

Reporting benefits in kind for 2017/18

Taxable expenses and benefits provided to employees during the 2017/18 tax year need to be reported to HMRC on form P11D unless:

- the benefit has been payrolled;
- it has been included in a PAYE Settlement Agreement; or
- it is covered by an exemption.

The form must be filed by 6 July 2018, along with a form P11D(b), which is also the Class 1A return. A P11D(b) is needed even if all taxable benefits have been payrolled and, as a result, there are no P11Ds to submit.

What to report?

The amount that is reported is the cash equivalent value. This will be either the amount calculated in accordance with the rules for that particular type of benefit (such as those for company cars and fuel, employment-related loans and suchlike), or where no special rule exists, by reference to the general rule of cost to employer, less any amount made good by the employee.

Salary sacrifice arrangement – special valuation rules

From 6 April 2017 onwards, new valuation rules apply to most benefits if they are made available under an optional remuneration arrangement, such as a salary sacrifice arrangement, or where a cash alternative is offered instead. Where the rules bite, the value to be reported is the salary foregone or cash alternative offered, if this is higher than the cash equivalent calculated under normal rules. Any amount made good is deducted as usual. The P11D has been amended to allow for these new rules; the boxes now refer to 'cost/market value or amount foregone'.

The rules do not apply where the benefit is one of the following:

- payments into pension schemes;
- employer-provided pension advice;
- childcare vouchers, workplace nurseries, and directly contracted employer-provided childcare;
- bicycles and cycling safety equipment, including cycle to work schemes; and
- low emission cars (Co2 emissions of less than 75g/km).

Instead, normal rules apply.

For 2017/18, the rules can also be ignored where the arrangement was in place at 5 April 2017 and has not been renewed or modified prior to 6 April 2018. Transitional rules delay the start date until 6 April 2021 for arrangements in relation to a car (other than an ultra-low emissions car), living accommodation or school fees, and 6 April 2018 in all other cases where the arrangement was in place at 5 April 2017, or the date that the arrangement is renewed or varied, if this is earlier.

Submitting the forms

There are various submission options available and while most employers find it easy to file online, this is not compulsory. HMRC offer a number of online options – their online end of year expenses and benefits service (see www.gov.uk/government/publications/payee-end-of-year-expenses-and-benefits-online-form) and PAYE Online for employers (see www.gov.uk/payee-online). You can also use your commercial payroll software. Paper forms may also be submitted.