



P11D/Benefits In Kind and Expat tax aspects – June 2020

Compliance – Q&A

Q: What is a P11D form?

A: Form P11D is an end-of-year report which must be prepared by employers for each employee who has been provided with taxable benefits or for some reimbursed expenses.

Q: When are P11Ds due?

A: The P11D submission deadline is 6 July following the end of the UK tax year.

Q: What happens if a P11D is submitted after the deadline?

A: Penalties for late submission are £300 per late form and HMRC can thereafter charge a further penalty of up to £60 per day.

Q: What happens after the P11D is submitted?

A: The employer pays the national insurance contributions (NIC) arising from the P11D forms to HM Revenue & Customs (HMRC). This is known as Class 1A NIC and is an employer only contribution. HMRC will typically amend employee tax codes following the submission of a P11D in order to collect tax on benefits via the withholding system, or PAYE. Class 1A NIC should be paid by 19 July following the end of the UK tax year; late payments will trigger interest calculated at the official annual rate used by HMRC.

To payroll or not to payroll – 3 scenarios

1. Employer contracts and pays the benefit provider: non-cash benefit, **reportable on P11D, class 1A to be paid.**
2. Employee contracts with the provider and claims back the cost from their employer: cash is reportable through payroll and is subject to tax and class 1 NIC (employee and employer contributions). **No P11D is required.**
3. Employee contracts with the provider but the employer pays directly: class 1 NIC (employee and employer contributions) is paid through payroll in the month the payment is made. **The benefit is declared on a P11D for tax purposes, but adjustment should be made to ensure no class 1A NIC is payable.**

Expatriate tax – specific points to consider for P11Ds

Overseas social security liability:

employees who move to the UK on assignment may not be liable to pay UK NIC and thus remain under their home country social security regime by way of a certificate of coverage. If such individuals are awarded benefits, then Class 1A NIC should be adjusted when submitting the P11D forms.

Tax equalisation: individuals on tax equalisation arrangements are often authorised for tax return assistance in their host and/or home countries. HMRC have issued limited guidance on quantifying the benefit of this assistance which is considered to be £275 for one tax return and £700 for a home and host country tax return.

Non-residents: non-UK resident employees do not need a form P11D if they receive taxable benefits. If they undertake substantive duties in the UK, then the benefits will need to be pro-rated in accordance with their UK workdays and reported on a form P11D or processed via the payroll. If the employees become non-resident part way through a UK tax year the employer should consider pro-rating an annual benefit accordingly.

Modified payroll: employer operating a modified payroll scheme in the UK may only be required to submit a Statement of Benefits for the overseas assignees. The deadline for these statements is extended to 31 January following the end of the tax year, to coincide with the self-assessment filing deadline.

How can we help?

At James Cowper Kreston, our specialists in the global mobility tax team can offer a wide range of assistance to enable employers to meet their UK tax and social security obligations with regards to their employee benefits in kind.

If you would like to discuss your UK reporting obligations in relation to any of the above, please get in touch with your usual contact at James Cowper Kreston or contact one of our Global Mobility Tax team below.

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