Class 1A National Insurance is payable by the company.

Examples of taxable benefits which you should record in your FreeAgent or tell us about are:

1. Assets paid for by the company and transferred to you at no cost or below the market value. E.g. Personal items paid for using company cheques or credit cards and money not refunded to the company.
2. Payments made on your behalf e.g. paying personal bills from the company account or with a company credit card.
3. Mileage allowance - amounts paid in excess of the HMRC approved rates.
4. Cars, vans and/or fuel provided by the company and available for private use (in the case of vans incidental private use can be ignored).

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5. Low or interest free loans, often referred to as director's loans.
6. Private medical or dental insurance paid for from the company account.
7. Assets placed at your disposal, e.g. motorcycles, holiday homes.
8. Professional fees, subscriptions - some subscriptions to professional bodies may be exempt.
9. Travel and subsistence - the cost of all reimbursed expenses for fares, hotels, meals etc should be included with an appropriate claim for the business elements of the costs.
10. Entertainment - details of entertaining costs split between entertaining staff and clients.
11. Training - only work related training is allowable and only if paid for or reimbursed by the company.
12. Telephones - mobile phones unless the contracts are in the company name.

How will I know if any of the expenses I've claimed during the year are Benefits in Kind?

If your FreeAgent records are updated on a regular basis, your accountant will have spotted any potential benefits in kind and

will have discussed them with you. By the time your P11D is prepared you should be aware of any potential liabilities.

How are benefits in kind taxed?

The value of any benefits must be reported annually by means of a P11D. These details are then duplicated on the employment pages of your personal tax returns to ensure that you pay tax on the correct amounts.

What is Class 1A National Insurance?

Certain benefits attract additional National Insurance contributions; this is known as Class 1A NIC. It's an employer liability which is a cost to your company but does not count towards your contributions for state benefits. For 2018/19 it's calculated at 13.8% of the total value of any benefits liable to Class 1A.

When do I have to pay this by?

The Class 1A NIC is payable to HMRC by 22nd July each year if paid electronically, and by 19th July if paid by cheque.

How can I pay Class 1A National Insurance?

As an employer you will be issued with a separate special payslip for paying the Class 1A due or it can be paid via an approved electronic method. Please refer to [HMRC's website](#).



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What if my P11D is incorrect?

Ultimately it's your responsibility to provide accurate information to HMRC.

Orange Genie Accountancy will make every effort to ensure your P11D is accurate based on the information you have added to FreeAgent or provided to us if we prepare your bookkeeping. Orange Genie Accountancy will send you your P11D for approval prior to submission. You should check this thoroughly.

Once you're satisfied that the information on the P11D is correct, Orange Genie Accountancy, as your tax agents, will submit these forms on your behalf before the July deadline.

**If you still have questions or if we
can help in any way please call
Orange Genie today!**

**Speak to your
accountant!**

www.orangeenie.com

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