

GOVERNMENT SERVICES

Administrative Burdens – HMRC Measurement Project

Annex B Example Interview Guide

20 March 2006

Restricted – Commercial



HMRC

**Administrative Burdens:
HMRC Measurement Project
Annex B
Example Interview Guide**

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KPMG LLP
20 March 2006

Annex B: Example interview guide

As noted in Annex A, there were three types of interview:

- face to face
- telephone
- focus groups

The purpose of this Annex is to describe the interview process used in further detail.

The same approach was taken in all interviews. An interview guide was created for each interview and was used in same way by all interviewers. An example of an interview guide is included on the next page, with a 'quick reference guide card' that was provided to interviewers to assist them in conducting the interviews and recording the businesses' responses.

All interviewers were given the same training on how to use the interview guides.

All interviews (including focus groups) followed the same process. The interview was conducted considering one IO at a time. The whole drive of the interviews was to focus on what business actively had to do, the time and resource spent by that business on completing a particular IO. The interview gathered empirical data on:

- internal costs, looking at the administrative activity time and the level of the staff used to carry out that activity. The business was asked for the total time it would take to comply with the IO. The interviewers then asked the businesses to consider each of the 16 administrative activities, decide which were needed to fulfil each DR, and then to put a time against each activity. The activity times were then added to give a total time for that DR. The results for each DR were then added up to give the total time for each IO. In the event that the total time arrived at by adding up the DR differed from the original time that the business had attributed to the IO, the original IO time was adjusted
- external costs, asking business about fee levels paid to external advisors
- acquisition costs, asking business about non-time costs incurred solely to deal with the IO. Interviewers were given guidance on the likely acquisition costs to discuss

In addition, the interviewers captured any qualitative comments that the businesses made either on the subject matter, or on any other dealings with HMRC. These were captured under the headings:

- Irritations
- Simplifications
- Examples of best practice

A summary of this feedback is included at Annex C.



HMRC
Administrative Burdens: HMRC Measurement Project
KPMG LLP
20 March 2006

Companyname SD018
Number
Business Sector
No. of employees
Turnover

Name SD018:Return of Expenses and Benefits in kind and Class 1A NIC
Description

At the end of each tax year, a business must provide to HMRC details of all expense payments, benefits in kind or facilities provided to employees and directors. A Form P11D is completed for employees and directors earning more than £8,500 and a Form P9D is completed for employees earning less than £8,500. A copy of each form has to be provided to the employee/director.
The business must also submit a declaration to HMRC stating that all expenses and benefits have been correctly reported and returned to the best of their knowledge (Form P11D(b)).
In addition to reporting and declaring expenses and benefits in kind, a business also has to report and account for Class 1A National Insurance (only for P11D category)(Form P11D(b)).

SD018: Return of Expenses and Benefits in kind and Class 1A NIC		Employee - min. total time										Administrative activities (%)												
		Acquisition	External cost	Time in total	Basic	Medium	High	Extern al time	Familia ns	Assess	Calcul ation	Check	Corr.	Desc	Settlp Int. ay	Ext. meet	Insp. publ. insp	Corr. res. f. insp	Training	Copy	Report			
Salary																								
Basic level																								
Medium level																								
High level																								
External level																								
01 Returns and Reports - Annual Return to HMRC for each employee and director provided with expenses and benefits																								
01 Business data - the return must show the business name and PAYE reference number																								
02 Personal data - the return must show the employee name and National Insurance number																								
03 Description of assets transferred to employees/directors and cost/market value																								
04 Details of payments made on behalf of employees/directors																								
05 Value of vouchers provided and payments made using credit cards																								
06 Value of living accommodation provided by business to employee/director																								
07 Business mileage and passenger payments (for private cars) made to employees/directors which exceed HMRC approved rates																								
08 Details of cars and car fuel made available to employees/directors																								
09 Details of interest free and low interest loans exceeding £5,000 made to employees/directors																								
10 Cost of medical benefit or insurance provided to employees/directors																								
11 Cost of relocation expenses paid for employees/directors																								
12 Cost of any services supplied to employees/directors																								
13 Details of business assets placed at disposal of remuneration																								
14 Details of income tax not deducted from director's remuneration																								
15 Amounts of travel and subsistence payments incurred by employee/director																								
16 Amounts of training expenditure incurred by employee/director																								
17 Payments of home telephone bills for employees/directors																								
18 Other benefits in kind provided or other payments made on behalf of employees/directors																								
02 Providing statutory information to third parties - Copy of P11D/P11D9P to each employee/director provided with expenses and benefits in kind																								
01 Provide copy of P11D/P11D9P to employee/director																								
03 Return of expenses and benefits provided to employees/directors (Form P11D(b))																								
01 Business data - the declaration must show the business name, address and PAYE reference number																								
02 Business data - employee states on return that all expenses and benefits have been correctly reported																								
04 Return and reports - A report to HMRC setting out Class 1A NIC liability on benefits in kind provided to employees (Form P11D(b))																								
01 Business data - the return must show the business name, address and PAYE reference number																								
02 Accounting data - calculation of Class 1A NIC liability from amounts on P11Ds																								
05 Return and reports - payment of Class 1A NIC liability on benefits in kind provided to employees																								
01 Payment of Class 1A NIC liability on benefits in kind provided to employees																								

Name of IO	Description	Notes
01 Returns and Reports - Annual Return (P11D/P9D) to HMRC for each employee and director provided with expenses and benefits in kind	Before 7th July following the end of a tax year, the business must provide HMRC with a P11D or P9D for each employee and director provided with expenses and benefits in kind.	Relevant for all employees receiving benefits from employer.
01 Business data - the return must show the business name and PAYE reference number	The P11D/P9D that the business submits to HMRC must show the business name and PAYE reference number.	Relevant for all P11D/P9D's being completed
02 Personal data - the return must show the employee name and National Insurance number	Each individual P11D/P9D that the business submits to HMRC must show the employee name, works/payroll number and National Insurance number. The form must also show if the individual is a director.	Relevant for all P11D/P9D's being completed
03 Description of assets transferred to employees/directors and cost/market value	Where a business transfers an asset to an employee/director, they are obliged to return the cost/market value at time of transfer on - 1. a P11D at box A if the asset is the director's director rate of less than £8,500 per year, OR, 2. a P9D at box A(2) if the employee is remunerated at a rate of less than £8,500 per year, OR, The return must show - 1. a description of the asset 2. the cost/market value at time of transfer 3. details of any amounts made good by the individual	Relevant in a small number of cases
04 Details of payments made on behalf of employees/directors	Where a business makes a payment on behalf of an employee/director, they are obliged to return the amount paid on - 1. a P11D at box B if the payment is made on behalf of a director or an employee who is remunerated at a rate of over £8,500 per year, OR, 2. a P9D at box A(2) if the employee is remunerated at a rate of less than £8,500 per year The return must show - 1. a description of the payment 2. the amount of the payment	Relevant in some cases
05 Value of vouchers provided and payments made using credit cards or tokens	Where a business provides a voucher to an employee/director, or where an individual makes payments using a business credit card, the business is obliged to return the amounts on - 1. a P11D at box C if the amounts relate to a director or an employee who is remunerated at a rate of over £8,500 per year, OR, 2. a P9D at box C if the employee is remunerated at a rate of less than £8,500 per year The return must also show details of any amounts made good by the individual.	Relevant in some cases
06 Value of living accommodation provided by business to employee/director	Where a business provides living accommodation to an employee/director, the business is obliged to return the cash equivalent on - 1. a P11D at box D if the accommodation is provided to a director or an employee who is remunerated at a rate of over £8,500 per year, OR, 2. a P9D at box C if the employee is remunerated at a rate of less than £8,500 per year The cash equivalent of the living accommodation is calculated using P11D Working Sheet 1.	Relevant in some cases. Living accommodation benefit is split into two charges - 1. The basic benefit - rent paid or annual value 2. The additional yearly rent - this is only relevant if the cost of the accommodation was more than £75,000 The living accommodation charge does NOT include items such as utility bills, decoration, furniture etc. If these items are provided by the business, they must be reported elsewhere on the P11D/P9D
07 Business mileage and passenger payments (for private cars) made to employees/directors which exceed HMRC approved rates	Where a business makes a business mileage or passenger payment to an employee/director, which exceeds the HMRC approved rates they are obliged to return the amount paid on a P11D at box E if the payment is made to a director or an employee who is remunerated at a rate of over £8,500 per year. There is no reporting requirement where payments are made to employees who are remunerated at a rate of less than £8,500 per year.	

<p>08 Details of cars and car fuel made available to employees/directors</p>	<p>CAR Where a business provides a car to an employee/director, which is available for their private use, the cash equivalent must be returned on form P11D category F, box 1.16. This obligation applies to directors and employees who are remunerated at a rate in excess of £8,500 per year. There is no reporting requirement where a car is made available to employees who are remunerated at a rate of less than £8,500 per year. CAR FUEL Where a business provides free private fuel for a car they provide to an employee/director, the cash equivalent of the fuel must be returned on form P11D category F, box 1.17. This obligation applies to directors and employees who are remunerated at a rate in excess of £8,500 per year. There is no reporting requirement where a car is made available to employees who are remunerated at a rate of less than £8,500 per year.</p>	<p>Relevant in some cases. The cash equivalent of both the car and the car fuel is a precise calculation based on - - List price of car plus accessories - Registration date - CO2 emissions - Engine size - Type of fuel - Dates car made available - Capital contributions the employee makes - Amounts paid by employee towards private use HMRC publish a P11D Working Sheet to help businesses arrive at the P11D figure - see P11D WS 2.</p>
<p>09 Details of vans made available to employees/directors</p>	<p>Where a business provides a van to an employee/director, which is available for their private use other than commuting to and from work, the cash equivalent must be returned on form P11D category G, box 1.18. This obligation applies to directors and employees who are remunerated at a rate in excess of £8,500 per year. There is no reporting requirement where a van is made available to employees who are remunerated at a rate of less than £8,500 per year.</p>	<p>Relevant in a small number of cases. The cash equivalent of a van is based on - - Registration date - Dates van made available - Whether van is shared with other employees - Amounts paid by employee towards private use HMRC publish a P11D Working Sheet to help businesses arrive at the P11D figure - see P11D WS 3. From tax year 2007/08, the cash equivalent of a van will increase to £3,000 per year. No reduction will be available for the age of the van. From April 2007, a van fuel charge will also be introduced. This will be £500 per year.</p>
<p>10 Details of interest, free and low interest loans exceeding £5,000 provided to employees/directors</p>	<p>Where an interest free or low interest loan is provided to an employee/director and the balance exceeds £5,000 at any time in the year, the cash equivalent must be returned on form P11D category H, box 1.19. This obligation applies to directors and employees who are remunerated at a rate in excess of £8,500 per year. There is no reporting requirement where a loan is provided to employees who are remunerated at a rate of less than £8,500 per year.</p>	<p>Relevant in some cases. If the total amount outstanding on all loans provided to an employee/director is not more than £5,000 at any time in the year, the details do not need to be reported. HMRC publish a P11D help sheet to help businesses calculate the cash equivalent of interest free and low interest loans - see P11D WS 4.</p>
<p>11 Cost of medical benefit or insurance provided to employees/directors</p>	<p>Where a business provides medical insurance/cover to employees/directors, amounts must be returned on form P11D at category I. This obligation applies to directors and employees who are remunerated at a rate in excess of £8,500 per year. There is no reporting requirement where a benefit of this nature is provided for employees who are remunerated at a rate of less than £8,500 per year. The return must show details of any amounts made good by the individual.</p>	<p>Relevant in some cases. The figure that a business must show on the P11D will be the cost to them of providing such benefits less any amounts made good by the employee/director.</p>
<p>12 Details of relocation expenses paid for employees/directors</p>	<p>Where a business pays relocation expenses on behalf of an employee/director, and these expenses are either "qualifying expenses" exceeding £8,000 or "non-qualifying expenses", they are obliged to return the amount paid on form P11D at boxes J or N if amounts are paid in respect of a director or an employee who is remunerated at a rate of over £8,500 per year, OR 2. a P11D at box A(1) if the employee is remunerated at a rate of less than £8,500 per year. The return must show the total amount of the payment(s) made by the employer and details of any amounts made good by the individual.</p>	<p>Relevant in a small number of cases. 1. Qualifying relocation expenses would typically include items such as estate agents' fees, removal costs, legal fees, replacement of domestic goods etc. 2. Non-qualifying relocation expenses would typically include items such as round sum allowances (in respect of which the employee does not have to submit invoices or receipts), "settling-in" allowances etc.</p>
<p>13 Cost of any services supplied to employees/directors</p>	<p>Where a business provides taxable services to an employee/director, amounts must be returned on form P11D at category K. This obligation applies to directors and employees who are remunerated at a rate in excess of £8,500 per year. There is no reporting requirement where a benefit of this nature is provided for employees who are remunerated at a rate of less than £8,500 per year. The return must show details of any amounts made good by the individual.</p>	<p>Relevant in some cases. The figure that a business must show on the P11D will be the cost to them of providing such benefits less any amounts made good by the employee/director.</p>

<p>14 Details of business assets placed at disposal of employees/directors</p>	<p>Where the assets of a business are placed at the disposal of an employee/director (for their private use), the cash equivalent must be returned on form P11D category L, box 1.22. This obligation applies to directors and employees who are remunerated at a rate in excess of £8,500 per year. There is no reporting requirement where assets are used by employees who are remunerated at a rate of less than £8,500 per year. The return must show details of any amounts made good by the employee.</p>	<p>Relevant in a small number of cases. Where the asset is a company car or van, these will be reported separately.</p>
<p>15 Details of income tax not deducted from director's remuneration</p>	<p>Where a business pays income tax to HMRC in respect of director's remuneration but has not deducted this from the director, the business is obliged to return the amount on a P11D at M, box 1.22.</p>	<p>Relevant in some cases.</p>
<p>16 Amounts of travel and subsistence payments incurred by employee/director</p>	<p>Where an employee/director incurs travel and subsistence expenditure, or where a business pays for travel and subsistence on behalf of an employee/director, the business is obliged to return the amounts on a P11D at box N if the amounts relate to a director or an employee who is remunerated at a rate of over £8,500 per year. There is no requirement to show business travel/subsistence expenses incurred by employees whose remuneration is at a rate of less than £8,500 on a P9D</p>	<p>Relevant in some cases. Where a business holds a P11D reporting dispensation in respect of travel and subsistence costs, there is no need to disclose amounts that relate solely to business-related travel and subsistence on the employees form P11Ds.</p>
<p>17 Details of entertaining expenditure incurred by employee/director</p>	<p>Where an employee/director incurs entertaining expenditure, or where a business pays for entertaining on behalf of an employee/director, the business is obliged to return the amounts on a P11D at box N if the amounts relate to a director or an employee who is remunerated at a rate of over £8,500 per year. There is no requirement to show genuine business entertaining expenses incurred by employees whose remuneration is at a rate of less than £8,500 on a P9D</p>	<p>Relevant in some cases. Where a business holds a P11D reporting dispensation in respect of entertaining expenditure, there is no need for amounts to be disclosed on an employee's form P11D that relate solely to business entertaining costs.</p>
<p>18 Payments of home telephone bills for employees/directors</p>	<p>Where a business pays an employee/director's home telephone bill (direct to the third party), they are obliged to return the amount paid on - 1. a P11D at box N if the payment is made on behalf of a director or an employee who is remunerated at a rate of over £8,500 per year, OR 2. a P9D at box A(2) if the employee is remunerated at a rate of less than £8,500 per year The return must show - 1. the amount of the payment 2. amounts made good by the employee/director</p>	<p>Relevant in some cases</p>
<p>19 Other benefits in kind provided or other payments made on behalf of employees/directors</p>	<p>Where a business pays "other" amounts on behalf of an employee/director or provides "other" benefits in kind, they are obliged to return the amount paid on - 1. a P11D at box K or N if the payment is made on behalf of a director or an employee who is remunerated at a rate of over £8,500 per year, OR 2. a P9D at box A(2) if the employee is remunerated at a rate of less than £8,500 per year The return must show - 1. the amount of the payment 2. amounts made good by the employee/director</p>	<p>Relevant in some cases. NB: "Other" is any payment made which cannot be shown in one of the distinct categories on the P11D. This could include such things as - - Christmas presents - Golf club fees - Gym membership</p>
<p>02 Providing statutory information to third parties - Copy of P11D/P9D to each employee/director provided with expenses and benefits in kind</p>	<p>Before 7th July following the end of a tax year, the business must provide a copy P11D or P9D to each employee and director provided with expenses and benefits in kind.</p>	<p>Relevant in all cases.</p>
<p>01 Provide copy of P11D/P9D to employee/director</p>	<p>Before 7th July following the end of a tax year, the business must provide a copy P11D or P9D to each employee and director provided with expenses and benefits in kind.</p>	<p>Relevant in all cases.</p>
<p>03 Returns and reports - declaration to HMRC by employer in respect of expenses and benefits provided to employees/directors (Form P11D(b))</p>	<p>Businesses who complete P11Ds and P9Ds are obliged to submit a declaration by 07 July stating that - 1) expenses and benefits in kind have been reported truthfully on forms P11Ds and P9Ds and 2) the information is complete and accurate to the best of their knowledge and belief</p>	<p>Relevant in all cases.</p>
<p>01 Business data - the declaration must show the business name, address and PAYE reference number</p>	<p>A business must show their name, address and PAYE reference on the return.</p>	<p>Relevant in all cases.</p>



<p>02 Business data - employer states on return that all expenses and benefits have been correctly reported</p>	<p>A business must sign the return and provide a declaration stating that - all benefits in kind and expenses have been reported on P11Ds/P9Ds. The terms of the dispensation (if appropriate) will need to be considered here i.e. if an employee has a P11D reporting dispensation they are not obliged to return amounts covered by the dispensation on forms P11D. - the information provided on the P11Ds/P9Ds is complete and accurate to the best of their knowledge and belief.</p>	<p>Relevant in all cases.</p>
<p>04 Return and reports - A report to HMRC setting out Class 1A NIC liability on benefits in kind provided to employees (Form P11D(b))</p>	<p>Where a business provides benefits in kind to employees/directors, they are obliged to make a return not later than 6th July following the end of the tax year setting out the business details, the amounts liable to Class 1A NIC and the total Class 1A NIC due. Class 1A only due on employees earning more than £5,500.</p>	<p>Relevant in all cases.</p>
<p>01 Business data - the return must show the business name, address and PAYE reference number</p>	<p>The return must show the business name, address, accounts office reference and PAYE reference number.</p>	<p>Relevant in all cases.</p>
<p>02 Accounting data - calculation of Class 1A NI liability from amounts on P11Ds</p>	<p>A business must summarise the Class 1A NI liability for the relevant tax year. This information comes from the P11D forms that the business has completed. A number of boxes on the P11D have a '1A' next to them. The business is obliged to add up the total '1A' entries and show this figure in the report. Generally a business will use an HMRC form called a P11D (b) as the report. Once the amounts have been totalled and carried forward to the report (P11D (b)) the figure will be multiplied by the Class 1A percentage figure for the relevant year.</p>	<p>Relevant in all cases.</p>
<p>05 Returns and reports - payment of Class 1A NIC liability on benefits in kind provided to employees</p>	<p>The payment of Class 1A National Insurance after the end of the appropriate tax year. Payment must be made by 19 July, or 22 July if made by an approved electronic means.</p>	<p>Relevant in all cases.</p>
<p>01 Payment of Class 1A NIC liability on benefits in kind provided to employees</p>	<p>The payment of Class 1A National Insurance after the end of the appropriate tax year. Payment must be made by 19 July, or 22 July if made by an approved electronic means.</p>	<p>Relevant in all cases.</p>

