



Welcome

Hello and welcome to the April edition of the Employer Bulletin.

As there has been a General Election announced for 7 May 2015, we are now in a pre-election period, or purdah as it is commonly known, where there are certain restrictions placed on all Civil Service departments until a new Government is formed. As a result of those restrictions, this edition of the Employer Bulletin only contains PAYE information which will help employers meet their payroll obligations to HMRC over the next few months.

On page 3 there is a reminder on what to do if you haven't already made, or need to amend, a final submission for the tax year ended 5 April 2015. Following that there is an article on page 4 which may help you get your payroll records and PAYE reporting off to a good start for the beginning of the new tax year.

There is also a lot of information in this edition of the Bulletin which may help you if you have to file expenses and benefits information.

To help make sure you don't miss any future updates, I'd recommend [you sign up to receive our email alerts](#). Doing so means we'll be able to send you an email each time a new edition of the Bulletin is published.

And finally our aim is to be able to deliver clear, consistent and timely information which is appropriate for employers and helps to meet their payroll obligations to HMRC. So, if you have any comments or suggestions about any of the content of the Employer Bulletin or would like to see a specific topic covered, please drop me a line at Alison.bainbridge@hmrc.gsi.gov.uk Your feedback is always most welcome.

Alison

Alison Bainbridge
Editor

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Rates and Thresholds for employers for 2015 to 2016

Details of the PAYE and NICs rates, thresholds and limits are available at [Rates and thresholds for employers 2015 to 2016](#)

For 2015 to 2016 tax codes, you should continue to use the information provided on the form P9X (2015) 'Tax codes to use from 6 April 2015' to enter the correct tax code on the employee's payroll record. [Form P9X](#) is available online to download or print.

There are no changes to the April 2015 versions of Payroll software and Tax Tables which should be used from 6 April 2015.

Car fuel charge, van and van fuel benefit

The current van benefit charge exemption for zero emission vans is being phased out between April 2015 and April 2020.

From the tax year beginning 6 April 2015 a special low rate of 20% of van benefit charge will apply for zero emission vans.

This special rate will then increase each year until 6 April 2020 when it becomes the same as the full van benefit charge.

Trivial Benefits in Kind

You may remember we told you in the last Employer Bulletin that a new exemption from income tax and NICs for trivial benefits in kind would be introduced from 6 April 2015.

This will no longer take place so employers should continue to apply the guidance in Booklet 480 and in the Employment Income Manual at [EIM21860](#) onwards to determine the appropriate tax treatment of trivial benefits in kind. All agreements that are currently in place will still apply provided there has been no change in the circumstances.

Abolition of secondary National Insurance Contributions for employees under the age of 21

Do you, or will you, employ anyone under the age of 21?

From the 6 April 2015, if you employ someone under the age of 21 you will no longer be required to pay employers' Class 1 secondary National Insurance contributions (NICs) on their earnings up to the Upper Secondary Threshold.

The Employment Allowance is not impacted by the introduction of the Under 21 NICs changes. The £2,000 allowance will continue to be deducted from any secondary NICs the employer is due to pay, as it is now.

['Abolition of employer National Insurance contributions for under 21s: employer guide'](#) is available for further information.

Employment Allowance for employers of care and support workers

Individuals who employ certain care and support workers can now reduce their employers' Class 1 secondary National Insurance contributions (NICs) bill by up to £2,000 a year by claiming the NICs Employment Allowance.

Claiming is easy and straightforward. All you need to do is [check your eligibility](#) and then claim through your payroll.

If you are employing someone for the first time, [full guidance](#) is available.

End of year reporting

Final PAYE submissions for the tax year ending 5 April 2015

With 5 April having recently passed, most of you will now have made your final PAYE submission for the tax year ending 5 April 2015. Don't forget you must give relevant employees a P60 by 31 May.

If you are making your final submission for the tax year ending 5 April 2015 by way of an Employer Payment Summary (EPS) don't forget to:

- confirm that it is your final submission for the 2014 to 2015 tax year. Complete the end of year checklist accurately, if your software requires you to do this in order to actually make a final submission
- send it to HMRC by 19 April.

You may be charged a penalty if submissions are made late.

For more information about making a successful final PAYE submission see [Payroll: annual reporting and tasks](#)

If you have already sent your final submission for tax year ending 5 April 2015, but have now discovered an error, don't worry – you can easily put things right:

- Before 20 April: just correct the year-to-date figures and send an additional submission
- On or after 20 April: correct the information by sending an Earlier Year Update (EYU) as soon as possible.

You can find more about correcting payroll errors by going to [Correcting payroll errors](#)

Further information to help you successfully complete your final submission and avoid incurring penalties was issued in the February edition of the [Employer Bulletin](#)

Reporting benefits provided

Completion of the end of year checklist is no longer necessary. However, the removal of the checklist does not affect an employer's obligation to report on time:

- all expenses and benefits provided on forms P11D and P9D
- the amount of Class 1A National Insurance due on all the expenses and benefits provided on form P11D(b).

Where no benefits have been provided from 6 April 2014 to 5 April 2015 and a form P11D(b) or P11D(b) reminder is received, employers can either:

- submit a 'nil' return
- complete the '2014 to 2015 Employer – No return of Class 1A' form.

to advise us that they have no P11D to submit and no Class 1A return to make. The online 'no return to make' form is available now.

The deadline for submitting returns of Expenses and Benefits forms [P11D, P9D and P11D(b)] is 6 July 2015. See article on page 9 for more information.

New return required if you supply individuals to provide their services to someone else

If you supply individuals to provide their services to someone else then you could be classed as an employment intermediary and you may be affected by the new rules introduced from 6 April 2015 that require certain employment intermediaries to report to HMRC a return of worker information every three months. Not all employment intermediaries will need to make a return. You will only need to complete a return if you are the employment intermediary who has the contract with the end client.

[Simple guidance](#) on record keeping and the return has been published with the additional [report template](#) documents. We will continue to develop this.

More detailed guidance is available in the [Employment Status Manual](#)

Running and reporting your payroll – getting it right

It is important that you report your PAYE both correctly and on time.

Incorrect data could lead to you being unable to reconcile the amount of money you owe us with what we are asking for. It could also have an adverse effect on your employees' records, resulting in them paying the wrong amount of tax or receiving incorrect amounts of benefits.

Late reports could mean that you receive a penalty, and again can have an adverse effect on your employees. We want our customers to file on time, rather than have to charge penalties.

There are a number of actions you can take to help make sure that you avoid mistakes and get your PAYE information right and send it to us on time to avoid incurring a penalty unnecessarily.

1) Get PAYE information right

To get the PAYE information right, you must get your payroll information right. This is because the information you enter on your payroll goes directly into the real time submissions you send to us, which in turn go straight into our IT system.

Different payroll packages allow employers different levels of control around what information they can add/update. Where you are able to, you should take the following steps to avoid some of the most common problems so that HMRC can process your payroll data correctly:

- **Where an employee works intermittently and is not paid on a regular basis** (for example a student working during their holidays or a supply teacher or other individual employed 'as and when required'), select the **Irregular Employment Payment** pattern indicator on a Full Payment Submission (FPS) – do **not** select this indicator for a regularly paid employee
- When the payment being reported is:
 - **the first payment of occupational pension**, complete the **Annual Amount of Occupational Pension** section. In all other circumstances no entry should be made in this section – do not enter 0.00

- **a payment of a pension** (including annuities, income from drawdown arrangements and trivial commutation payments to an individual), select the **Occupational Pension Indicator**. If the payment is for anything else this indicator must not be selected. Where this entry is made (or omitted) incorrectly it can have an impact on how Tax Credit or Universal Credit entitlement is calculated.
- **If you receive form SL1, record student loan repayments in your payroll software**, so that these are automatically deducted from the employee's pay. Similarly, if you receive **form SL2** you should stop making these deductions. For guidance go to [Tell HMRC about a new employee 4. Student loan deductions](#)
- **When you submit an Earlier Year Update (EYU) to report a correction, report only the difference** between the amount previously submitted (additional or minus amounts) and the correct amount. Do not report a revised total. This is because the amounts included on the EYU are added to or subtracted from the figures already held so it is important that you only report the difference
- **Notify us on an Employer Payment Summary (EPS)** if you have no payments to report in a pay period or your PAYE scheme is inactive. If you do not submit this information on an EPS, we will raise an estimated monthly charge. You can report using an EPS even when you are reporting after 19 April following the end of the tax year
- **When submitting an EPS, report year to date figures, rather than the monthly total** when you're reporting new or updated information about reclaiming statutory payments or CIS deductions suffered. It's also important not to report zeros in these sections of the EPS, where you've previously reported an amount greater than zero for the tax year as it could result in an underpayment on your account
- **Where an RTI submission is rejected by HMRC**, correct and resubmit it as soon as possible. You will know it has been unsuccessful because we will send you an advisory electronic message. Failure to correct and successfully re-submit a rejected submission may result in our holding incorrect employee information and may affect the employer charge calculation. You may also incur a late filing penalty – see the third bullet in section 2a on page 5

- **Back up your payroll data** so that, should any amendments or corrections be subsequently required, the previously submitted information will be available to you to ensure any amendments are accurate.

For full guidance on what payroll information to submit, go to [Running Payroll: reporting to HMRC](#)

There's also information on avoiding duplicate employments on page 4 of the [February edition of the Employer Bulletin](#)

2) How to report PAYE on time: avoiding penalties and making appeals

Here are some tips on avoiding some of the common mistakes that we've seen since the introduction of in-year filing penalties which have resulted in penalties being incurred unnecessarily, together with tips on making appeals. Please note that when you receive an electronic message from us that we have successfully received your submission, it does not mean that it was correct and/or on time – it is simply an acknowledgement of receipt.

a) Avoiding penalties

- When using a **late reporting reason**, use it for every payment on the FPS where the circumstances apply
- Use the **late reporting reason H** if you need to make a correction to a previous submission you've made, and a payment date(s) on it is now in the past.

You should use this reason for each individual correction you report. For guidance go to [What payroll information to report to HMRC: Late reporting reason](#) and [Running payroll 8: Sending an FPS after payday](#)

- Use **late reporting reason G** if you think you have a reasonable excuse for submitting late, such as IT difficulties. This can include submissions that you have corrected and resubmitted because your initial submission was rejected
- Use **late reporting reason F** where you have reported within 7 days but did not report 'on or before' the date of payment because of particular circumstances. For example, where payments vary according to work done during the day, or when it's impractical for you to be able to calculate the payments due and report them before the work is completed.

You should use this late reporting reason for each payment you're unable to report on time where those conditions apply, making sure you send the payroll information within 7 days of making the payments. For guidance go to [Running payroll 8: Sending an FPS after payday](#)

- The **payment date** you report on your FPS should be the earlier of the date an employee is paid or the date they were entitled to that payment, **not the payroll run date**, or another date from your payroll system. For guidance go to [What payroll information to report to HMRC](#) or see page 5 of the [February edition](#) of the Employer Bulletin

- Use the **temporary reporting relaxation only if you were an employer with no more than 9 employees prior to 6 April 2014**. If (i) you became an employer on or after 6 April 2014 (even if you have 9 or fewer employees) or (ii) from 6 April 2015 you now have more than 9 employees, you should report PAYE information to HMRC on or before the date you make a payment to an employee, rather than once at the end of the tax month.

- Please use **late reporting reason E** if the relaxation does apply
- Remember, where the relaxation does apply you should report on or before the last pay day of the **tax month**.

For example if you pay your staff weekly every Friday, and the last payment date in the tax month is 1 May, you should use 1 May as the payment date, use the year to date figures and ensure you report the payroll information on or before 1 May, unless you have a valid reason for reporting late. Don't forget that this relaxation only lasts up to 5 April 2016. For guidance go to [Running payroll 8: Sending an FPS after payday](#)

- **Don't forget that paying HMRC and reporting information about payments to employees to HMRC are two separate obligations with different deadlines**. So even if you sent your Tax and National Insurance payment to us on time, you can still be charged a penalty for late filing of information. You should report your PAYE information to us on or before the time that you pay your employees, not when you pay HMRC. For guidance go to [Pay employers' PAYE tax and National Insurance](#)
- **Be careful with leavers and use late reporting reason H if you're unable to report payroll information on time**, for example when an individual leaves your employment before the regular reporting date.

For example: Employee X was paid and left your employment on 17 March 2015. Unexpected circumstances meant the payment and leaving information was not reported to HMRC until 23 March 2015. You should use late reporting H in your FPS to tell HMRC why the payment is reported late.

We appreciate that annuity providers/pension schemes will not be notified immediately when an annuitant/pensioner dies, and they should therefore also use this late reporting reason when bringing their PAYE affairs up-to-date following receipt of the necessary information.

- **Don't ignore Generic Notification Service (GNS) electronic warning messages.** These messages are intended to be a helpful service to notify you that our systems have identified a potential default. We recently carried out an examination following discussion on Internet forums about these messages being incorrectly issued, and found that the vast majority were in fact issued correctly.

A penalty might not necessarily be charged (for instance it might be the first default in tax year) but this is a chance to review your submission process to ensure that things are correct in the future. You can check your messages in the same way you do if you receive electronic coding notifications, either by:

- Logging into PAYE Online and selecting the generic notifications from within the 'Notice summary' section
- Using the PAYE Desktop Viewer
- Using your commercial software – you should check with your software supplier that their product is compatible with accessing GNS messages.

Electronic Data Interchange (EDI) users may choose to receive GNS messages through either EDI or the internet if they have EDI outbound communication in place.

And if you receive email alerts for notifications such as Tax Codes, then you will also automatically receive email alerts for these generic messages

- **Make sure your software is up to date.** Before you make any electronic submission, make sure that you are using the latest available version of the software
- **If you haven't paid anyone in a month you need to send an EPS** by the 19th of the month to let us know this.

Although your EPS is due by the 19th of the month, you may want to send your EPS before the 11th of the month to avoid being sent a non-filing GNS message.

For guidance go to [Running Payroll: reporting to HMRC: EPS](#)

b) Making appeals

- Use the new online appeals service if you don't agree with your penalty. You can access this service through PAYE Online. Your appeal will be dealt with quicker and you will normally get a much faster decision than if you appeal in writing. We would prefer you to appeal online, but if you do appeal in writing, this will have no effect on whether your appeal will be accepted or not

We recognise that a small number of customers received a timeout error message when trying sending their appeals online. This issue has now been resolved and we encourage employers to continue to appeal their penalties using the online facility

- Don't use the 'Other' box if there is a suitable alternative appeal option. You should only use 'Other' if your reason for appeal doesn't fall into the categories in the online system. If we have any further queries about your appeal, we will let you know
- **Please be concise in your appeal explanation** – there is a limit to 1,000 characters.

Income Tax Allowances

We explained in the December 2014 edition of the Employer Bulletin that the basic personal allowance for the tax year starting 6 April 2015 has been increased to £10,600. This increase has now brought the basic personal allowance to a level equal to the personal age allowance and as a result HMRC will no longer use suffix 'P' on employer tax code notifications P6 and P9.

Employers and pension providers will have now received their coding notifications for the tax year starting 6 April 2015 showing suffix 'P' tax codes changed to suffix 'L', however we are aware of a small number of customer accounts which still hold a P suffix. We are working to correct them and issue amended coding notifications as soon as we can. In the meantime please continue to operate the P suffix code until you receive a new tax coding notice.

Paying your PAYE – getting it right

PAYE payment reference numbers

At the end of one tax year and the start of the next it's more important than ever to use the correct payment reference, especially if you pay very early or late. The reference you send with your payment is vital because it tells us which employer record the payment relates to so we can correctly allocate it straight away.

The table below shows you what reference to use when making a PAYE payment for the final month of one tax year and what reference to use for month 3/quarter 1 of the following tax year.

Payment for period ended	HMRC has to receive cleared electronic funds by	Reference to use when paying on time	Reference to use when paying very early or very late *
<p>5 April 2015</p> <p>(month 12 of tax year ending 5 April 2015)</p>	<p>22 April 2015</p>	<p>If your payment will clear between 6 April and 5 May 2015, use your Accounts Office reference e.g. 123PA00012345</p>	<p>If your payment will clear before 6 April or after 5 May 2015, use your Accounts Office reference followed by 1512 e.g. 123PA000123451512</p> <p>1512 tells us the payment is for the tax year ending 5 April 2015, month 12</p>

Payment for period ended	HMRC has to receive cleared electronic funds by	Reference to use when paying on time	Reference to use when paying very early or very late *
<p>5 July 2015</p> <p>(month 03/quarter 01 of tax year ending 5 April 2016)</p>	<p>22 July 2015</p>	<p>If your payment will clear between 6 July and 5 August 2015, use your Accounts Office reference e.g. 123PA00012345</p>	<p>If your payment will clear before 6 July or after 5 August 2015, use your Accounts Office reference followed by 1603 e.g. 123PA000123451603</p> <p>1603 tells us the payment is for the tax year ending 5 April 2016, month 03</p>

If you always pay on time you only need your 13 character Accounts Office reference (the reference above is for illustrative purposes only).

If you are paying early or late then tell us which tax year and tax month your payment relates to by adding these 4 numbers to the end of your Accounts Office reference. Remember to delete or update them for your next payment.

* If your payment arrives late you may be liable for interest and/or a late payment penalty.

Any delays in allocating your payment could mean you get a message saying you have paid late. You could also be charged late payment penalties and interest if you don't pay on time and in full which we calculate using

- The total amount shown on your Full Payment Submission (FPS) for a tax month, including any corrections or adjustments submitted on or before the 19th of the following month or on an Earlier Year Update (EYU)
- Less the amount shown on any Employer Payment Summary (EPS) submitted on or before the 19th of the following month

Remember an FPS and EPS should always include year to date figures but an EYU should show the amount you want to adjust an earlier FPS in a previous tax year by.

Common errors to avoid

Do not

- Use your Employer reference to pay. You should pay with your Accounts Office reference which is 13 digits long
- Put extra information such as the type of tax you are paying after your Accounts Office reference. The only thing you should add, if you are paying early or late, is the 4 digit code signifying the tax year and tax month. Your reference then becomes 17 digits long
- Continue to add the same 4 digit code to your Accounts Office reference to pay other months as this will result in payments being incorrectly allocated. Either remove these if you are paying on time or update them to show the tax year and tax month being paid
- Use words instead of your Accounts Office reference number, for instance your company name or the type of tax being paid.

Online payment service

You can now pay your Employers' PAYE by credit or debit card using a new online payment service.

The service can be accessed on the [Pay Employers' PAYE](#) page on GOV.UK. You can enter an email address to receive an email confirming your payment. The subject of the email will be 'Worldpay CARD transaction confirmation'.

Shared Parental Leave and Pay are here - Are you ready?

More detailed guidance will be available in the Employment Status Manual from mid April. Shared parental leave and pay is for working parents whose babies are due on or after 5 April 2015. It gives families greater choice and flexibility over how they care for their child in the first year.

[Detailed guidance](#) on shared parental leave and pay is available for employers.

Payment and Recovery of ShPP for tax year beginning 6 April 2015

When you make a payment or recovery of ShPP in the tax year beginning 6 April 2015 you will be able to use the current data fields for Additional Statutory Paternity Pay (ASPP). The fields have been re-badged ASPP/ShPP. This is to allow for payments of ASPP that will still be payable during that tax year. From tax year beginning 6 April 2016 these fields will be amended to show ShPP only.

We have updated our [guidance and forms](#) to reflect the introduction of Statutory Shared Parental Pay (ShPP), the abolition of ASPP, the change of name from Ordinary Statutory Paternity Pay (OSPP) to Statutory Paternity Pay (SPP), the increase in Statutory Adoption Pay for the first six weeks and the inclusion of surrogacy and foster to adopt parents.

For further guidance on adoption leave and pay see [Technical guidance on the changes to adoption leave and pay](#)

ACAS Forms and Guidance

ACAS have developed and produced [forms](#) and [guidance](#) to help employers and employees to administer and claim ShPP.

Northern Ireland Regulations

For more information about to shared parental leave and statutory shared parental pay for working parents in Northern Ireland, see <http://nibusinessinfo.co.uk/node/16147>

Reporting Expenses and Benefits in Kind for the tax year ending 5 April 2015

Helping you to get it right first time

We frequently have to reject P11D forms/lists and request resubmission because they do not meet the P11D Quality Standard (see below), or common mistakes have been made. We also cannot accept forms P11D(b) that have not been signed correctly.

Errors in the completion of forms P11D, P9D and P11D(b) can cause delays in processing and problems with employees' tax codes, so it is important that HMRC can process these first time without the need to contact you. We've pulled together the following information to use when completing these forms, which should help you to get them right the first time.

Are you completing P9Ds needlessly for employees in receipt of medical benefit?

Do you know that if your employees are earning at a rate of less than £8,500 AND you arrange and pay the provider directly for the treatment or insurance then a P9D does NOT need to be completed?

For more information see

[Expenses and benefits: medical or dental treatment and insurance](#)

A new exemption from tax and National Insurance contributions (NICs) also came in to force from 1 January 2015. It applies when an employer funds medical treatment to help an employee return to work, provided certain conditions are satisfied. See the [February edition](#) of the Employer Bulletin and the [Employment Income Manual](#) for further information.

Home Broadband Expenses

If an employee who begins to work from home is already paying for a broadband internet connection at home, there is no additional expense incurred. The employer cannot, therefore, reimburse the employee's broadband internet charges tax free. Any such payment that the employer decides to make is subject to PAYE and NICs.

However, if the employee does not already pay for a broadband internet connection at home, and needs one in order to work from home under a homeworking arrangement, the broadband fee is an additional household expense that the employer can reimburse tax free.

End of year expenses and benefits on-line form

HMRC have developed an online form to enable employers to submit end of year expenses and benefits details. This includes forms P9D, P11D, and P11D(b). The online form will reduce the need for paper exchanges between employers and HMRC. It also allows employers to import details from the previous year.

The [online form](#) is currently being updated to report details for the tax year ended 5 April 2015 and will be available soon.

P11D requirements

Here's a reminder of some of the things you must do when completing form P11D:

- You must include your employer reference
- You must include your employee's name and National Insurance number. If you don't know the employee's National Insurance number, you must provide their date of birth and gender
- If you are reporting that you have provided a car to an employee, you must include its list price
- If you complete box 10 in section F (total cash equivalent of car fuel provided), then you must also complete box 9 (total cash equivalent of cars provided)
- If you have provided a beneficial loan to an employee and are reporting in section H, you must also complete box 15 (cash equivalent of loans).

If you submit your P11D information in list format rather than on P11D forms, then you must:

- Present your list in an easy-to-read format using a font size no smaller than 11-point Arial when printed
- Sort your list by employee, not by type of benefit
- Include your employer reference
- Include each employee's name, National Insurance number or date of birth and gender

- Include all the expenses and benefits provided to an employee on the same list – we cannot accept separate lists for each benefit
- Show the code letters assigned to each benefit as on form P11D – these are the letters in the dark blue boxes at the left of each section of the form
- Where the list contains payrollled expenses and benefits, the front of the list and each of its pages, are clearly marked ‘PAYROLLED’.

Common errors

The following is a list of common errors which are easily avoidable but can delay processing and cause problems with employees’ tax codes each year:

- Submitting duplicate P11D information on paper where P11D information has already been filed online to ensure ‘HMRC have received it’. These duplicates can cause processing problems
- Using a paper form that relates to the wrong tax year – check the top right hand corner of the first page
- Not ticking the ‘director’ box if the employee is a director
- Not including a description or abbreviation, where amounts are included in sections A, B, L, M or N of the form
- Leaving the ‘cash equivalent’ box empty where you’ve entered a figure in the corresponding ‘cost to you’ box of a section
- Completing the declaration on the final FPS/EPS submission accurately (for those employers whose software package requires them to be completed) or question 6 in section A of RT 4 form to indicate whether P11Ds are due
- Not advising HMRC either by paper form P11D(b) or electronic submission that there is [no Benefits in Kind & Expenses return](#) to make
- Where a benefit has been provided for mixed business and private use, entering only the value of the private-use portion – you must report the full gross value of the benefit
- Not completing the fuel benefit box/field where this applies. This means an amended P11D has to be sent in

- Incorrectly completing the ‘from’ and ‘to’ dates in the ‘Dates car was available’ boxes. For example entering 06/04/2014 to 05/04/2015 to indicate the car was available throughout that year. If the car was available in the previous tax year, the ‘from’ box should not be completed and if the car is to be available in the next tax year, the ‘to’ box should not be completed.

Payrolled Expenses and Benefits in Kind – what you need to do and how to record them on your P11D

There is currently no formal system in place to payroll expenses and benefits in kind, but some employers do this under an informal HMRC agreement.

You still need to send in forms P11D or equivalent lists and form P11D(b) even if you have arranged to payroll expenses and benefits because you may be liable to penalties if you fail to do so.

To avoid incorrect data processing of any payrollled P11Ds you wish to submit online, it is essential that you notify us that payrollling has taken place before you start to submit your P11Ds.

To avoid incorrect processing of other information, please send only P11D related correspondence with your paper forms or lists. For example, P11D(b)s, Section 336 claims submitted on behalf of your employees.

Expenses and Benefits in Kind that have been wholly payrollled

This applies to employers who payroll all expenses and benefits provided to their employees. Where all expenses and benefits have been payrollled, this P11D information can be sent online or on paper. If sent on paper, all paper P11D forms or all pages of a P11D list, must be clearly marked ‘PAYROLLED’.

Where you intend to send these online or by other electronic submission, it is important that, prior to sending your payrollled P11D information, you contact HMRC to advise us of your intention to do so. You can do this by using the [electronic notification form](#)

On the P11D form/list enter the amount payrolled in the ‘amount made good or from which tax deducted’, where this is available for the relevant benefit. Where there is ‘no amount made good or from which tax deducted’ box available for the relevant benefit, enter the amount payrolled in the ‘cash equivalent’ box. All payrolled expenses and benefits must be declared even if the net ‘cash equivalent’ is nil, as the amount of the benefit payrolled may be liable to Class 1A National Insurance.

The P11D(b) in respect of payrolled expenses and benefits should be completed as described on page 11.

Expenses and Benefits in Kind that have been partially payrolled

This applies to employers who payroll some but not all of their expenses and benefits, for all or some employees.

The P11D information for expenses and benefits that have not been payrolled can be sent online or on paper. Where that information has or will be submitted online, the P11D information for expenses and benefits that have been payrolled must be sent on paper. (Payrolled P11D information can only be sent online where all of the P11D information in the online submission relates to payrolled expenses and benefits).

Where appropriate, complete the ‘amount made good or from which tax deducted’ box on the P11D where this is available for the relevant benefit.

The P11D information for expenses and benefits that have been payrolled and where there is an ‘amount made good or from which tax deducted’ box available, can be included with either the non-payrolled information or the payrolled information. But if included with the payrolled P11D information, then all paper forms or all pages of a P11D list, must be clearly marked ‘PAYROLLED’.

All payrolled expenses and benefits must be declared even if the net ‘cash equivalent’ is nil, as the amount of benefit payrolled may be liable to Class 1A National Insurance. The P11D(b) in respect of payrolled expenses and benefits should be completed as described on page 10.

P11D(b)

Where an employer files a paper form P11D(b) which includes a Class 1A National Insurance (CL1A) charge amount, the declaration on the form must include a signature that is written in ink (‘wet signature’). Also, HMRC will not accept a form that is a photocopy, or scanned image of a completed form, or a form that includes a stamp of a signature.

A paper form P11D(b) that includes a CL1A charge amount and is submitted without a ‘wet signature’ will be rejected and returned to the employer for correction. If the employer returns the corrected form to HMRC after the due date of 6 July following the end of the tax year, this may result in a late filing penalty.

Where an employer files a paper form P11D(b) which does not include CL1A charge amount and the declaration on the form does not include a signature that is written in ink (wet signature), the form will not automatically be rejected but the employer may receive a telephone call from HMRC to confirm the information shown. Where the information on the form is confirmed, the unsigned P11D(b) will be accepted.

Completion of a form P11D(b) for payrolled Expenses and Benefits in Kind

Employer’s Class 1A National Insurance is payable on all relevant expenses and benefits even if they have been payrolled and should be calculated on the gross amount not the net ‘cash equivalent’ after payrolling has taken place.

The entries in the brown ‘1A’ boxes on the form P11D normally make up the total value of all expenses and benefits liable to CL1A NIC, which is then entered in box ‘1A’ on the form P11D(b). But for payrolled expenses and benefits where there is an ‘amount made good or from which tax deducted’ box, the entries in the ‘1A’ boxes will not provide you with the correct value on which CL1A NIC is payable. In these cases you will need to recalculate the total value of all expenses and benefits on which you are liable to pay CL1A NIC, ensuring the actual gross amount of the expense or benefit is used in your calculation not the net ‘cash equivalent’.

Where the recalculated total value of expenses and benefits liable to CL1A NIC exceeds that shown in box ‘1A’ on your P11D(b), the excess should be entered in box ‘4B’, then added to the amount in box ‘1A’ and CL1A NIC recalculated on the revised total.

Amended P11Ds/P11D(b)s

Where an employer submits a further form P11D to amend the expenses and benefits previously reported for an employee, the form should not only show the amended amounts/items but it must include any amounts/items previously submitted on the original form that were correct.

Where an employer submits a further form P11D(b) to amend a Class 1A National Insurance charge, the form must also show the revised CL1A position and not just the amount of the amendment.

To ensure that payments are allocated correctly, employers should ensure that they provide the correct payment reference. This is the employers' 13 character Accounts Office reference suffixed with 1513 for the tax year ending 5 April 2015 (for employers paying by BillPay suffixed with 1512).

Further information about [making payments of Class 1A National Insurance contributions](#) is available.

Car Averaging Schemes

Where an employer in the motor manufacturing/retail car sales industry operates a car averaging scheme, it is the 'notional car' for the relevant group that must be returned on the P11D for each employee participating in the scheme. Exceptionally if an employee changes car groups within the scheme during the year, then the employer will need to report two 'notional cars' on the employee's P11D.

Further information on how car averaging schemes operate, how to allocate cars into groups and how to calculate the benefit of a 'notional car' to be returned on P11D can be found in the Employment Income Manual at [EIM23825 onwards](#)

P11D information submitted on Removable Media

You are reminded that the only format of removable media that is accepted by HMRC for the submission of P11D information is 3½ inch floppy disk.

The technical specification for these submissions are detailed in [document EEC1](#) available on HMRC's website. Any floppy disks received that do not meet the technical specification will not be accepted.

HMRC cannot accept P11D information on CD or memory stick.

Forms P11D and S336 claims

The submission of a S336 claim is the responsibility of the individual employee but when this is attached to the original paper P11D and submitted by an employer on behalf of an employee, the S336 claim and the P11D should be sent to:

HM Revenue & Customs (NIC&EO)
Room BP2101 Tynemouth House
Benton Park View
Longbenton
Newcastle upon Tyne
NE98 1ZZ.

On receipt, HMRC will keep the S336 claim attached to the P11D to ensure the two are processed together at the same time.

Where a S336 claim is submitted separately on a form P87, form P810 or in letter format and is not attached to an original P11D, it should be clearly headed **S336 CLAIM** and have a copy of the P11D attached if possible, (the P11D should be noted as a copy). This will help HMRC to identify these cases as quickly as possible and send them for processing.

The S336 claim with the copy of the P11D attached should be sent to:

Pay As You Earn and Self-Assessment
HM Revenue & Customs
BX9 1AS.

Dispensations

Don't forget that you can currently apply to HMRC for a dispensation to cover routine expenses and benefits for which an employee gets a full tax deduction and would remove the necessity for you to report these on form P11D/P9D.

For example, business expenses incurred in the performance of the duties of an employment for which an employee would normally have to submit a S336 claim to receive a tax deduction.

[Further information](#) on what items can/cannot be included in a dispensation and a reminder on how to apply is also available.

Free online Toolkits to reduce errors

We also produce [free online Toolkits](#) that give support and guidance to help avoid some of the common errors we see in completed returns. The Toolkits are principally aimed at tax professionals and accountants but they may also be useful to individual businesses, particularly if they run their own payroll.

Submitting forms P11D if your business has undergone a PAYE scheme merger, a succession or a part scheme transfer

PAYE scheme merger

A PAYE scheme merger is where two or more PAYE schemes for the same legal entity are brought together.

If your business has undergone a PAYE scheme merger and your employees are in receipt of benefits, you may have to submit two forms P11D for each relevant employee – one under the original PAYE reference for the period up to the date before the merger, and if the employee continued to be in receipt of benefits, one under the new PAYE reference for the period from the date of the merger.

Please note that a business merger does not always result in a PAYE scheme merger. If your business has undergone a business merger, and the employees are still employed under the original PAYE scheme reference, only one form P11D is required.

Succession

A succession is where the ownership of a business changes from one legal entity to another and the new owner takes responsibility for the payroll records.

If your business has undergone a succession and your employees are in receipt of benefits:-

- If after contacting HMRC you have been advised that your business has undergone a succession, you only need to submit one form P11D for each relevant employee under the new PAYE reference. The completed P11Ds must contain the total information to be reported for both PAYE scheme references for each relevant employee
- If you have not contacted HMRC to advise them of your succession, you will need to submit two forms P11D for each relevant employee – one under the original PAYE scheme reference for the period up to the date before the succession took place, and if the employee continued to be in receipt of benefits, one under the new PAYE scheme reference for the period from the date of the succession.

Part scheme transfer

A part scheme transfer is where the payroll records for some, but not all of your employees are transferred to another PAYE scheme.

If your business has undergone a part scheme transfer you will need to submit two forms P11D, one under the original PAYE scheme reference, and if the employee continued to be in receipt of benefits, one under the new PAYE scheme reference for the period from the date the transfer took place.

Closing your PAYE Scheme

You can tell us you are closing your PAYE scheme by selecting the ‘Final submission because scheme ceased’ box and completing the ‘Date scheme ceased’ box on your final submission FPS or EPS.

You don’t need to call us to tell us your scheme has ceased if you’ve reported this on your FPS or EPS.

The date you enter must be the date the scheme ceased and cannot be a date in the future.

On receipt of this return HMRC will validate the information and in the majority of cases the scheme will be automatically closed and any estimated monthly charges raised for a pay period after the date of cessation will be automatically cancelled.

Where the return fails validation or you paid sub-contractors during the year of cessation HMRC will have to clerically close the scheme. In order to do this we may need to contact you.

During this time no further estimated monthly charges or filing penalties will be raised for any pay periods after the date of cessation.

Go to [Stop being an employer](#) for more information about closing your PAYE scheme.