

Section 65

- 2.1 To avoid the submission of details of routine expenses payments and benefits that would clearly involve no extra tax liability the legislation provides for **dispersations**. If the employer satisfies an Officer of HMRC that all the expenses he or she pays and benefits he or she provides would be fully covered by an expenses deduction the Officer may give a 'dispensation'. That is to say, the Officer may notify the employer that the special provisions will not apply to those payments or benefits so long as the circumstances remain the same.
- 2.2 **There is a statutory tax exemption for Mileage Allowance Payments, below a certain amount, to employees. Consequently such payments cannot be included in a dispensation. Mileage Allowance Payments in excess of the exempt amount are taxable (see Chapter 16).**
Nor are dispersations given for 'round sum' expense allowances. The Officer of HMRC will not give a dispensation if the effect would be to remove from the scope of the special rules an employee who would otherwise be within its terms.
- 2.3 Where a dispensation is given, the Pay As You Earn scheme does not apply to the payments or benefits concerned. The employer need not show the particular payments or benefits on the annual return he or she makes to HMRC (see Chapter 24), nor need the employee show them in his or her Tax Return.
- 2.4 More information on dispersations can be found on the HMRC website at www.hmrc.gov.uk/payee/exb/schemes/dispensation.htm where you will find an online or downloadable application form P11DX. You can also obtain an application form at any HMRC Enquiry Centre where you may also be able to access the HMRC website.
- 2.5 Dispersations are reviewed from time to time. The Officer can revoke a dispensation previously given. If the Officer does so the special provisions will apply to the payments or benefits concerned.