

PAYMENTS IN KIND - ASSETS TRANSFERRED

This Help Sheet tells you when to use a figure which is higher than the second-hand value (that is the market value at the date of transfer to you) in completing box 1.12 in the Employment Pages of your Tax Return and what figure you should then put in that box if:

- you were a director, or your earnings from your employment were at the rate of £8,500 or more a year, and
- you (or a member of your family or household) bought, or were given, an asset by reason of your employment.

If you were given shares or share options by reason of your employment, ask the Orderline for the Notes on Share Schemes.

For the purposes of the Help Sheet, assets are divided into two groups. These are:

GROUP 1

Assets which have not been used or fallen in value* since acquisition or production by the transferor.

GROUP 2

Assets (other than cars, vans and mobile telephones) which have previously been provided as benefits (whether to you, or to some other director or employee).

If the asset was in group 1 above, enter the cost to the transferor minus what you paid for it, in box 1.12.

If the asset was in group 2 above, and it was first provided **before** 6 April 1980, enter the second-hand value (that is, the market value at the date of transfer to you) minus what you paid for it, in box 1.12.

If the asset was in group 2 above and it was first provided **on or after** 6 April 1980, use the Working Sheet to work out the figure to enter in box 1.12.

* To decide whether an asset has fallen in value, you must compare its market value at the time of transfer to you with its market value immediately after the transferor acquired or purchased it, **not** with its cost to the transferor.

Working Sheet

| | |
|--|------------|
| Market value of the asset when first provided as a benefit | A £ |
| minus | |
| Total amount charged to tax (on you or anyone else) since first provided | B £ |
| Difference | C £ |
| Second-hand value of the asset (market value at date of transfer to you) | D £ |
| The greater of C and D | E £ |
| minus | |
| The amount you paid for asset | F £ |
| Enter this figure in box 1.12 on the Employment Pages of your Tax Return | G £ |

These notes are for guidance only, and reflect the position at the time of writing. They do not affect any rights of appeal.