HM Revenue & Customs

CWG5(2010)

Class 1A National Insurance contributions on benefits in kind

A guide for employers

Help and guidance

Help and guidance is available from the following sources.

The Internet

Go to our website at **www.hmrc.gov.uk/paye**

Employer CD-ROM

Your Employer CD-ROM has most of the forms and guidance you will need to help you run your payroll throughout the year. For more information about your Employer CD-ROM see the inside back cover.

Employer Helplines

Employer for **less** than 3 years Phone the New Employer Helpline	**0845 60 70 143** Open 8.00am to 8.00pm Monday to Friday 8.00am to 5.00pm Saturday and Sunday
Employer for **more** than 3 years Phone the Employer Helpline	**08457 143 143** Open 8.00am to 8.00pm Monday to Friday 8.00am to 5.00pm Saturday and Sunday
If you have a hearing or speech impairment, and use a textphone	**0845 602 1380** (Only people with specialised equipment such as Minicom are able to use this service) Open 8.00am to 8.00pm Monday to Friday 8.00am to 5.00pm Saturday and Sunday

A list of helplines and opening hours is available:

- on our website, go to **www.hmrc.gov.uk/contactus/helplines.htm**
- on your CD-ROM
- in your Employer Bulletin, and
- in **The Phone Book** from BT.

In person

We offer free workshops covering all payroll topics. These workshops are available at locations nationwide. Further information is available from our website, go to **www.hmrc.gov.uk/bst** or by calling the Advice Team on **0845 603 2691**.

Forms and guidance in Braille, large print and audio

For details of employer forms and guidance in Braille, large print or audio call the Employer Orderline on **08457 646 646** and ask to speak to the Customer Service Team.

See the inside back cover for further help and guidance.

Contents

Numbers to the left of topics refer to paragraphs in the relevant parts.

	Page
Introduction	**2**
1 Do I need to read this guide?	2
2 Further information	2
3 Statutory references	2
Part 1 – Liability for Class 1A NICs	**3**
4 When are Class 1A NICs payable?	3
5 For which employees are Class 1A NICs due?	3
6 Who has to pay Class 1A NICs?	3
Part 2 – Exemptions from Class 1A NICs	**4**
7 When are Class 1A NICs not due?	4
8 Quick guide to working out whether Class1A NICs are due	5
Part 3 – Working out Class 1A NICs	**6**
9 How are Class 1A NICs calculated?	6
10 Record-keeping for Class1A NICs purposes	6
11 Can the way in which benefits are provided affect their NICs treatment?	7
12 Are Class 1A NICs due on benefits provided only for business use?	7
13 Are Class1A NICs due where there is a mixed business and private use by the employee?	7
14 How does form P11D help me to work out Class 1A NICs?	8
Part 4 – Reporting and paying Class 1A NICs	**10**
15 What are the key dates for reporting and paying Class 1A NICs?	10
16 How do I report Class 1A NICs?	10
17 What if I use alternative P11Ds?	10
18 Using the P11D(b) adjustment facility	10
19 Correcting form P11D or P11D(b)	10
20 Reports of amended Class 1A NICs liability	10
21 How and when do I pay Class 1A NICs?	11
22 What if my business ceases?	11
23 What happens where a transfer or succession of business occurs?	11
24 Interest charges for late payment	11
25 Penalties	11
26 Quick guide to working out, reporting and paying Class 1A NICs	11
Part 5 – Special cases	**12**
27 Employees going or coming from abroad	12
28 Company cars or vans and fuel benefit	12
29 Childcare	12
30 Fees and professional subscriptions	13
31 Incidental overnight expenses	13
32 Relocation expenses and benefits	14
33 Shared benefits	14
34 Securities – includes shares and share options	14
35 Staff suggestions	14
Part 6 – Third party benefits	**15**
36 What NICs are due on third party awards?	15
37 What is an arrangement?	15
38 Third party awards liable for Class 1 NICs	15
39 Third party awards liable for Class 1A NICs	15
40 Awards not liable for NICs	15
41 Paying tax on behalf of an employee	16
42 Reporting and paying Class 1A NICs on third party awards	16
Part 7 – Decisions and appeals against Class 1A NICs	**17**
Part 8 – Terms used in this guide	**18**
43 Business use	18
44 Child	18
45 Director	18
46 Director's earnings	18
47 Directors and employees with no earnings	18
48 Dispensations	18
49 Employees & employed earner	18
50 Employee earning at a rate of less than £8,500 a year	19
51 Extra-statutory concessions	19
52 Family or household	19
53 PAYE Settlement Agreements	19
Appendix 1 – Common benefits	**20**
Appendix 2 – Form P11D(2010)	**26**
Appendix 3 – Form P11D(b)(2010)	**28**
Index	**30**

Introduction

1 Do I need to read this guide?

You should read this guide if:

- you are an employer who provides benefits, and there are benefits you should report on form P11D or a substitute form
- you provide benefits to the employees of another employer.

If you are a new employer, or are providing benefits to your employees for the first time, the following HM Revenue & Customs booklets will help you:

- Booklet 480(2010) *Expenses and benefits – A tax guide*
- Booklet 490 *Employee travel – A tax and NICs guide for employers*
- Booklet CA33 *Class 1A National Insurance contributions on Car and Fuel Benefits*.

The booklets are available from the Employer Orderline on **08457 646 646**.

We refer to the guidance given in these booklets throughout this guide.

What is this guide about?

Class 1A National Insurance contributions (NICs) are payable on most benefits provided to employees.

This guide tells you what you need to know and do about Class 1A NICs. It explains when Class 1A NICs are due and how they are worked out, reported and paid.

What does this guide contain?

Paragraphs 4 to 26 explain the general rules about Class 1A NICs.

Paragraphs 27 to 42 explain special Class 1A rules, including what happens when a benefit is provided to an employee by a third party.

Paragraphs 43 to 53 explain some of the main terms used in this guide.

Paragraphs 8 and 26 provide quick, step-by-step guides to working out whether Class 1A NICs are due and how they are worked out, reported and paid.

Appendix 1 lists the most common taxable benefits and expenses and tells you which are liable for Class 1A NICs.

2 Further information

This edition replaces CWG5(2009).

It reflects the position on NICs at the time of writing, and is intended for your guidance.

It is not comprehensive and has no legal force.

It does not affect any right of appeal.

3 Statutory references

To assist accountants, financial directors and other financial advisers, some sections of this guide include the statutory references on which this guide is based.

The statutory references are taken from:

- ITEPA 2003 – The Income Tax (Earnings and Pensions) Act 2003
- SSCBA 92 – The Social Security Contributions and Benefits Act 1992, as amended
- SS(C)R 2001 – The Social Security (Contributions) Regulations 2001, as amended.

Part 1 Liability for Class 1A NICs

This part explains whether you will have to pay Class 1A NICs. The rules described in this guide apply to all benefits.

There is a quick guide to working out whether you have to pay Class 1A NICs at paragraph 8, on page 5.

4 When are Class 1A NICs payable?

SSCBA 92, S10(1)
You may have to pay Class 1A NICs on any benefit you provide to your employees by reason of their employment.

Certain conditions must apply before Class 1A NICs are due.

These conditions are:

- the benefit must be from, or by reason of, an employee's employment and must be chargeable to Income Tax under ITEPA 2003 on an amount of general earnings as defined at Section 7(3) ITEPA 2003
- the employment must be 'employed earner's employment' under Social Security law and employment as a director or an employee who earns at the rate of £8,500 or more a year
- the benefit must not already attract a Class 1 NICs liability.

A good way of telling whether you will have to pay Class 1A NICs is if you need to fill in form P11D *Return of Expenses and Benefits*. If you do not know whether you need to fill in forms P11D you should check booklet 480(2010) *Expenses and benefits – A tax guide*.

5 For which employees are Class 1A NICs due?

SSCBA 92, S10(1)(b)

Class 1A NICs are due on benefits provided to:

- directors and certain other persons in controlling positions, whatever their earnings, but excluding directors who do not have a material interest in a company where
  – the director is a full-time working director, or
  – the company is a charity or non-profit making concern
- employees, including any directors excluded above, who earn at a rate of £8,500 or more a year, including taxable benefits and expenses
- members of the families or households of the above.

More information on benefits provided to family members and working out an employee's earnings is in booklet 480(2010) *Expenses and benefits – A tax guide*.

In the remainder of this guide, where we refer to **employees** this includes **directors**, unless we state otherwise.

6 Who has to pay Class 1A NICs?

SSCBA 92, S10(2)
Class 1A NICs are paid by employers only.

There is no employee contribution payable.

Legally, the person liable to pay Class 1A NICs is:

- the person who is liable to pay employer's Class 1 NICs on the last or only relevant payment of earnings in the tax year, or
- if there is no employer's Class 1 liability, the person who would have been liable to pay employer's Class 1 NICs if the benefit itself had been earnings on which Class 1 NICs are due.

Exception
An exception to this general rule occurs where a benefit is provided to an employee by someone other than his or her employer – usually called a third party benefit or award. See Part 6 on pages 15 and 16 for more information on benefits provided by third parties.

Part 2 – Exemptions from Class 1A NICs

In some cases no Class 1A NICs are due. You may have to pay Class 1 NICs on some benefits and Class 1A NICs on others. But Class 1 and Class 1A NICs will never be due on the same benefit.

You need to find out whether it is Class 1 or Class 1A NICs which are due on the benefits you provide so that you can work out how much Class 1A NICs you have to pay.

If you are not sure whether Class 1 or Class 1A NICs are due on a particular benefit, contact any HM Revenue & Customs Enquiry Centre or the Employer Helpline for advice.

7 When are Class 1A NICs not due?

You do not have to pay Class 1A NICs on benefits which are:

- **exempt from Income Tax**
  SSCBA 92, S10(1)(a)

  Class 1A NICs are payable only where the benefit provided is chargeable to Income Tax under ITEPA 2003 on an amount of general earnings as defined at Section 7(3) ITEPA 2003. Where no tax is chargeable because of a tax exemption, no Class 1A NICs are due.

  Full details of those benefits exempt from Income Tax are included in booklet 480(2010) *Expenses and benefits – A tax guide*.

- **returned on form P9D**
  SSCBA 92, S10(1)(b)

  Form P9D is used to report to HM Revenue & Customs benefits you provide to employees who are earning at a rate of less than £8,500 a year.
  No Class 1A NICs are payable on the benefits you provide to those employees.

- **exempt from Class 1A NICs**
  Part 3 of the SS(C)R 2001

  Sometimes tax, but not Class 1A NICs, may be due on a benefit where the benefit is excluded from Class1A NICs.

  Details of these special exclusions are given in Part 5.

- **covered by a dispensation**
  ITEPA 2003 Sections 65 and 96

  No Class 1A NICs are payable on benefits included in a dispensation. See paragraph 48 for more information.

- **covered by an extra-statutory concession published by HM Revenue & Customs**
  SS(C)R 2001, R40(7)

  No Class 1A NICs are payable where a benefit is not chargeable to tax because of an extra-statutory concession published by HM Revenue & Customs.

  See paragraph 51 for more information.

- **included in a PAYE Settlement Agreement**
  SSCBA 92, S10(6)

  No Class 1A NICs are payable on benefits included in a PAYE Settlement Agreement.

  See paragraph 53 for more information.

- **provided for business use but not significant private use is allowed**
  ITEPA 2003, S316

  No Class 1A NICs are payable where you provide, on your premises, benefits to your employees to allow them to carry out their duties but there is also some private use by the employee, but that private use is not significant.

  Also, no Class 1A NICs are payable when you provide benefits off your premises, as long as your sole purpose in providing the benefit is so that the employee can carry out his or her duties.
  Examples where this exemption will apply include
  – a fax machine provided for use by an employee working from home, which is occasionally used for private purposes
  – a telephone provided to allow an employee to receive or make business calls, on which occasional private calls are permitted.
  This exemption does not apply where the benefit provided
  – is a motor vehicle, boat or aircraft, or
  – involves an improvement or extension to living accommodation.

  If this exemption does not apply (for instance if the private use is **not insignificant**, or the benefit is a motor vehicle, boat, aeroplane or an improvement to living accommodation) Class 1A NICs will be due and the benefit must continue to be reported on form P11D whatever the amount of business use.

- **already liable for Class 1 NICs**
  SSCBA 92, S10(1)(c)

  No Class 1A NICs are payable on benefits which are liable for Class 1 NICs. See Appendix 1 for those benefits on which Class 1 NICs are due.

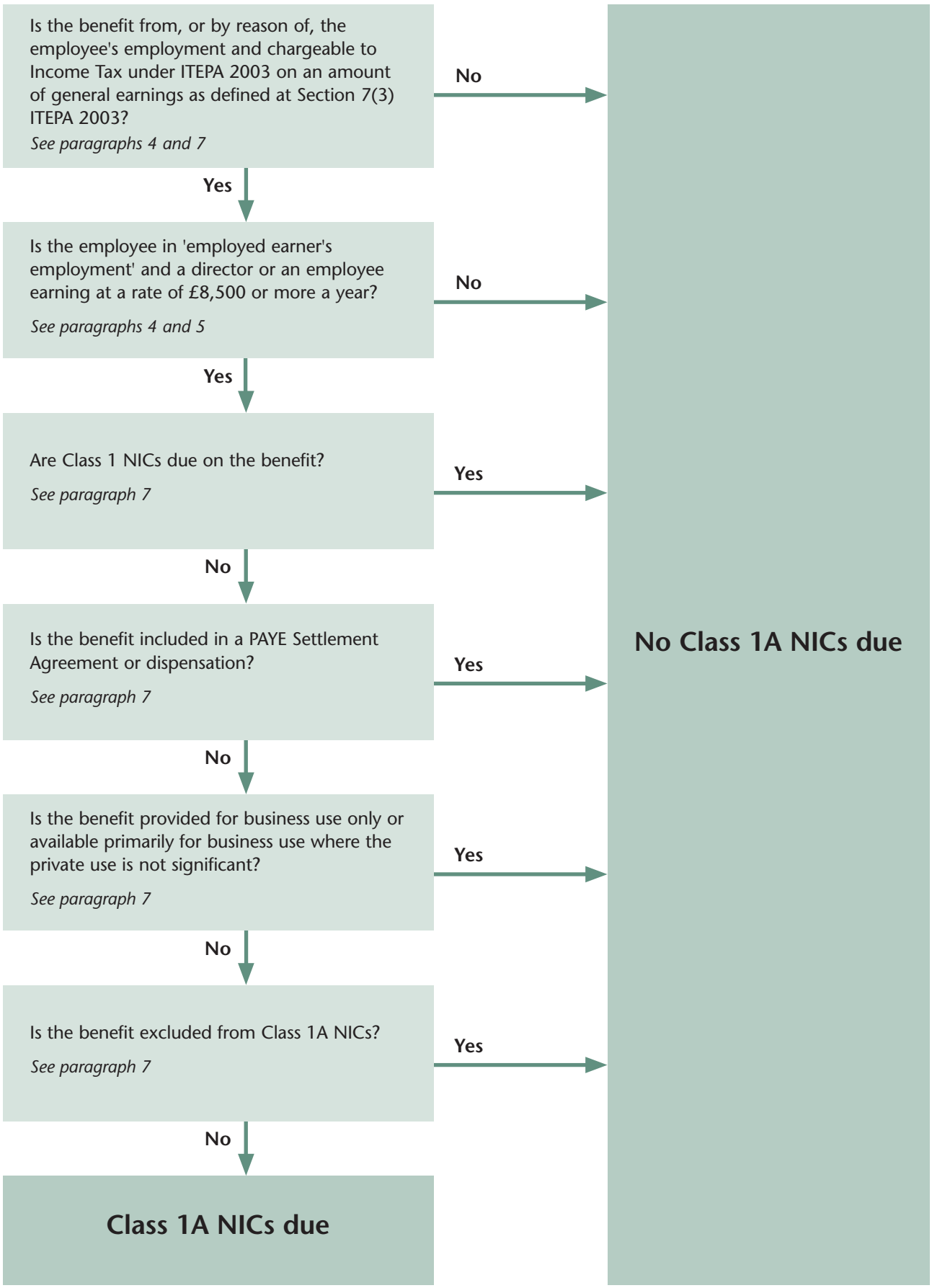
- **exempt from Class 1 NICs**
  SS(C)R 2001, R40

  No Class 1A NICs are payable on certain payments which are also exempt from Class 1 NICs.
  Examples include
  – certain payments out of retirement benefits schemes
  – redundancy payments
  – payments of, or contributions towards, specific and distinct expenses actually incurred by an employee in carrying out the employment.
  For example, if you reimburse an employee for the cost of washing a uniform worn at work.

8 Quick guide to working out whether Class 1A NICs are due

There is more information on pages 3 and 4.

See Part 6 for details of benefits awarded by third parties.



Part 3 – Working out Class 1A NICs

This part explains how to work out Class 1A NICs. The rules described in this section should be used for all benefits.

If you provide company cars to your employees, you will need to read booklet CA33 *Class 1A National Insurance contributions on Car and Fuel Benefits*. It also gives details of how Class 1A NICs are calculated in special or unusual cases, including shared cars and cars provided by more than one employer.

9 How are Class 1A NICs calculated?

Class 1A NICs are calculated as a percentage of the cash equivalent of a benefit. The cash equivalent figure used to work out Class 1A NICs is the same figure which you report for tax purposes on form P11D *Return of Expenses and Benefits* (or substitute).

The rules for working out the cash equivalent of a benefit are given in booklet 480(2010) *Expenses and benefits – A tax guide* and in various optional working sheets provided with forms P11D.

So that you do not have to work out Class 1A NICs on each cash equivalent, the total amount of Class 1A NICs payable is calculated by:

- adding together each cash equivalent figure recorded on individual P11D forms to get a single figure, and
- multiplying the total figure by the Class 1A percentage rate.

The percentage rate at which Class 1A NICs are worked out is the employer's not contracted-out Class 1 NICs rate for the tax year in which the benefit is made available. For the tax year 2009–10, the Class 1A percentage rate is 12.8%.

If the employee is in contracted-out employment, the Class 1A NICs percentage rate used is still that for not contracted-out Class 1 NICs.

Example

During the tax year 2009–10, you provide health care and company cars to 25 of your employees. The Class 1A NICs percentage rate for the 2009–10 tax year is 12.8%.

The cash equivalent figures reported on each employee's P11D are £150 health care and £3,000 car benefit.

To calculate the Class 1A NICs due

Step 1	Add the total cash equivalent figures together		
	£150 x 25	=	£3,750
	£3,000 x 25	=	£75,000
			£78,750
Step 2	Multiply the figure from Step 1 by the Class 1A percentage rate		
	£78,750 x 12.8%	=	£10,080.00
Class 1A NICs due		=	**£10,080.00**

Once you have worked out the amount of Class 1A NICs due you may need to adjust the figure.

See paragraph 18 for instances where this may be necessary.

10 Record-keeping for Class 1A NICs purposes

As Class 1A NICs are calculated using information you provide on forms P11D for tax purposes, you do not need to keep any additional records on how you have calculated the cash equivalent of a benefit for Class 1A NICs purposes.

You may be asked to produce evidence of how you have worked out Class 1A NICs. If you have used an alternative to the P11D for recording Class 1A NICs, it is important that you keep records which show this information, either in paper form or on computer. In either case, these records must be made available to us on request.

If you provide company cars or vans and fuel it may be to your advantage to keep detailed records of these particular benefits to calculate the amount of Class 1A NICs due.
See booklet CA33 *Class 1A National Insurance contributions on Car and Fuel Benefits*.

Part 3 – Working out Class 1A NICs

11 Can the way in which benefits are provided affect their NICs treatment?

Sometimes, the way in which you provide benefits to your employees can decide whether Class 1 or Class 1A NICs are due on them. It is important that you look carefully at how you provide benefits to your employees, as this will affect what class of NICs you are liable to pay.

Example
If you meet your employee's personal liability (such as paying for or reimbursing private health insurance that your employee has taken out) that amount should be treated as gross pay on which Class 1 NICs will be due.

If, on the other hand, you take out a contract with a provider to provide an employee with private health insurance, then that will normally be a benefit recorded on the employee's P11D and Class 1A NICs will be due.

12 Are Class 1A NICs due on benefits provided only for business use?

Where a benefit is provided, but for tax purposes the employee is entitled to a fully matching deduction, no Class 1A NICs will be due. For example, a benefit provided:

- necessarily for use by employees wholly and exclusively in the performance of their duties
- in the course of qualifying business travel.

See booklet 490 *Employee travel – A tax and NICs guide for employers*.

If you provide such benefits and have entered them on the employee's P11D because you do not have a dispensation for them, see paragraph 18 about using the adjustment boxes on the P11D(b) to exclude them from the amount of Class 1A NICs you are due to pay.

13 Are Class 1A NICs due where there is a mixed business and private use by the employee?

In most cases, Class 1A NICs will be due on the full amount of a benefit that is made available to an employee for both private and business purposes.

This means that you can use the figures you record on your employees' P11Ds to work out the amount of Class 1A NICs due, without having to find out whether your employees are entitled to claim a tax deduction after the end of the tax year.

Where an employee reimburses the full cost of any private use, no Class 1A NICs are due.

Where certain benefits are provided for business use but the employee uses the benefit for private purposes, but that private use is not significant, you will not need to report this on form P11D and no Class 1A NICs are due. See paragraph 7 for more information.

How are the Class 1A NICs calculated – where there is mixed use?
Liability for Class 1A NICs is calculated based on the amount of the benefit as determined for tax purposes. See example 1.

Example 1

It is an integral part of an employee's duties of employment to be able to make and receive business calls at home. The employer agrees to provide and pay for a phone which is available for business and private use.

To determine the Class 1A liability you must first determine the amount of the benefit chargeable to tax. The telephone is available for business and private use for 365 days a year and the total cost of line rental and all calls is £1,000. Business calls amount to £550, the line rental is £150 and private calls amount to £300. Unless the employee makes good the cost of all private calls and the full cost of the line rental, Class 1A NICs are due on the full cost to the employer for the whole year. This is the amount of the benefit as determined for tax purposes, in this example, £1,000.

For tax purposes, the employee can claim a deduction of £550 for the business use, which reduces the taxable benefit to £450. The deduction of £550 is not taken into account for Class 1A NICs purposes.

However, there are also situations where an asset or service is used primarily by the business itself for business purposes and not by the employee.
The contractual responsibility for paying for the asset or service lies with the employer but the employee may derive a benefit from using part of that asset or service. In those circumstances, the full amount of the benefit provided to the employee, on which Class 1A NICs will be due, is calculated where applicable only on the part of the asset(s) or service(s) that have been used by the employee for business and private purposes.
See example 2 overleaf.

Example 2

The owner of a golf club provides living accommodation for the club steward above the clubhouse.

Mains gas and electricity are supplied to the business premises which includes a block of showers and changing facilities for golf club members, the club house, the pro shop, a driving range and the accommodation provided for the club steward.

One meter monitors the gas and electricity used for all buildings.

While the club steward does have the use of gas and electricity all year round in the accommodation provided for him, he clearly derives no personal benefit from the electricity and gas supplied to any of the other buildings.

To determine the Class 1A liability you must first determine the amount chargeable to tax. The amount chargeable to tax is based on the cost to the employer of providing gas and electricity to the employee for both business and private use. Where it excludes the proportion of the services provided solely for the purpose of running the business, liability for Class 1A will follow. In this example, 75% of the electricity and gas used relates solely to the running of the business so the amount chargeable to tax and on which Class 1A NICs is due is the remaining 25%. The club steward may claim that a proportion of that 25% was also related to his business use of the provided accommodation. For tax purposes, a deduction may therefore be due. However, irrespective of any deductions allowed for tax purposes Class 1A NICs are due on the full 25%. This is illustrated below:

Total electricity and gas charges	£5,000
Proportion relating solely to the business (75%)	£3,750
Proportion relating to availability for business and private use by the employee (25%)	£1,250
Full amount chargeable to tax before deductions and on which Class 1A is payable	£1,250

If the club steward claims that there was mixed business and private use of the gas and electricity used in the provided accommodation and claims say a 15% deduction for business use, this is allowed for tax purposes, but is not taken into account for Class 1A NICs purposes.

So, where there is mixed business and private use by the employee of a benefit, Class 1A NICs are due on the full amount chargeable to tax ignoring any deductions the employee may be able to claim for tax purposes. However, see paragraph 12 where a fully matching deduction is available.

Any part of an asset(s) or service(s) that is used exclusively to facilitate the employer's business and from which the employee derives no benefit, should not be taken into account when calculating the amount of the benefit chargeable to tax. This is the amount on which Class 1A NICs will be due. The rules for determining the amount of a benefit are explained in the Employment Income Manual (EIM21102) at **www.hmrc.gov.uk/manuals/eimanual/EIM21102.htm**

Calculating Class 1A NICs – an example where there is no mixed use.
There are situations where an asset or service is bought and used primarily for business purposes but where there is occasional private use by an employee. For example, a business buys a limousine for the purpose of chauffeuring overseas visitors to and from airports and business meetings. When the limousine is used for this purpose it is not available for any of the employees' or directors' use, either business or private. But for two weeks a year the car is not needed for this purpose and is placed at the disposal of the Managing Director for private use. In these circumstances there is no mixed business and private use by the director, because the car is exclusively available for private use but only for the two weeks. The amount of benefit chargeable to tax, and on which Class 1A NICs is therefore due, will be calculated based on the two weeks that the car was available for private use only.

14 How does form P11D help me to work out Class 1A NICs?

Form P11D will help you to identify which benefits are liable for Class 1A NICs. These are shown in brown boxes and have a '1A' indicator. Only those benefits that have this indicator box should be included in your Class 1A NICs calculation.

Those benefits which attract a Class 1 NICs liability but are recorded on the P11D for tax purposes will have no Class 1A indicator box and you **should not** include those benefits in your Class 1A NICs calculation.

As Class 1A NICs are worked out using information recorded on form P11D, it is important that these forms are completed correctly. This will make sure that you pay the correct amount of Class 1A NICs.

Appendix 1 shows you where specific benefits should be recorded on form P11D.

Example 1

Shown below are the correct entries on form P11D in respect of example 1 in paragraph 13. The cost of the business calls must not be deducted from the cash equivalent figure.

Section K Services supplied

Cost to the employer	£1,000
Amount made good or from which tax deducted	£0
Cash equivalent (Class 1A indicator box)	£1,000

Example 2

Shown below are the correct entries on form P11D in respect of example 2 in paragraph 13. The cost to the employer is the cost of the services made available to the employee for private and business use. If the club steward claims that there was mixed business and private use of the services in the provided accommodation, this must not be deducted from the cash equivalent figure.

Section K Services supplied

Cost to the employer	£1,250
Amount made good or from which tax deducted	£0
Cash equivalent (Class 1A indicator box)	£1,250

A copy of the 2009–10 P11D(2010) is shown on pages 26 and 27 of this guide.

Part 4 – Reporting and paying Class 1A NICs

This part gives guidance on reporting and paying Class 1A NICs. It explains how you should report information about Class 1A NICs to us and how you should make payment.

There is a quick guide to working out and paying Class 1A NICs on page 11.

15 What are the key dates for reporting and paying Class 1A NICs?

There are three key dates for Class 1A NICs due for the 2009–10 tax year. These are:

- **6 July 2010** – for the P11D and P11D(b) return of Class 1A NICs
- **19 July 2010** – for the payment of Class 1A NICs by post (for example, by cheque)
- **22 July 2010** – for the payment of Class 1A NICs by an approved electronic method.

Employers paying by post must ensure that payment reaches us no later than **19 July**.

When paying electronically you need to allow enough time for us to have cleared funds by **22 July**. Most electronic payment methods take at least three bank working days to reach our account. Where the 22nd falls on a weekend or is a bank holiday, your cleared funds need to be with us by the previous bank working day.

16 How do I report Class 1A NICs?

Once you have worked out the amount of Class 1A NICs due you will need to complete and send us a form P11D(b) *Return of Class 1A National Insurance contributions due*, showing the total amount of Class 1A NICs due.

You must send us both the P11D and the P11D(b) declaration by **6 July** following the tax year in which the benefit is provided.

If you have already indicated on form P35 that no P11D(b) is due, there is no need to return the P11D(b).

17 What if I use alternative P11Ds?

If you use substitute forms or lists or other methods of returning P11D information that have been agreed with us, you should allow for items subject to Class 1A NICs to be identified on your substitute returns or lists.

Where appropriate, you should:

- return form P11D(b), using the adjustment facility as necessary to arrive at your correct Class 1A NICs liability, and
- keep records which identify those benefits on which Class 1A NICs are due.

18 Using the P11D(b) adjustment facility

You can use Section 4 on the P11D(b) form to make adjustments to the total benefits liable to Class 1A NICs.

You may need to make an adjustment if you have:

- used substitute forms or lists which do not identify the items subject to Class 1A NICs
- reported a cash equivalent figure on the P11D for tax purposes which incorrectly included tax already deducted
- reported a benefit on the P11D for which a fully matching tax deduction is available (see paragraphs 12 and 13)
- included a benefit figure on the P11D for employees who have no NICs liabilities (see paragraph 27).

19 Correcting form P11D or P11D(b)

If you put a wrong figure on a form P11D or P11D(b) before sending it in, draw a line through the wrong figure so that it can still be read then enter the right figure.

20 Reports of amended Class 1A NICs liability

Sometimes, further information may be made available to you after you have calculated and paid your Class 1A NICs in July.

Where this happens you might have to recalculate the amount of Class 1A NICs due. The late information may relate to:

- periods when a benefit was unavailable to an employee
- amounts made good by the employee in respect of benefits provided.

If you need to recalculate the Class 1A NICs due after making your original payment you must send in a **revised** form P11D(b) and, where appropriate, revised forms P11D.

Part 4 – Reporting and paying Class 1A NICs

21 How and when do I pay Class 1A NICs?

Class 1A NICs must be received by **19 July** following the end of the tax year (or **22 July** if payment is made by an approved electronic method).

All the normal ways of making payment apply.

A special Class 1A NICs payslip will be sent to you in April and should be used if you pay other than by Direct Debit. Send your payment with the completed payslip and your PAYE/NICs reference to the HM Revenue & Customs Accounts Office shown on the payslip.

22 What if my business ceases?

Tell us when:

- you cease in business
- you do not expect to employ anyone for a complete tax year, or longer.

We will send you form P11D(b) to complete.

23 What happens where a transfer or succession of business occurs?

All Class 1A NICs in transfer and succession cases must be returned on the P11D(b) by the **new** employer.

24 Interest charges for late payment

If you pay late, or if an underpayment of Class 1A NICs is discovered either by you or by us, you will have to pay interest on the amount outstanding.

Statutory interest for late payment is charged immediately from **19 July** (or **22 July** if payment is made by an approved electronic method).

25 Penalties

You will be charged penalties for failing to make a return of Class 1A NICs and for fraudulently or negligently making an incorrect return.

The filing date for the return is **6 July**. If the return is not received by **19 July** it will attract a penalty of £100 per month or part month of lateness, for every 50 or part-batch of 50 employees provided with benefits.

If the failure continues beyond 12 months there is an additional penalty not exceeding the amount of the Class 1A NICs paid late.

An incorrect return made carelessly or deliberately attracts a penalty not exceeding the difference between the amount of Class 1A NICs shown on that return and the amount that should have been shown.

26 Quick guide to working out, reporting and paying Class 1A NICs

There is more information in paragraphs 9 to 25.

Step 1

Establish whether Class 1A NICs are due

See paragraphs 4 to 8

Step 2

Calculate the amount of Class 1A NICs due

- Add together the cash equivalent of each benefit liable to Class 1A NICs
- Multiply the total by 12.8%

See paragraph 9

Amount of Class 1A NICs due

Step 3

Report the Class 1A NICs due

- Complete the Class 1A declaration on form P11D(b), using the amount from Step 2
- Return P11D(b) together with completed P11Ds by **6 July**

See paragraph 16

Step 4

Paying the Class 1A NICs due

- Complete Class 1A payment slip
- Send, together with Class 1A NICs payment, to the Accounts Office by **19 July** (or **22 July** if paying electronically)

See paragraph 21

Part 5 – Special cases

This part deals with uncommon situations and benefits where special rules apply.

27 Employees going or coming from abroad

SSCBA 92, S1(6)(a)

Benefits may be:

- provided to employees whilst they are abroad
- left behind for their use once they return
- available to family members whilst they are abroad.

For employees going to or coming from abroad, who are provided with benefits, two factors decide whether Class 1A NICs are due. For Class 1A NICs to be due:

- the benefit must be chargeable to Income Tax under ITEPA 2003 on an amount of general earnings as defined at Section 7(3) ITEPA 2003 (even though tax may not actually be paid), and
- there must be liability for employer's Class 1 NICs for any part of the tax year in which the benefit was provided.

In some cases a person's liability for Class 1 NICs, when they are abroad, may end part way through the year. This can happen where:

- UK Social Security legislation no longer applies under the terms of European Community regulations, a Reciprocal Agreement or Double Contribution Convention, or
- the person is working abroad in a country where the UK has no agreements and they have been employed there for more than 52 weeks.

Guidance on Class 1 NICs for people working abroad can be found on our website. Go to **www.hmrc.gov.uk/nic/work/index.htm**.

When a person no longer has to pay Class 1 NICs under these rules for people abroad, the liability for Class 1A NICs will also stop. If liability ends part way through the tax year, you have to pay Class 1A NICs on the taxable benefits but adjust the calculation to take account of Class 1A liability ending part way through that tax year. To adjust the Class 1A NICs calculation for the part year:

- calculate the Class 1A NICs using the rules described in parts 1 to 3 of this guide, and
- treat the benefit as being unavailable in the days when the UK National Insurance liability ended.

Class 1A NICs are calculated on a pro rata basis, using the number of unavailable days. You should use the adjustment facility provided on form P11D(b) if you need to adjust the amount of Class 1A NICs due.

If you are unsure of the rules for people coming in to the UK contact any HM Revenue & Customs Enquiry Centre or the Employer Helpline. For help with National Insurance for people going overseas, contact the HM Revenue & Customs Residency (Newcastle) helpline on **0845 915 4811**.

28 Company cars or vans and fuel benefit

Company cars or vans and fuel benefits are taxed under special rules contained in Part 3 Chapter 6 of ITEPA 2003. Class 1A NICs on these benefits follow the normal Class 1A NICs rules, but there are special Class 1A NICs rules for cars or vans provided in unusual circumstances.

Examples include:

- a car or van shared by two or more employees
- sharing the cost of providing a car or van between two employers.

If you provide cars or vans in special or unusual cases, read booklet CA33 *Class 1A National Insurance contributions on Car and Fuel Benefits*.

29 Childcare

SSCBA 1992, S10

Liability for Class 1A NICs on the provision of childcare benefits has been aligned with the tax position since 6 April 2005. For information on the tax position see booklet 480(2010) *Expenses and benefits – A tax guide.*

Broadly, employer supported childcare is exempt from NICs in line with the tax treatment under S318 and S318A – D ITEPA 2003. So long as the qualifying conditions are satisfied, NICs are only payable on the cost of the childcare which exceeds the exempt amount of £55 per week.

Workplace nurseries where you provide childcare in a nursery or playscheme on your premises (or on premises you provide jointly with others that you are wholly or partly responsible for financing and managing), will not be liable for Class 1A NICs where that is in line with the tax treatment.

These exemptions do not extend to:

- school fees
- cash which you give to employees to help them meet the cost of their own childcare arrangements
- paying an employee's childcare bills on their behalf.

In these cases Class 1 NICs are due.

30 Fees and professional subscriptions

SSCBA 92, S10
Some subscriptions and fees paid to certain approved professional bodies and societies are exempt from NICs in line with the Income Tax treatment under S343 and 344 ITEPA 2003.

Subscriptions and fees not exempt from tax under S343 and 344 ITEPA 2003
NICs are due where employers meet the costs of subscriptions and fees paid to a body or society.

Class 1A NICs are payable if you contract with the body concerned to provide membership for your employees.

Class 1 NICs are payable if you reimburse the cost of membership arranged by the employees themselves.

31 Incidental overnight expenses

SSCBA 92, S10
Employees who have to stay away from home overnight on business may incur additional expenses of a personal nature. Examples include newspapers, laundry and phone calls home.

There is an exemption which provides that employers can pay these incidental expenses free of tax and NICs as long as they are within prescribed limits and certain conditions are met. Full details of the qualifying conditions are set out in Appendix 8 of booklet 480(2010) *Expenses and benefits – A tax guide*.

The exemption covers all possible ways in which an employer can meet these expenses, including payment by non-cash voucher, credit card, cash payments and by way of a benefit.

Where you pay or provide an incidental expense which exceeds the prescribed limit or fails the qualifying conditions, the whole amount (not just the excess) is liable to tax and NICs under the normal rules. For the purposes of determining whether the prescribed limit is exceeded, the various elements of the incidental expense must be added together.

The NICs liability will depend upon how the incidental overnight expense is paid. Where it consists:

- wholly of cash, non-cash vouchers or credit card payment, Class 1 NICs are payable
- wholly of a benefit, Class 1A NICs are payable
- of a combination of various elements
  - Class 1 NICs are payable on the cash payments, non-cash vouchers and credit card payments
  - Class 1A NICs are payable on any benefit.

Example 1
An employee spends four nights away from home in the UK and receives incidental expenses totalling £32.00. The expenses are made up of £12.00 cash, an £8.00 non-cash voucher, and the inclusion of a laundry charge in the hotel bill met by the employer amounting to £12.00.

As the incidental overnight expenses exceed the prescribed maximum of £20.00 (four nights at £5.00), the NICs liability is calculated as follows

Class 1 NICs on £20.00
– the total of cash and non-cash voucher elements

Class 1A NICs on £12.00
– the benefit of the laundry charge.

Example 2
An employee spends three nights away from home in the UK and receives incidental expenses totalling £12.00. The expenses are made up of £9.00 cash, and a £3.00 newspaper charge included in the hotel bill met by the employer.

As the incidental overnight expenses do not exceed the prescribed maximum of £15.00 (three nights at £5.00), there is no tax or NICs liability.

32 Relocation expenses and benefits

SSCBA 92, S10
SS(C)R 2001, R40
Details of when Class 1 NICs are due on relocation expenses are in booklet CWG2(2010) *Employer Further Guide to PAYE and NICs.*

As well as any Class 1 NICs that may be due in connection with relocation expenses you pay, Class 1A NICs may be due if you:

- provide any type of relocation benefit which is not exempt from Income Tax
- pay any exempt expense after the relevant day
- provide a relocation package which exceeds the prescribed maximum of £8,000, whether the excess comprises benefits and/or expenses.

Class 1A NICs are not due on any exempt relocation benefit or expense which counts towards the £8,000 tax exemption limit.

Exempt benefits and expenses are listed in Appendix 7 of booklet 480(2010) *Expenses and benefits – A tax guide.*

Example
An employee is relocated to a new job in May 2009. The employer pays the following relocation expenses and benefits which are all paid before the relevant day:

1	Legal and estate agent's fees	£2,500
2	Removal costs	£1,000
3	Travel costs for visiting the new location	£500
4	Temporary living accommodation	£3,000
5	School fees for the children of the employee	£3,000
6	Domestic goods purchased by employer to replace items unsuitable for use in the new home	£2,500
7	Landscape gardening provided by employer	£1,500
	Total	£14,000

NICs liability:

- Class 1 NICs on item 5
  – school fees are not an exempt removal expense (£3,000)
- Class 1A NICs on item 7
  – gardening services are not an exempt removal benefit (£1,500)
- Class 1A NICs are also due on £1,500
  – relocation expenses and benefits paid in excess of the prescribed £8,000 maximum: £14,000
  less items 5 and 7 as NICs are due on these items £4,500
  less maximum £8,000
  £1,500

33 Shared benefits

SS(C)R 2001, R36
Special rules apply when calculating Class 1A NICs for shared benefits.

A shared benefit can be:

- made available for use by two or more employees at the same time
- made available to one employee by reason of two or more employed earners' employments with the same or different employers.

If the benefit provided is a shared car see the example in booklet CA33 *Class 1A National Insurance contributions on Car and Fuel Benefits.*

In all other cases, use the figure you have entered on the P11D for each employee's share of the cash equivalent of the benefit, to work out the amount of Class 1A NICs due.

34 Securities – includes shares and share options

Details of when Class 1 NICs are due on shares and other securities can be found in booklet CWG2(2010) *Employer Further Guide to PAYE and NICs.* In some circumstances, however, Section 446S of ITEPA 2003 can apply where an employee acquires securities (includes shares and share options) for less than the market value.

The difference between what the employee pays for the securities and the market value of the securities is treated as an interest-free loan. Income Tax may be due on the benefit from that interest-free loan. Where Income Tax is due Class 1A NICs liability arises on the same amount that is chargeable to Income Tax.

35 Staff suggestions

If staff suggestion awards meet the conditions set out in Section 321 ITEPA 2003, no NICs are due.

If the conditions are not met, the NICs liability will depend upon the nature of the award.

Where the award is:

- a cash payment or a non-cash voucher, Class 1 NICs are due
- a benefit, Class 1A NICs are due
- a combination of cash, non-cash voucher and benefit
  – Class 1 NICs are due on the cash and the non-cash voucher
  – Class 1A NICs are due on the benefit.

Part 6 – Third party benefits

This part provides guidance on NICs due on cash payments, vouchers and benefits provided to employees by someone other than their employer. These are normally referred to as third party awards.

You will need to know about these special rules if:

- you provide any type of award to individuals who are employed by someone else, or to a member of their family or household
- your employees, or members of their family or household, receive any type of award from someone other than you.

'Employee' in the remainder of this part of the guide means 'an employee or a member of their family or household'.

36 What NICs are due on third party awards?

SSCBA 92, S10ZA and ZB
The NICs liability on any third party award depends on:

- the type of award, and
- whether you as an employer have arranged or facilitated provision of the award with the third party. See paragraph 37.

These rules do not cover payments by third party customers as a reward for services given in the performance of the duties of the employment, for example, tips.

The National Insurance liability on tips is explained in E24(2010) *Tips, Gratuities, Service Charges and Troncs*.

Where a third party gives an employee a cash payment, a cash voucher or a benefit that normally attracts a Class 1 liability, that award will be liable for Class 1 NICs.

Where a third party provides an employee with a benefit that normally attracts a Class 1A liability or a non-cash voucher, that award will be liable for Class 1A NICs.

You, as an employer, are responsible for reporting the details and for paying NICs that are due where:

- you arrange or facilitate the provision of awards for your employees from a third party which is liable for Class 1 NICs
- a third party provides an award to your employees which is liable for Class 1 NICs.

The third party is responsible for reporting the details of the award and for paying NICs that are due where:

- an award is liable to Class 1A NICs
- you, the employer, have not arranged or facilitated the provision of the award for your employees.

Any non-cash voucher awarded to an employee by a third party which has not been arranged with the employer is liable for Class 1A NICs, even if the employee is earning at a rate of less than £8,500 a year.

Further information on those benefits which are liable for Class 1 NICs is available in booklet CWG2(2010) *Employer Further Guide to PAYE and NICs*.

37 What is an arrangement?

If you, as an employer, play some active part in providing the award this will normally constitute an arrangement. This may involve you asking the third party to make the award, sharing or underwriting the cost of the award or otherwise helping to provide the award.

You will not be regarded as arranging the award where you are asked by the third party to give them a list of employees. This may happen where third parties run incentive campaigns and they make awards to your employees.

38 Third party awards liable for Class 1 NICs

Where a third party provides an employee with a cash payment, a cash voucher or a benefit that normally attracts a Class 1 liability, that award will be liable for Class 1 NICs. Where Class 1 NICs are due, you the employer, and not the third party, are responsible for paying the NICs that are due.

Further information on those benefits which are liable for Class 1 NICs is available in booklet CWG2(2010) *Employer Further Guide to PAYE and NICs*.

39 Third party awards liable for Class 1A NICs

Where a third party:

- provides an employee with a benefit or a non-cash voucher, and
- you, as the employer, have not arranged or facilitated the provision of the award for your employees

that award will be liable for Class 1A NICs. Where Class 1A NICs are due, the third party is responsible for paying the NICs that are due.

40 Awards not liable for NICs

Some third party benefits, such as small gifts and general goodwill entertaining, are exempt from tax and NICs.

More information on those benefits exempt from tax and NICs are contained in booklet CWG2(2010) *Employer Further Guide to PAYE and NICs*.

41 Paying tax on behalf of an employee

SSCBA 92, S10ZA(2)
Where a third party is liable to pay Class 1 NICs on an award made to an employee and pays an employee's tax on that award, the third party is liable for Class 1A NICs on the amount of tax he or she pays on behalf of the employee.

The third party should:

- tell you
- contact HM Revenue & Customs Incentive Award Unit at the address in paragraph 42.

Where a third party pays the employee's tax on an award for which you are liable to pay either:

- Class 1, or
- Class 1A NICs because you, as the employer, arranged or facilitated the provision of the award

you have to pay Class 1 NICs on the amount of tax paid by the third party.

42 Reporting and paying Class 1A NICs on third party awards

If the third party has previously contacted our Incentive Award Unit about reporting and paying Class 1A NICs, the Unit will automatically send them an End of Year Pack containing the end of year return and a payslip to pay Class 1A NICs and any tax due.

If they do not already have a Taxed Award Scheme they should contact the Incentive Award Unit at the address below. The Unit will provide details of the scheme.

HM Revenue & Customs Incentive Award Unit
Local Compliance North West & Midlands Area
Trinity Bridge House
2 Dearmans Place
Salford
M3 5BH

Phone **0161 261 3269**

Fax **0161 261 3354**

Email **incentive.awards@hmrc.gsi.gov.uk**

For 2009–10 the end of year return should be filed by **6 July 2010**. Payment of Class 1A NICs and any tax due must be made to HM Revenue & Customs Accounts Office by **19 July 2010** (or **22 July 2010** if payment is made by an approved electronic method).

Part 7 – Decisions and appeals against Class 1A NICs

If we do not agree with you on a Class 1A NICs issue we will explain why and offer you a review. If you still think our decision is wrong you will then have a further 30 days to either:

- accept the offer of review, or
- notify the appeal to the independent tribunal, who will arrange for it to be heard.

Reviews are completed by officers not previously involved in the decision. If you opt for a review but disagree with the review conclusion you will have a further 30 days in which to appeal to the tribunal.

For more information about decisions and appeals go to **www.hmrc.gov.uk/factsheets/hmrc1.pdf**

Part 8 – Terms used in this guide

This part explains some of the main terms used in this guide.

43 Business use

The expression 'business use by the employee' means necessary use by the employee wholly and exclusively in the performance of the employee's duties or, as the context requires, in qualifying business travel of the employee: see booklet 490 *Employee travel – A tax and NICs guide for employers*.

44 Child

The term 'child' as used in this guide means a child not exceeding the age of 16 for whom the employee has parental responsibility.

45 Director

ITEPA 2003 S67(1) and (2)
The term 'director' includes all company directors and any person, other than a person who is merely a professional adviser (for example, a solicitor who gives advice) in accordance with whose instructions the directors are accustomed to act.

It also includes the members of a company whose affairs are managed by those members themselves and a member of a committee which manages an unincorporated association.

46 Director's earnings

SSCBA 92, S10(1)(a) and (b), ITEPA 2003, S216(2) and (3)
The £8,500 minimum earnings rule does not apply to most directors. Most directors attract liability for Class 1A NICs even if their earnings are at a rate of less than £8,500 a year.

Even if a director receives no earnings in the relevant tax year, a Class 1A NICs liability will still arise on any benefit provided to the director if:

- the benefit is chargeable to tax under ITEPA 2003 on an amount of general earnings as defined at Section 7(3) ITEPA 2003, and
- the employment is 'employed earner's employment'.

47 Directors and employees with no earnings

SSCBA 92, S10(2)(b)
Where a director or employee is provided with a benefit but no other earnings, Class 1A NICs are payable by the person who would have been liable to pay employer Class 1 NICs had the benefit been earnings on which Class 1 NICs are due.

Where employees who are not directors are provided with benefits but no other earnings, they will still need to earn at a rate of £8,500 or more a year, including taxable benefits and expenses, before Class 1A NICs become due. See paragraph 50.

48 Dispensations

A dispensation is a notice we send to you, authorising you not to report on forms P11D the expenses and benefits specifically covered by the dispensation. Dispensations avoid the need to submit details of routine expense payments and benefits that would clearly involve no payment of tax or NICs.

Further information on the types of benefits that can be included in a dispensation and how you can apply for one are included in booklet CWG2(2010) *Employer Further Guide to PAYE and NICs*.

49 Employees & employed earner

ITEPA 2003, S216(1) to (4)
SSCBA 92, S2(1)(a)
The term 'employee' as used in this guide means an employed earner and includes:

- all directors
- employees, including employee directors, paid at a rate of £8,500 or more a year including taxable benefits and taxable expenses.

The term 'employed earner' used in this guide means a person who is gainfully employed in the United Kingdom, either under a contract of service, or in an office (including elective office) with general earnings chargeable to Income Tax under ITEPA 2003.

'Employee director' means a director who has no material interest in the company. For information about what is meant by material interest go to our website at **www.hmrc.gov.uk/manuals/eimanual/EIM20212.htm** or contact the Employer Helpline.

50 Employee earning at a rate of less than £8,500 a year

ITEPA 2003, Part 3, Chapter 11
If an employee is earning at a rate of less than £8,500 a year but is provided with a benefit, Class 1A NICs will be due if the employee's salary plus the value of the benefit and any taxable expenses he or she receives exceeds £8,499.

Example
An employee is provided with a company car for private use during the whole of the 2009–10 tax year.

The employee's earnings excluding taxable benefits and expenses is £8,000.

The taxable benefit of the car is £1,800.

To determine if there is a Class 1A NICs liability, add the car benefit to the basic earnings. If the total is less than £8,500 for the year, no Class 1A NICs are payable.

Calculation of total earnings

Earnings	£8,000
Car benefit	£1,800
Total earnings	£9,800

Class 1A NICs are payable as the total inclusive earnings exceed £8,499.

If the employee received other taxable benefits or expenses these should also be added to the basic earnings and the car benefit to determine the total earnings.

51 Extra-statutory concessions

Extra-statutory concessions are minor relaxations in the law which ordinarily deal with minor or transitory anomalies where a statutory remedy would be difficult or costly to introduce.

A full list of our extra-statutory concessions can be found at **www.hmrc.gov.uk/thelibrary/esc.htm** and those relating specifically to benefits are included in booklet 480(2010) *Expenses and benefits – A tax guide*.

52 Family or household

The term 'family or household' covers the director's or employee's:

- spouse or civil partner
- children and their spouses or civil partners
- parents
- servants, dependants and guests.

53 PAYE Settlement Agreements

A PAYE Settlement Agreement (PSA) is an agreement between you and HM Revenue & Customs under which you agree to pay the tax due on certain payments and benefits which you give to your employees.

PSAs normally apply to certain payments and benefits which are:

- minor, or
- given on an irregular basis, or
- provided in circumstances where it is impracticable to apply PAYE or report benefits on forms P11D or P9D, or to apportion the benefits shared by a number of employees.

Where you enter into a PSA, Class 1B NICs will be payable by you on the total value of:

- the payments and benefits covered by the PSA which would normally give rise to a Class 1 NICs or Class 1A NICs liability, and
- the tax payable by you under the PSA.

More information on the types of benefits that can be included in a PSA and how you can apply for one are included in booklet CWG2(2010) *Employer Further Guide to PAYE and NICs*.

Appendix 1 – Common benefits

The chart on the following pages shows you whether Class 1 or Class 1A NICs are due on the most common types of expenses and benefits that can be made to your employees, and describes how they should be reflected on form P11D in ordinary circumstances.

You should read any footnote which a chart entry refers you to.

The chart is not comprehensive and has no legal force. It gives guidance only.

Some entries will refer you to more detailed guidance elsewhere. This may be because special conditions apply to that type of expense or benefit.

If the chart does not show the type of payment you are making, or you are not sure whether a payment attracts a Class 1 or a Class 1A NICs liability, contact the Employer Helpline on **08457 143 143**.

Further guidance about NICs on expense payments is in booklet CWG2(2010) *Employer Further Guide to PAYE and NICs.*

National Insurance treatment of common expenses and benefits

Type of expense or benefit provided	Circumstances	Class 1 NICs due *Include in gross pay*	Class 1A NICs due	Enter on P11D at Section
Assets placed at the employee's disposal	provided for business use, and private use is not significant – see paragraph 13	No	No	L *Footnote 1*
	provided for mixed business and private use	No	Yes	L
Assets transferred to the employee but not Readily Convertible Assets	can be turned into cash only by sale, such as furniture, kitchen appliances, property and clothes	No	Yes	A
Car fuel for private motoring in a company car	any means of supply or purchase – see booklet CA33 for exceptions	No	Yes	F
Car/van fuel for private motoring in a privately owned car/van	supplied using a company credit card, garage account or agency card and the conditions described in booklet CWG2(2010) apply	No *Footnote 2*	Yes	M
	from your own fuel pump	No	Yes	M
	any other circumstances	Yes	No	E or M
Car parking facilities, including motorcycles	at or near place of work	No	No	–
	elsewhere – unless the parking is part of a journey which is qualifying business travel	No	Yes	K, L or M
Car parking fees paid for or reimbursed to employee	at or near place of work	No	No	–
	for business-related journeys	No	No	N
	in all other circumstances	Yes	No	N

1 Where assets (apart from vehicles, boats, aircraft and certain improvements or extensions to living accommodation) and services are made available to employees to use for work on your premises or elsewhere, and there is only a small amount of incidental private use, no Class 1A NICs will be due.

2 Where an employee purchases goods or services including car fuel on your behalf, and you transfer ownership of these to the employee, Class 1A NICs will be due.

Appendix 1 – Common benefits

Type of expense or benefit provided	Circumstances	Class 1 NICs due *Include in gross pay*	Class 1A NICs due	Enter on P11D at Section
Cars made available for private use	See booklet CA33	No	Yes	F
Childcare help provided by employer for children up to age 16 (excluding school fees – see separate entry on school fees)	Your contract with the provider:			
	• value up to £55 per week/£243 per month where the qualifying conditions are met	No	No	–
	• value over £55 per week/£243 per month where the qualifying conditions are met	No	Yes	M
	• any amounts not meeting the qualifying conditions *Footnote **3***	No	Yes	M
Childcare help provided by employer for children up to age 16	You provide nursery at the workplace (or in a facility managed and financed by you)	No	No	–
	You reimburse the employee or provide additional salary to meet the cost of childcare	Yes	No	–
Christmas boxes	in cash	Yes	No	–
	in goods	No	Yes	A, M
Clothing or uniforms which can be worn at any time	provided by you, see booklet CWG2(2010)	No	Yes	A, M
	Employee contracts *Footnote **4***	Yes	No	B, M
Clothing (protective) or uniforms *may have a logo* which are necessary for work	All circumstances	No	No	–
Council Tax	employee provided with accommodation which is within one of the categories where the value does not have to be included for tax purposes on form P9D or P11D, see booklet CWG2(2010)	No	No	–
	All other circumstances	Yes	No	B
Credit cards, charge cards, employee uses your card to purchase	goods or services bought on your behalf and the conditions described in booklet CWG2(2010) apply	No	No *Footnote **2***	–
	items for the personal use of the employee	Yes	No	C
	items relating to specific and distinct business expenses actually incurred by the employee	No	No	C
Employee's liability insurance	See booklet CWG2(2010) for conditions	No	No	–
Entertaining clients expenses/allowances	All circumstances	No	No	N

3 The rate is £55 for 2009–10.

4 Contract is between the employee and the provider. The employer pays the provider or reimburses the employee. Payments to the provider should be returned on the P11D as shown. Reimbursements to the employee are subject to PAYE and do not need to be returned on the P11D.

5 Contract is between you, the employer, and the provider of the benefit.

7 There is no limit to the number of mobile phones that may be provided NICs free solely for business use and on which private use is not significant. Only one mobile phone per employee may be provided NICs free for private use. No mobile phone may be provided NICs free to a member of an employee's family or household. See Employment Income Manual at EIM21778.

Appendix 1 – Common benefits

Type of expense or benefit provided	Circumstances	Class 1 NICs due *Include in gross pay*	Class 1A NICs due	Enter on P11D at Section
Entertaining staff expenses/allowances	Employer contracts *Footnote 5*	No	Yes	K, L or M
	Employee contracts *Footnote 4*	Yes	No	N
Expenses not covered by a dispensation	Specific and distinct business expenses included in the payment	No	No	*Footnote 6*
	Any profit element in the payment	Yes	No	*Footnote 6*
Expenses and benefits covered by a dispensation		No	No	–
Eyecare test, or corrective appliance (for example, glasses or contact lenses)	Employer makes available generally to employees for whom tests and appliances are necessary under regulations made under the Health and Safety at Work etc. Act 1974.	No	No	–
Eyecare voucher to obtain test or corrective appliance (for example, glasses or contact lenses)	Employer makes available generally to employees for whom tests and appliances are necessary under regulations made under the Health and Safety at Work etc. Act 1974.	No	No	–
Food, groceries, farm produce	Employer contracts *Footnote 5*	No	Yes	A
	Employee contracts *Footnote 4*	Yes	No	B
Goods, such as TV, furniture and so on, transferred to employee	Employer contracts *Footnote 5*	No	Yes	A
	Employee contracts *Footnote 4*	Yes	No	B
Holidays	Employer contracts *Footnote 5*	No	Yes	A, K, L or M
	Holiday vouchers	Yes	No	C
	Employee contracts *Footnote 4*	Yes	No	B
Incidental overnight expenses	See paragraph 31 and booklet 480(2010) for special conditions	No	No	–
Income Tax paid	but not deducted from employee	Yes	No	M
	on notional payments not borne by employee within 90 days of receipt of each notional payment	Yes	No	B
Insurance premiums for pensions, annuities etc. on the employee's death or retirement. See CWG2(2010) for exceptions	Employee contracts *Footnote 4*	Yes	No	B
Living accommodation provided by you	See booklet CWG2(2010) for special conditions	No	No	–
	In all other circumstances	No	Yes	D

6 Specific and distinct business expenses may feature in a number of payments you make to employees and should be recorded in the appropriate P11D section.

8 Expenses which are not exempt are any expenses not included in the list at Appendix 7 of booklet 480. You will need to return on the P11D any amounts that your employee should have paid, but you (the employer) paid instead.

Appendix 1 – Common benefits

Type of expense or benefit provided	Circumstances	Class 1 NICs due *Include in gross pay*	Class 1A NICs due	Enter on P11D at Section
Loans, beneficial arrangements	Qualifying loans	No	No	–
	Non-qualifying loans	No	Yes	H
Loans written off	at time you decide not to seek repayment	Yes	No	M
Long service award	Conditions of S323 ITEPA 2003 met	No	No	–
	Above conditions not fully met	For the treatment applicable to NICs see the instructions at paragraph 35 'Staff suggestions', which apply similarly for long service awards		
Meal vouchers	15p a day of the value of vouchers which cannot be transferred to another person and can be used only for meals	No	No	–
	in all other circumstances	Yes	No	C
Meals provided by you	at canteen open to your staff generally or on your business premises on a reasonable scale and all employees may obtain free or subsidised meals	No	No	–
	in all other circumstances	No	Yes	M
Medical, dental and so on, treatment or insurance to cover such treatment	Employer contracts *Footnote 5*	No	Yes	I
	Employee contracts *Footnote 4*	Yes	No	B
	Outside the UK where the need for treatment arises while the employee is outside the UK working for you	No	No	–
Mobile phones provided by you	Employer contracts *Footnote 7*	No	No	–
Mobile phones costs of private calls	Employer contracts *Footnote 5*	No	No	–
	Employee contracts *Footnote 4*	Yes	No	B, M or N
Mobile phone vouchers provided by you	For use by employee to obtain one mobile phone for private use	No	No	–
Office accommodation, supplies/services used by employee in doing his/her work		No	No	–
Personal bills of the employee paid by you	Employee contracts *Footnote 4*	Yes	No	B
Readily Convertible Assets (RCA), securities and or remuneration provided in a non-cash form, for example, shares, share options and commodities	See paragraph 34 and CWG2(2010) for detailed information	Yes	No – but see paragraph 34 for detailed information	–

Appendix 1 – Common benefits

Type of expense or benefit provided	Circumstances	Class 1 NICs due *Include in gross pay*	Class 1A NICs due	Enter on P11D at Section
Relocation expenses/benefits	Expenses which are not exempt *Footnote **8***	**Yes**	**No**	**N**
	Benefits which are not exempt and exempt expenses paid after the relevant day *Footnote **9***	**No**	**Yes**	**M**
	Exempt expenses/benefits of £8,000 or less *Footnote **9***	**No**	**No**	–
	Exempt expenses/benefits in excess of £8,000 *Footnote **9***	**No**	**Yes**	**J**
Retirement benefit schemes, either registered schemes or employer-financed schemes	Payments you make into such schemes	**No**	**No**	–
Round sum allowances	Specific and distinct business expense identified	**No**	**No**	*Footnote **10***
	Profit element	**Yes**	**No**	*Footnote **10***
Scholarships awarded to students because of their parent's employment	Employer contracts *Footnote **5***	**No**	**Yes**	**M**
	Employee contracts *Footnote **4***	**Yes**	**No**	**M**
School fees	Employer contracts *Footnote **5***	**No**	**Yes**	**M**
	Employee contracts *Footnote **4***	**Yes**	**No**	**M**
Shares	See **Readily Convertible Assets (RCA)**	–	–	–
Shares and share options (not RCA)		**No**	**No**	–
Social functions	Conditions of S264 ITEPA 2003 are satisfied	**No**	**No**	–
	All other type of function	**No**	**Yes**	**M**
Sporting or recreational facilities provided by you, for example, fishing, horse racing	Conditions of S261 ITEPA 2003 are satisfied	**No**	**No**	–
	All other circumstances	**No**	**Yes**	–
Subscriptions, professional and fees which are allowable tax deductions under S343 & 344 ITEPA 2003 – see paragraph 30	All circumstances	**No**	**No**	**M**
Subscriptions, professional and fees which are **not** allowable tax deductions under S343 & 344 ITEPA 2003	Employer contracts *Footnote **5***	**No**	**Yes**	**M**
	Employee contracts *Footnote **4***	**Yes**	**No**	**M**

9 Details of what constitutes exempt expenses and benefits are described in booklet 480(2010).

10 Round sum allowances may feature in a number of payments you make to employees and should be recorded in the appropriate P11D section.

Appendix 1 – Common benefits

Type of expense or benefit provided	Circumstances	Class 1 NICs due *Include in gross pay*	Class 1A NICs due	Enter on P11D at Section
Suggestion schemes awards to employees	Conditions of S321 ITEPA 2003 met – see paragraph 35	**No**	**No**	–
	Above conditions not fully met	See paragraph 35		
Securities or an interest in securities	See **Readily Convertible Assets (RCA)**			
Telephones You are the subscriber	Cost of rental, unless private use is not significant	**No**	**Yes**	**K**, **L** or **M**
	Cost of calls, unless private use is not significant	**No**	**Yes**	**K**, **L** or **M**
	Cost of all private calls is reimbursed by the employee	**No**	**No**	**K**, **L** or **M**
Telephones Your employee is the subscriber, and you meet the costs of calls and/or rental	Phone used exclusively for business	**No**	**No**	**B** or **N**
	Phone used exclusively for private use *Footnote **4***	**Yes**	**No**	**B** or **N**
	Phone used for both business and private purposes	**Rental – Yes** on the full amount of the rental	**No**	**B** or **N**
		Calls – Yes on the full amount of the calls, *but any amount for business calls, **supported by evidence**, can be excluded*	**No**	**B** or **N**
Third party benefits/ payments		See paragraphs 36 to 42		
Training payments for course fees, books and so on	Training is work-related or encouraged or required by you in connection with the employment	**No**	**No**	–
	All other circumstances and employer contracts *Footnote **5***	**No**	**Yes**	**M**
	All other circumstances and employee contracts *Footnote **4***	**Yes**	**No**	**M**
Vans available for commuting and other private use	Other private use is more than insignificant. See booklets CA33 and 480(2010)	**No**	**Yes** *Footnote **11***	**G**
Van fuel provided for use in vans available for commuting and other private use	Any means of supply. Other private use is more than insignificant. See booklet 480(2010)	**No**	**Yes** *Footnote **11***	**G**
Vouchers	See booklet CWG2(2010) for exceptions	**Yes**	**No**	**C**

11 Class 1A NICs are not due if the van:

- is available to the employee for business travel and commuting
- is not used for any other private purpose except to an insignificant extent, and
- is available to the employee mainly for use for the employee's business travel.

HM Revenue & Customs

P11D Expenses and benefits 2009–10

Please ensure your entries are clear on both sides of the form.

Note to employer
Complete this return for a director, or an employee who earned at a rate of £8,500 or more a year during the year to 5 April 2010. Send the completed form to your HM Revenue & Customs office by 6 July 2010.

Note to employee
Your employer has filled in this form, keep it in a safe place. You will need it to complete your 2009–10 Tax Return if you get one. The box numbering on this P11D are the same as on the Employment Page of the Tax Return, for example, boxes 13.

Employer name

Employer PAYE reference

Employee name

Surname

Forename(s)

If a director tick here ☐

Date of birth *in figures (if known)* D D M M Y Y Y Y

Works number/department

National Insurance number

Gender **M – Male F – Female** ☐

Employers pay Class 1A National Insurance contributions on most benefits. These are shown in boxes which are brown and have a 1A indicator

A Assets transferred (cars, property, goods or other assets)

Description of asset	Cost/Market value		Amount made good or from which tax deducted		Cash equivalent	
	£	–	£	=	13 £	1A

B Payments made on behalf of employee

Description of payment	15	£
Tax on notional payments not borne by employee within 90 days of receipt of each notional payment	15	£

C Vouchers or credit cards

	Gross amount		Amount made good or from which tax deducted		Cash equivalent
Value of vouchers and payments made using credit cards or tokens (for qualifying childcare vouchers the excess over £55 a week)	£	–	£	=	12 £

D Living accommodation

	Cash equivalent		
Cash equivalent of accommodation provided for employee, or his/her family or household	14	£	1A

E Mileage allowance and passenger payments

	Taxable amount	
Amount of car and mileage allowances paid to employee for business travel in employee's own vehicle, and passenger payments, in excess of maximum exempt amounts *(See P11D Guide for 2009–10 exempt rates)*	12	£

F Cars and car fuel

If more than two cars were made available, either at the same time or in succession, please give details on a separate sheet

	Car 1	Car 2
Make and Model		
Date first registered	/ /	/ /
Approved CO_2 emissions figure for cars registered on or after 1 January 1998 *Tick box if the car does not have an approved CO_2 figure*	g/km ☐ *See P11D Guide for details of cars that have no approved CO_2 figure*	g/km ☐ *See P11D Guide for details of cars that have no approved CO_2 figure*
Engine size	cc	cc
Type of fuel or power used *Please use the key letter shown in the P11D Guide*		
Dates car was available *Do not complete the 'From' box if the car was available on 5 April 2009 or the 'To' box if it continued to be available on 6 April 2010*	From / / to / /	From / / to / /
List price of car *Including car and standard accessories only: if there is no list price, or if it is a classic car, employers see booklet 480*	£	£
Accessories *All non-standard accessories, see P11D Guide*	£	£
Capital contributions (maximum £5,000) the employee made towards the cost of car or accessories	£	£
Amount paid by employee for private use of the car	£	£
Date free fuel was withdrawn *Tick if reinstated in year (see P11D Guide)*	/ / ☐	/ / ☐
Cash equivalent of each car	£	£

Total cash equivalent of all cars made available in 2009–10	9	£	1A
Cash equivalent of fuel for each car	£	£	
Total cash equivalent of fuel for all cars made available in 2009–10	10	£	1A

P11D(2010) HMRC 08/09

G Vans and van fuel

Total cash equivalent of all vans made available in 2009–10	9	£	1A
Total cash equivalent of fuel for all vans made available in 2009–10	10	£	1A

H Interest-free and low interest loans

If the total amount outstanding on all loans does not exceed £5,000 at any time in the year, there is no need to complete this section.

	Loan 1	Loan 2
Number of joint borrowers *(if applicable)*		
Amount outstanding at 5 April 2009 or at date loan was made if later	£	£
Amount outstanding at 5 April 2010 or at date loan was discharged if earlier	£	£
Maximum amount outstanding at any time in the year	£	£
Total amount of interest paid by the borrower in 2009–10 – *enter "NIL" if none was paid*	£	£
Date loan was made in 2009–10 if applicable	/ /	/ /
Date loan was discharged in 2009–10 if applicable	/ /	/ /
Cash equivalent of loans after deducting any interest paid by the borrower	15 £ 1A	15 £ 1A

I Private medical treatment or insurance

	Cost to you		Amount made good or from which tax deducted			Cash equivalent	
Private medical treatment or insurance	£	–	£	=	11	£	1A

J Qualifying relocation expenses payments and benefits

Non-qualifying benefits and expenses go in sections M and N below

Excess over £8,000 of all qualifying relocation expenses payments and benefits for each move	15	£	1A

K Services supplied

	Cost to you		Amount made good or from which tax deducted			Cash equivalent	
Services supplied to the employee	£	–	£	=	15	£	1A

L Assets placed at the employee's disposal

		Annual value plus expenses incurred		Amount made good or from which tax deducted			Cash equivalent	
Description of asset		£	–	£	=	13	£	1A

M Other items (including subscriptions and professional fees)

		Cost to you		Amount made good or from which tax deducted			Cash equivalent	
Description of other items		£	–	£	=	15	£	1A
Description of other items		£	–	£	=	15	£	

		Tax paid
Income tax paid but not deducted from director's remuneration	15	£

N Expenses payments made to, or on behalf of, the employee

		Cost to you		Amount made good or from which tax deducted			Taxable payment
Travelling and subsistence payments *(except mileage allowance payments for employee's own car - see section E)*		£	–	£	=	16	£
Entertainment *(trading organisations read P11D Guide and then enter a tick or a cross as appropriate here)*	☐	£	–	£	=	16	£
General expenses allowance for business travel		£	–	£	=	16	£
Payments for use of home telephone		£	–	£	=	16	£
Non-qualifying relocation expenses *(those not shown in sections J or M)*		£	–	£	=	16	£
Description of other expenses		£	–	£	=	16	£

HM Revenue & Customs

Return of Class 1A National Insurance contributions due
Return of expenses and benefits - Employer declaration

Employer PAYE reference

Accounts Office reference

Year ended 5 April 2010

Please return this form to the address shown below

Employer name and address

If this replaces a Return that was issued automatically it may not show all of your details. *If this is so, please fill in the top of this Return before you send it to your HM Revenue & Customs office.*

Please read the notes overleaf before completing this Return.

Do not declare any amounts already reported under the Taxed Award Scheme arrangements.

1 Class 1A National Insurance contributions (NICs) due

Enter the total benefits liable to Class 1A NICs from forms P11D. (This is the total of the brown Class 1A NICs boxes on forms P11D. There is a quick guide on page 5 of CWG5 if you are not sure.) **A** £ 1A

☐ **If you need to adjust the figures entered in box A, do not complete box C below, tick this box and complete Section 4 overleaf.**

Multiply by Class 1A NICs rate **B** 12.8%

Class 1A NICs payable **C** box A x rate in box B £ 1A

2 Employer declaration

Tick the relevant box and fill in the appropriate details.

☐ No expenses payments or benefits of the type to be returned on forms P11D have been or will be provided for the year ended 5 April 2010. For this reason no forms P11D are attached.

☐ I confirm that all details of expenses payments and benefits that have to be returned on forms P11D for the year ended 5 April 2010 **are enclosed** with this declaration. I declare that the details on these forms are fully and truly stated to the best of my knowledge and belief.

☐ Forms P11D for the year ended 5 April 2010 were sent to _____ HM Revenue & Customs office on / /

I confirm that details of expenses payments and benefits that have to be returned on forms P11D have been sent to HM Revenue & Customs.

I declare that all the details on this form are fully and truly stated to the best of my knowledge and belief.

Signature of employer _____ **Date** / /

The declaration should be signed by the employer or any person authorised to do so.

Capacity in which signed _____

P11D(b)(2010)(Man) HMRC 08/09

3 Notes for employer

You should give each employee or director a copy of their P11D information and send the completed forms P11D and P11D(b) to your HM Revenue & Customs office by **6 July**.
Pay Class 1A NICs shown on the Return to the Accounts Office. Details on how to pay can be found on our website, go to **www.hmrc.gov.uk/payinghmrc/class1anics.htm** You should pay by:

- **19 July** if the payment is by post or cash, **or**
- **22 July** if the payment is by an approved electronic method.

Where **22 July** falls on a weekend or bank holiday, your payment should reach our bank account no later than the last bank working day before **22 July**. Interest is chargeable on payments paid late. If your Return is not received by 19 July, penalties will be charged automatically. You may also be penalised or prosecuted if you make false statements.

Please note if you have already indicated on your form P35 that forms P11D and P11D(b) are not due, there is no need to send this Return.

Class 1A National Insurance contributions (NICs) due

Employers pay Class 1A NICs on benefits which have to be returned on forms P11D except where Class 1 NICs or Class 1B NICs are due. To help you identify the benefits where Class 1A NICs are due, the boxes on the form P11D are brown and are marked 1A. Before completing the forms P11D and this Return, read the P11D(Guide) and booklet CWG5(2010) *Class 1A National Insurance contributions on benefits in kind. A guide for employers.*

Forms P11D

As an employer you must complete a Return of expenses payments and benefits, form P11D, for each employee paid at a rate of £8,500 or more a year and for each director if:

- you have provided them with expenses or benefits which are not covered by a dispensation or PAYE Settlement Agreement
- you have arranged for expenses or benefits to be provided by a third party.

Send this declaration with the completed forms P11D to your HM Revenue & Customs office. If you choose to send the forms P11D in batches, send the declaration with the final batch.

References in this Return to forms P11D and HM Revenue & Customs office should be read as including the return of expenses payments and benefits by magnetic media to Shipley Data Centre.

4 Adjustments to Class 1A NICs

Complete this section if you need to adjust the total benefits shown as liable to Class 1A NICs.
Paragraph 18 of CWG5 explains circumstances in which you may need to make adjustments.

Enter the total benefits liable to Class 1A NICs from Section 1, box A overleaf	A £	1A
Using the two boxes below enter any adjustment to the figures in box A		
• Add any amounts not included in box A on which Class 1A NICs are due Brief description	Amount to be added B £	1A
• Deduct any amounts included in box A on which Class 1A NICs are **not** due Brief description	Amount to be deducted C £	
Total of benefits on which Class 1A NICs are due	box A + box B *minus* box C D £	1A
Multiply by Class 1A NICs rate	E 12.8%	
Class 1A NICs payable	box D x rate in box E F £	1A

Index

	paragraph	page
Abroad		
— benefits provided to employee's going or coming from abroad	27	12
— Class 1A NICs liability	27	12
Appeals		17
Assets		
— placed at employees disposal		20
— transferred to employees		20
Benefits		
— common taxable benefits		20
— from a third party	36	15
— shared benefits	33	14
— using the cash equivalent	9	6
Business		
— business use definition	43	18
— business use only	12	7
— ceases to trade, no transfer	22	11
— ceases to trade, transfer or succession	23	11
— mixed business and private use	13	7
Car		
— fuel	28	12
— made available for private use		21
— parking facilities		20
— parking fees		20
Childcare	29	12
Christmas boxes		21
Class 1A NICs		
— adjusting the amount due	18	10
— exemptions from	7	4
— liability for	6	3
— paying	21	11
— quick guide whether due	8	5
— quick guide working out, reporting, paying	26	11
— reporting	16	10
— which employees	5	3
— calculating how much is due	9	6
Clothing		
— protective		21
— uniforms		21
Council Tax		21

Index

	paragraph	page
Credit cards		21
Director		
— definition	45	18
— earnings	46	18
— no earnings	47	18
Dispensation	48	18
Employee		
— earnings less than £8,500	50	19
— employed earner	49	18
— liability insurance		21
— No earnings	47	18
— paying tax on behalf of an employee	41	16
Entertaining		
— clients		21
— staff		22
Expenses		
— covered by dispensation		22
— not covered by dispensation		22
— specific and distinct business expenses		22
Extra-statutory concessions	51	19
Eyecare test		22
Eyecare voucher		22
Family or household	52	19
Food		22
Forms		
— P9D	7	4
— P11D		
– correcting	19	10
– date for completion	15	10
– using substitutes	17	10
— P11D(b)		
– completing	16	10
– correcting	19	10
– date for completion	15	10
Goods		22
Holidays		22
Incidental overnight expenses	31	13
Income Tax paid		22
Insurance premiums		22
Interest	24	11
— Late payment	24	11
Living accommodation		22
Loans		
— beneficial arrangements		23
— written off		23

Index

	paragraph	page
Long service award		23
Meals		
— provided to employees		23
— vouchers		23
Medical treatment		23
Mistakes	19	10
Mobile phones		
— cost of private calls		23
— provided to employees		23
— voucher		23
Office accommodation		23
PAYE Settlement Agreements	53	19
Penalties	25	11
Pension payments	7	4
Pensions, retirement benefit schemes		24
Personal bills		23
Readily Convertible Assets (RCA)		23
Records	10	6
Redundancy payments	7	4
Relocation expenses and benefits	32	14
Retirement benefit schemes		24
Round sum allowances		24
Scholarships		24
School fees		24
Securities		25
Social functions		24
Sporting or recreational facilities		24
Shares and share options	34	14
Subscriptions, professional	30	13
Suggestion schemes	35	14
Telephones		25
Third party awards		
— arrangements	37	15
— liability	36	15
— not liable	40	15
— reporting and paying	42	16
Training		25
Underpayments	24	11
Vans		25
Vouchers		25

Further help and guidance

Further help and guidance for employers is available from the following sources.

The Internet

Go to **www.hmrc.gov.uk/paye** in the 'PAYE for employers' section where you'll find:

- a 'Getting started with PAYE' section for new employers
- advice on setting up and operating your payroll
- step-by-step guidance on filing your Employer Annual Return
- links to key PAYE forms, tools and publications.

Online services

For information about our online services go to **www.hmrc.gov.uk/online**

For help and assistance using our online services contact the Online Services Helpdesk:

- email **helpdesk@ir-efile.gov.uk**
- phone **0845 60 55 999** open 8.00am to 8.00pm seven days a week.

Your Employer CD-ROM

Your CD-ROM has:

- most of the forms and guidance you will need to run your payroll throughout the year
- a P11 Calculator that will work out and record your employees' tax, NICs and Student Loan deductions every payday with a linked P32 *Employer Payment Record* that works out what you need to pay us
- a range of other calculators that work out car and car fuel benefit, statutory payments and Student Loan deductions.

Employer Annual Return

Almost all employers are required to file their 2009-10 Employer Annual Return (P35 and P14s) online.

If you have used the P11 Calculator for all your employees during the year and have nine or less employees at 5 April you can send us your Employer Annual Return online direct from your Employer CD-ROM.

Starter and leaver information

You can also send starter and leaver information P45(Part 1), P45(Part 3), P46 and P46(Expat) online using the CD-ROM.

There is also:

- a Learning Zone to help you understand payroll topics such as statutory payments, Student Loan deductions and PAYE Online
- a PAYE for Employers section for new and less experienced employers explaining what to do when employing someone for the first time.

Your HM Revenue & Customs (HMRC) office

Your own HMRC office can also help you if you have a query about your PAYE scheme. All our office contact details are on our website, go to **www.hmrc.gov.uk/local/employers/index.htm**

Please tell us your employer reference which you will find on correspondence from your HMRC office.

Employer helpbooks

Our Employer helpbooks are designed to help you understand and operate PAYE, NICs and other payroll related matters.

The helpbooks are for guidance only, they are not comprehensive and have no legal force.

We also have many other leaflets and booklets that give further guidance, for example:

- CWG2(2010) *Employer Further Guide to PAYE and NICs*
- 480(2010) *Expenses and benefits - A tax guide*
- 490 *Employee travel - A tax and NICs guide for employers.*

You can view, download or order most of the helpbooks, booklets and other guidance from:

- our website go to **www.hmrc.gov.uk/employers/emp-form.htm** or
- your Employer CD-ROM.

Or you can order copies from the Employer Orderline by phoning **08457 646 646.**

Yr laith Gymraeg

Ffoniwch **0845 302 1489** i dderbyn fersiynau Cymraeg o ffurflenni a chanllawiau.

Business Link

As an employer you will have wider issues to consider such as health and safety, working time and time off and so on. Business Link, managed by the Small Business Service, provides a wide range of information and various tools to help you.

For more information:

- go to **www.businesslink.gov.uk**
- phone **0845 600 9006**, 8.30am to 5.30pm Monday to Friday.