

## REPORTING BENEFITS IN KIND 2021-22

### PREPARING AND FILING FORMS P11D AND CALCULATING CLASS 1A NIC LIABILITIES



**The final reporting obligations for employers that provide Benefits in Kind (BIK) to employees, including directors, is fast approaching. The following update sets out what needs to be done and by what date.**

#### **What needs to be included on P11D forms**

Items that should be included on a form P11D include any payments made, or use of company assets provided, by an employer to an employee or director that are not taxed as part of weekly or monthly remuneration.

Common examples are:

- Use of a company car
- Private fuel provided by the employer
- Private medical or life insurance premiums

As part of your obligations as an employer you must give all employees a copy of their P11D form.

#### **How do these benefits affect employee's tax?**

The taxable benefits are added to the employee's earnings and taxed at the appropriate income tax rates.

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HMRC will usually estimate any BiKs based on previous years' returns and reduce the employee's tax code for the year. Any balance of tax due when actual returns are made will be collected by assessment or collected in future tax years via the PAYE process.

## **Can the taxable value of benefits be reduced?**

If employees or directors reimburse their employer to reduce or fully repay the cost of benefits provided, then the taxable benefit will be reduced or extinguished.

For example, by paying back the cost of any private fuel provided in a tax year the Car Fuel Benefit Charge can be avoided.

For 2021-22, these repayments by employers need to be made before 6 July 2022.

## **Employers Class 1A National Insurance obligations**

As well as creating an income tax liability for relevant employees, the sum of the taxable benefits for all employees is used to calculate a Class 1A NIC liability for employers.

These calculations need to be reported to HMRC by filing form P11D(b) on or before 6 July 2022.

Payment of any Class 1A NIC due needs to be made to HMRC by 22 July 2022 (or by 19 July 2022 if sending a cheque by post).

## **We can help**

Please call if you need help to identify benefits to be returned and preparing the necessary returns. Contact us on **01753 888211** or email **info@nhllp.com**