

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, phone the Employer Helpline on **08457 143 143**.

More guidance about NICs on expense payments is in booklet CWG2(2011) *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 <i>Include in gross pay</i>	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 <i>Footnote 1</i>
	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(2011) apply	No <i>Footnote 2</i>	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
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 <i>Footnote 3</i>	No	Yes	M	

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Type of expense or benefit provided	Circumstances	Class 1 NICs due <i>Include in gross pay</i>	Class 1A NICs due	Enter on P11D at Section
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(2011)	No	Yes	A, M
	Employee contracts <i>Footnote 4</i>	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(2011)	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(2011) apply	No	No <i>Footnote 2</i>	—
	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(2011) for conditions	No	No	—
Entertaining clients expenses/allowances	All circumstances	No	No	N
Entertaining staff expenses/allowances	Employer contracts <i>Footnote 5</i>	No	Yes	K, L or M
	Employee contracts <i>Footnote 4</i>	Yes	No	N
Expenses and benefits covered by a dispensation		No	No	—
Expenses not covered by a dispensation	Specific and distinct business expenses included in the payment	No	No	<i>Footnote 6</i>
	Any profit element in the payment	Yes	No	<i>Footnote 6</i>
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	—

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Type of expense or benefit provided	Circumstances	Class 1 NICs due <i>Include in gross pay</i>	Class 1A NICs due	Enter on P11D at Section
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 <i>Footnote 5</i>	No	Yes	A
	Employee contracts <i>Footnote 4</i>	Yes	No	B
Goods, such as TV, furniture and so on, transferred to employee	Employer contracts <i>Footnote 5</i>	No	Yes	A
	Employee contracts <i>Footnote 4</i>	Yes	No	B
Holidays	Employer contracts <i>Footnote 5</i>	No	Yes	A, K, L or M
	Holiday vouchers	Yes	No	C
	Employee contracts <i>Footnote 4</i>	Yes	No	B
Incidental overnight expenses	See paragraph 31 and booklet 480(2011) 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(2011) for exceptions	Employee contracts <i>Footnote 4</i>	Yes	No	B
Living accommodation provided by you	See booklet CWG2(2011) for special conditions	No	No	—
	In all other circumstances	No	Yes	D
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, as long as the meals are not provided in connection with salary sacrifice or flexible remuneration arrangements	No	No	—
	in all other circumstances	No	Yes	M

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Type of expense or benefit provided	Circumstances	Class 1 NICs due <i>Include in gross pay</i>	Class 1A NICs due	Enter on P11D at Section	
Medical, dental and so on , treatment or insurance to cover such treatment	Employer contracts <i>Footnote 5</i>	No	Yes	I	
	Employee contracts <i>Footnote 4</i>	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 <i>Footnote 7</i>	No	No	—	
Mobile phones costs of private calls	Employer contracts <i>Footnote 5</i>	No	No	—	
	Employee contracts <i>Footnote 4</i>	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 <i>Footnote 4</i>	Yes	No	B	
Phones 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	
Phones 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 <i>Footnote 4</i>	Yes	No	B or N	
	Phone used for both business and private purposes	Rental - Yes on the full amount of the rental	No	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	No	B or N
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(2011) for detailed information	Yes	No - <i>but see paragraph 34 for detailed information</i>	—	

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Type of expense or benefit provided	Circumstances	Class 1 NICs due <i>Include in gross pay</i>	Class 1A NICs due	Enter on P11D at Section
Relocation expenses/benefits	Expenses which are not exempt <i>Footnote 8</i>	Yes	No	N
	Benefits which are not exempt and exempt expenses paid after the relevant day <i>Footnote 9</i>	No	Yes	M
	Exempt expenses/benefits of £8,000 or less <i>Footnote 9</i>	No	No	-
	Exempt expenses/benefits in excess of £8,000 <i>Footnote 9</i>	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	<i>Footnote 10</i>
	Profit element	Yes	No	<i>Footnote 10</i>
Scholarships awarded to students because of their parent's employment	Employer contracts <i>Footnote 5</i>	No	Yes	M
	Employee contracts <i>Footnote 4</i>	Yes	No	M
School fees	Employer contracts <i>Footnote 5</i>	No	Yes	M
	Employee contracts <i>Footnote 4</i>	Yes	No	M
Securities or an interest in securities	See Readily Convertible Assets (RCA)			
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 <i>Footnote 5</i>	No	Yes	M
	Employee contracts <i>Footnote 4</i>	Yes	No	M
Suggestion schemes awards to employees	Conditions of S321 ITEPA 2003 met – see paragraph 35	No	No	-
	Above conditions not fully met	See paragraph 35		

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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 <i>Footnote 5</i>	No	Yes	M
	All other circumstances and employee contracts <i>Footnote 4</i>	Yes	No	M
Vans available for commuting and other private use	Other private use is more than insignificant. See booklets CA33 and 480(2011)	No	Yes <i>Footnote 11</i>	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(2011)	No	Yes <i>Footnote 11</i>	G
Vouchers	See booklet CWG2(2011) for exceptions	Yes	No	C

Footnotes

- 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.*
- 3 *From April 2011 changes are being made to employer supported childcare. These changes will reduce the exempt amount for childcare vouchers for some employees. For more information go to www.hmrc.gov.uk/thelibrary/esc-qa.htm*
- 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.*
- 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.*
- 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.*
- 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.*
- 9 *Details of what constitutes exempt expenses and benefits are described in booklet 480(2011).*
- 10 *Round sum allowances may feature in a number of payments you make to employees and should be recorded in the appropriate P11D section.*
- 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.*