

# 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 that 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 (HMRC) booklets will help you:

- Booklet 480(2011) *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 More information about this guide

There are legal requirements that mean employers must comply with their obligations. At the time of writing, this guide sets out HMRC's view on how these legal requirements can be met. It will be updated annually and was last updated December 2010.

## 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.