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Expenses and Benefit Statistics



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About these statistics

This is a National Statistics publication produced by HM Revenue and Customs. However, statistics for 2008-09 are projections and fall outside the scope of National Statistics (see Table 4.5). For more information on National Statistics and governance of statistics produced by public bodies please see the UK Statistics Authority website (www.statisticsauthority.gov.uk).

The tables in this publication provide breakdowns of the taxable value of benefits in kind and the number of recipients claiming them as well as the tax and NIC liability split by each benefit. Further analysis of company cars by CO2 emissions and fuel type is also provided as well as a split by earnings for company cars, employer provided fuel and private medical insurance.

New or updated statistics in this release

These latest statistics were published in May 2010 giving updates to the figures for 2007-08 and projecting forward to 2008-09. There are no changes to the National Statistics published in these tables for tax years 2006-07 and earlier.

As of April 2011 the next scheduled update for these statistics does not yet have a confirmed publication date due to a delay in the compilation of the Survey of Personal Incomes (see separate announcement¹). However, in accordance with the Code of Practice for official statistics, the date of publication will be given not less than one calendar month before publication on both the HMRC website and Office for National Statistics publication hub.

¹ <http://www.hmrc.gov.uk/stats/delaytb-tables.htm>

SECTION 1: Introduction

This section describes the rules for the taxation and National Insurance treatment of benefits in kind and expense payments. It also describes how data about benefits in kind is collected. The results of the most recent data collection exercise, which relate to the 2007-08 tax year, are given in Section 2 with results from previous years in Annex A.

Income Tax and NICs liability for Benefits in Kind and Expense Payments

There are a wide range of benefits in kind received by employees from employers, e.g. company cars, cheap or interest-free loans, free accommodation. Most are taxable but there are some statutory exemptions such as for workplace nurseries and canteens; accommodation which is necessary for the duties of the employment; a mobile telephone made available for private use and cycles loaned to employees by their employer primarily for commuting journeys. Expense payments include payments intended to reimburse employees for travelling and subsistence costs.

Most directors of companies, whatever their earnings, and employees, except those employees who are paid at a rate of less than £8,500 a year (including benefits in kind and expenses) are liable to pay income tax on their earnings and the value of the benefits in kind and expenses payments provided, as determined by the specific types below. Their employers (or in certain cases other third parties who provide benefits in kind) are normally liable to pay Class 1 or Class 1A NICs on taxable benefits in kind. Employees who earn at a rate of less than £8,500 a year are only liable to pay tax on certain benefits in kind which include provided accommodation; certain payments and expenses, benefits in kind that can be converted into cash; benefits in kind provided by a voucher or credit card and payment of the employee's debt.

The taxable value of a benefit depends on its type:

1. Between April 1994 and April 2002 the value of a company car for tax and National Insurance purposes was based on 35 per cent of the car's list price, with discounts to the percentage given for the number of business miles driven and the age of the car. Since April 2002, it has been based on the car's list price and CO₂ emissions. Since April 2003, the value of employer-provided fuel has also been linked to the car's CO₂ emissions (it was previously fixed by scale charges). The rules for calculating the benefit values for cars and employer-provided fuel are given in the [supplementary tables](#) (TC1 to TC3).
2. The value of a cheap or interest free loan is the difference between the interest which would have been paid at the 'official' rate of interest and the interest actually paid. This can be calculated using the normal averaging method or the alternative precise method. The average

'official' rate of interest for the years 1991-92 to 2009-10 is shown in table [TC4 'Average official rates of interest'](#) with the 'actual' rates of interest shown in table [TC5 'Actual official rates of interest'](#) (see also <http://www.hmrc.gov.uk/rates/interest-beneficial.htm>). There is an exemption for loans totalling no more than £5,000 at any point in the tax year.

3. The value of provided accommodation, where it is taxable, is either the annual rent paid by the employer or the 'annual value'. In some circumstances there is an additional charge based on the cost or the current market value of the accommodation.
4. No tax or NICs liability arises where the employer provides a nursery or crèche on or near the employer's premises, or one that is wholly or partially managed and financed by the employer. For 2005-06 where an employer offers childcare vouchers or directly contracts with the childcare provider, the first £50 a week is free of tax and NICs. This limit was increased to £55 a week from 2006-07. However higher and additional rate taxpayers who start to benefit from the scheme from April 2011 have tax relief restricted to the level available to basic rate taxpayers. The main conditions for this exemption are that the childcare benefit is made available to all employees where a scheme operates, and the childcare is registered childcare or approved home-childcare. Tax and NICs are charged on any excess over the weekly limit. Up to 2004-05 no NICs charge arose on the provision of childcare or childcare vouchers, but these benefits were subject to income tax.
5. In 1993-94 a scale charge of £500 was introduced for private use of company vans (or £350 for a van that is 4 or more years old at the end of the tax year). The charge also included any private fuel provided. Since 2005-06 a nil charge has applied to employees who take their van home and do not use it for private journeys. Where private use is unrestricted the existing £500 or £350 scale charge is applied dependent upon the age of the van. Since April 2007 the discount for older vans has been removed and the scale charge for unrestricted private use increased to £3,000. Also since April 2007, an additional fuel charge of £500 applies if the employer provides fuel for unrestricted private use including home to work travel. This was increased to £550 in April 2010.
6. The value of most other benefits in kind is based on the cost to the employer of provision.

In general, the taxable value of benefits in kind may be reduced by contributions paid by the employee for the benefit in kind. The final value of the benefit for tax purposes will be used to assess the Class 1A NICs that the employer (or third party) is liable to pay. Taxable benefits not already subject to Class 1 NICs are liable for Class 1A NICs unless they are exempt.

Employees are entitled to a deduction from expense payments for expenditure incurred wholly, exclusively and necessarily in the performance of the duties of their employment. They are also entitled to a deduction for travel expenses in certain circumstances. To avoid unnecessary work for both employers and HM Revenue & Customs, if HM Revenue & Customs is satisfied that no tax will be payable on particular expense payments or benefits in kind, it can give notice to the person paying or providing them that this is the case. The notice given is called a dispensation. In these circumstances, nothing needs to be reported to HM Revenue & Customs. There are special rules for mileage payments to employees who use their own vehicles for business travel. Dispensations are not available for mileage payments, but some payments can be made free of tax and NICs.

Employers may enter into a voluntary agreement known as a PAYE Settlement Agreement (PSA) with their HM Revenue & Customs office to meet the tax payable on certain expenses and benefits in kind. Under a PSA, the employer will be liable to pay Class 1B NICs on those expenses and benefits in kind included in the agreement which would otherwise attract a liability for Class 1 or Class 1A NICs and on the total tax payable under the PSA. The items covered by a PSA must be minor, or paid on an irregular basis, or are such that it is impracticable to operate PAYE on them. The items covered are not reported by employers on Form P9D or P11D, and are not covered by these tables.

Further details about the taxation and NICs treatment of benefits in kind and expense payments can be found on the HM Revenue & Customs website using the following links:

- [Employment Income Manual](#),
- [Expenses & Benefits: A tax guide \(Booklet 480\)](#),
- [Class 1A National Insurance contributions on benefits in kind: A guide for employers \(Booklet CWG5\)](#),
- [Expenses and Benefits in kind: The Basics](#)

Information about PSAs can be found at [PAYE settlement agreements](#).

The 2007-08 Taxable Benefits in Kind and Expense Payments Dataset

At the end of each tax year, employers are required to provide HM Revenue & Customs with details of taxable expense payments and benefits in kind provided to directors and employees. The amounts reported may include benefits in kind received for only part of the tax year. Different forms are used for directors and employees generally (form P11D) and for lower paid employees (form P9D). Data returned by employers on the P11D return is captured on the HM Revenue & Customs Employer Compliance System (ECS). Data for the 2007-08 expenses and benefits in kind dataset was captured electronically, directly from an extract of the ECS.

The 2007-08 dataset was matched to the Survey of Personal Incomes sample, information on which can be found on the HM Revenue & Customs

website using the following link ([Personal Incomes](#)). Around 200,000 individuals in the selected sample received expenses and benefits in kind in 2007-08 from their employer. Income data from the Survey of Personal Incomes was added to the expenses and benefits in kind dataset which was then grossed to the National totals to create a database for producing descriptive statistics, forecasts and costings.

For details of current and historic income tax allowances and rates see [tables A1 to A4](#)².

What does this publication tell me?

This publication provides the taxable value of benefit in kinds and the number of recipients claiming them as well as the tax and NIC liability split by each benefit.

Statistics up to 2007-08 are National Statistics based on a sample of administrative data for the relevant tax year (Survey of Personal Incomes, SPI). SPI data is not yet available for analysis for 2008-09, and so statistics for this year are projections based on the SPI data for 2007-08. These projections fall outside the scope of National Statistics. Tax liabilities are modelled using the HM Revenue and Customs Personal Tax Model. Annex B describes the data sources and modelling and projections methodologies in more detail.

Who might be interested?

Users will include economists and others with a research interest in benefits in kind and expenses.

User engagement

We are committed to providing impartial quality statistics that meet our users' needs. We encourage our users to engage with us so we can improve our official statistics and identify gaps in the statistics that we produce. If you would like to comment on these statistics or have any enquiries on the statistics please contact the statistical contents named at the end of this section.

Alternatively we would welcome any views you have using the link to the feedback form below. We will undertake to review user comments on a quarterly basis and use this information to influence the development of our official statistics. We will summarise and publish user comments at regular intervals.

<http://www.hmrc.gov.uk/stats/user-engagement.htm>

Publication and revision strategy

These statistics are published annually. Release dates will be announced on the UK Statistics Hub and the HMRC National Statistics release

² http://www.hmrc.gov.uk/stats/tax_structure/menu.htm

schedule. Any delays to the publication date will be announced on the HMRC National Statistics website.

The published statistics will be revised only if an error is discovered in the survey data or modelling. Projections, which are not National Statistics, will be revised on each publication until the sample of administrative data for that year is available for analysis.

Statistical contacts

Enquiries about statistics on income tax distributions and liabilities should be directed to the statisticians responsible for these statistics:

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Media enquiries should be directed to the HMRC Press Office contacts listed on the front page of this release.

SECTION 2: Expenses and Benefit Statistics

The statistics in Tables 4.1 to 4.5 provide analyses of the taxable value of benefit in kinds and the number of recipients claiming them as well as the tax and NIC liability split by each benefit in the United Kingdom.

The taxable value of benefit in kinds are based on P11D Returns and the tax and NICs liability from the annual Survey of Personal Incomes (SPI), a representative sample of UK income taxpayers. The latest SPI outturn survey data is for the tax year 2007-08. Statistics for 2008-09 are projections, and subject to revision. Data sources and methods are described in more detail in Annex B.

Summary of key statistics

The headline statistics for expenses and benefits in 2007-08 are:

- In total, just over 4.1 million recipients have claimed about £8.8bn of taxable value in benefits in kind, resulting in a tax liability of £2.8bn and a NICs liability of £1.2bn. (Table 4.1)
- Almost three quarters of the taxable value from benefits in kinds comes from just three benefits (Table 4.1): Car Benefit (46%), Private Medical and Dental Benefit (17%) and Fuel Benefit (10%).
- Out of those 4.1 million recipients, about 460,000 are directors with the remaining 3.65 million being employees (Table 4.2). The average taxable value of a director (£5,220) is about 3 times that of an employee (£1,750).
- About 1.1 million car benefit recipients have claimed £4.1bn of taxable value in benefits in kind. About 340,000 fuel benefit recipients have claimed £0.9bn of taxable value in benefits in kind and about 2.3 million private medical / dental recipients have claimed £1.5bn of taxable value in benefits in kind. (Table 4.3)
- About two thirds of recipients who claim car benefits have cars emitting under 165g/km of CO₂. This contributes about half of the tax and NICs liability. (Table 4.4).
- About 70% of company cars use diesel fuel with about 30% using petrol fuel. (Table 4.4).
- The total number of recipients claiming benefits in kind have stayed roughly constant between 2003-04 and 2007-08 at about 4.2 million. (Table 4.5).
- Tax Liability for Benefits in Kind has been steadily decreasing between 2003-04 and 2007-08 (£3.2bn to £2.8bn). (Table 4.5).
- NICs Liability for Benefits in Kind has been steady between 2003-04 and 2007-08 at about £1.2bn. (Table 4.5).

Projections for the tax year 2008-09 show:

- The number of recipients claiming benefits in kind continuing to be about 4.2 million.
- Tax and NICs Liability for Benefits in Kind remaining at £2.8bn and £1.2bn respectively.

T4.1

Taxable benefits in kind and expenses payments

Recipients, taxable value and income tax and NICs liability,
by each main category, 2007-08

Numbers: thousands; Amounts: £ million

Category	Recipients		Taxable value			Tax liability		NICs liability	
	Number	% of total	Amount	Average £	% of total	Amount	Average £	Amount	Average £
Car	1,120	27	4,060	3,620	46	1,300	1,160	530	470
Fuel	340	8	900	2,640	10	300	860	120	340
Private medical and dental	2,290	56	1,510	660	17	490	210	200	90
Beneficial loans	130	3	210	1,610	2	70	540	30	210
General expenses	130	3	180	1,350	2	50	350	20	180
Travelling and subsistence	210	5	550	2,650	6	160	770	70	360
Entertainment	90	2	120	1,380	1	40	470	20	190
Home telephone	70	2	30	390	-	10	120	5	60
Mileage allowance	550	13	200	360	2	50	90	40	70
Subscriptions	90	2	50	590	1	20	210	5	80
Vans	70	2	170	2,400	2	40	580	20	310
Services rendered	50	1	40	780	-	10	270	5	100
Vouchers/credit cards	60	1	140	2,480	2	30	590	20	270
Transferred assets	10	-	30	2,330	-	10	870	5	300
Provided accommodation	30	1	130	4,690	1	40	1,630	20	600
Payments on behalf of employee	20	1	50	2,100	1	20	750	5	300
Other expenses	10	-	20	1,630	-	5	500	0	240
Other benefits (Class 1) ¹	170	4	190	1,160	2	60	380	30	180
Other benefits (Class 1A) ²	250	6	190	760	2	70	260	20	100
Total	4,110		8,780	2,140		2,770	670	1,160	280

Key

- Estimates are negligibly small

¹ Includes Funded Unapproved Retirement Benefit Schemes

² Includes other benefits that are subject to Class 1A rather than Class 1 National Insurance Contributions.

NOTES

1. As recipients may receive more than one type of benefit, the percentages for the number or recipients are not additive.
2. The total number of recipients is the number receiving at least one benefit and so is not the sum of the individual components.
3. Numbers and amounts less than 10 are rounded to the nearest 5, greater than 10 rounded to the nearest 10.
4. The column totals may not equal the sum of individual components due to rounding.



T4.2

Taxable benefits in kind and expenses payments

Total benefits in kind and expenses for directors and employees,

by range of earnings, 2007-08

Numbers: thousands; Amounts: £ million

Earnings (lower limit) £	Directors			Employees		
	Recipients	Taxable value	Average value £	Recipients	Taxable value	Average value £
0	20	30	2,160	40	20	340
8,500	5	10	2,410	40	20	530
10,000	5	20	2,340	90	40	510
12,500	10	20	2,430	120	60	550
15,000	20	30	1,890	330	190	570
20,000	20	40	2,350	420	340	810
25,000	20	60	2,500	430	490	1,140
30,000	30	80	2,660	400	570	1,420
35,000	40	120	3,410	360	650	1,820
40,000	40	130	3,120	280	580	2,050
45,000	30	110	4,010	220	510	2,320
50,000	40	180	4,270	310	820	2,630
60,000	30	170	5,180	180	510	2,870
70,000	30	140	5,450	110	330	3,120
80,000	140	1,280	9,190	330	1,250	3,770
Total	460	2,400	5,220	3,650	6,390	1,750

NOTES

1. Earnings are gross annual earnings, including gross benefits in kind and expenses payments.
2. Numbers and amounts less than 10 are rounded to the nearest 5, greater than 10 rounded to the nearest 10.
3. The column totals may not equal the sum of individual components due to rounding.



T4.3

Taxable benefits in kind and expenses payments

Analysis of company cars, employer provided fuel and private medical insurance,

by range of earnings, 2007-08

Numbers: thousands; Amounts: £ million

Earnings (lower limit) £	Car		Fuel		Private medical / dental	
	Recipients	Taxable value £	Recipients	Taxable value £	Recipients	Taxable value £
0	-	5	-	-	5	5
8,500	5	10	-	-	20	5
10,000	10	20	-	-	40	20
12,500	20	30	5	5	60	20
15,000	40	80	10	10	170	60
20,000	80	160	20	30	210	90
25,000	100	250	30	50	210	100
30,000	120	330	30	70	210	100
35,000	130	410	40	100	200	110
40,000	110	380	40	90	180	110
45,000	90	330	30	80	150	100
50,000	140	540	50	130	230	170
60,000	80	350	30	80	150	120
70,000	50	220	20	50	100	90
80,000	140	970	60	210	370	430
Total	1,120	4,060	340	900	2,290	1,510

Key

- Estimates are negligibly small

NOTES

1. Company cars, employer provided fuel and private medical insurance are the three largest benefits in kind (by total value).
2. Numbers and amounts less than 10 are rounded to the nearest 5, greater than 10 rounded to the nearest 10.
3. The column totals may not equal the sum of individual components due to rounding.



T4.4

Taxable benefits in kind and expenses payments

Analysis of company cars, by CO₂ emissions and fuel type, 2007-08

Numbers: thousands; Amounts: £ million

Car category		Recipients	% of total	Taxable value	% of total	Tax liability	% of total	NICs liability	% of total
CO ₂ emissions	140 g/km and under	270	24	570	14	140	11	70	14
	145 and 150	270	24	800	20	240	18	100	20
	155 and 160	220	20	730	18	230	18	90	18
	165 and 170	110	9	380	9	120	9	50	9
	175 and 180	80	7	340	8	110	9	40	8
	185 and 190	60	6	300	7	110	8	40	7
	195 and 200	30	3	160	4	60	4	20	4
	205 and 210	20	2	150	4	50	4	20	4
	215 and 220	20	2	130	3	50	3	20	3
	225 and 230	10	1	90	2	30	3	10	2
	235 and 240	10	1	120	3	40	3	20	3
245 g/km and over	20	2	310	7	120	9	40	7	
Type of Fuel	Diesel	790	71	2,850	70	900	70	360	70
	Petrol	310	28	1,160	29	380	29	150	29
	Other	20	1	60	1	20	1	5	1
Total		1,120		4,060		1,300		520	

NOTES

1. CO₂ emissions are rounded down to the nearest 5g/km and are based on the first reported car. Drivers may have more than one car in any year.
2. Numbers and amounts less than 10 are rounded to the nearest 5, greater than 10 rounded to the nearest 10.
3. The column totals may not equal the sum of individual components due to rounding.



T4.5

Taxable benefits in kind and expenses payments

Recipients, taxable value and income tax and NICs liability, by category,

2002-03 to 2008-09¹

Numbers: thousands; Amounts: £ million

Recipients	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09 ¹
Car	1,310	1,200	1,140	1,160	1,120	1,080
Fuel	490	410	380	360	340	310
Private medical and dental	2,040	2,170	2,200	2,260	2,290	2,270
Beneficial loans	90	90	90	100	130	130
General expenses	170	180	160	160	130	150
Travelling and subsistence	230	230	250	220	210	220
Entertainment	100	100	100	100	90	100
Home telephone	110	100	100	80	70	80
Mileage allowance	560	560	570	580	550	540
Subscriptions	120	100	110	100	90	140
Vans	270	300	170	130	70	90
Van Fuel	.	.	.	.	40	40
Vouchers and credit cards	70	80	70	60	60	60
Transferred assets	10	10	10	10	10	10
Provided accommodation	20	30	30	30	30	30
Other benefits (Class 1A) ²					250	220
All other expenses and benefits	390	450	450	470	250	280
Total receiving at least one taxable benefit	4,170	4,240	4,110	4,170	4,110	4,210
Taxable value	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09¹
Car	4,690	4,250	4,130	4,030	4,060	3,920
Fuel	1,480	1,140	1,050	970	900	830
Private medical and dental	1,100	1,200	1,260	1,330	1,510	1,500
Beneficial loans	80	90	100	120	210	180
General expenses	220	240	240	230	180	190
Travelling and subsistence	530	550	590	580	550	600
Entertainment	130	130	140	130	120	140
Home telephone	40	40	40	30	30	30
Mileage allowance	200	200	200	200	200	190
Subscriptions	60	60	60	50	50	80
Vans	100	110	60	50	170	180
Van Fuel	.	.	.	.	20	20
Vouchers and credit cards	140	160	160	150	140	130
Transferred assets	30	30	20	40	30	30
Provided accommodation	110	110	120	120	130	180
Other benefits (Class 1A) ²	.	.	.	.	190	150
All other expenses and benefits	390	450	500	460	250	260
Total	9,290	8,760	8,660	8,490	8,780	8,730

Table continued...

Tax liability	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09 ¹
Car	1,600	1,420	1,380	1,340	1,300	1,250
Fuel	510	390	350	330	300	270
Private medical and dental	360	390	410	440	490	480
Beneficial loans	30	30	40	40	70	60
General expenses	70	70	70	70	50	50
Travelling and subsistence	180	180	190	180	160	170
Entertainment	50	50	50	50	40	50
Home telephone	20	10	10	10	10	10
Mileage allowance	60	50	50	50	50	50
Subscriptions	20	20	20	20	20	30
Vans	30	30	20	10	40	40
Van Fuel	.	.	.	.	5	5
Vouchers and credit cards	40	40	40	40	30	40
Transferred assets	10	10	10	10	10	10
Provided accommodation	40	40	40	40	40	40
Other benefits (Class 1A) ²	.	.	.	.	70	50
All other expenses and benefits	140	150	180	160	100	110
Total	3,160	2,880	2,850	2,790	2,770	2,750

NICs liability	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09 ¹
Car	600	550	540	520	530	530
Fuel	190	150	140	120	120	150
Private medical and dental	140	160	160	180	200	240
Beneficial loans	10	10	10	20	30	30
General expenses	30	30	30	30	20	30
Travelling and subsistence	70	80	90	80	70	80
Entertainment	20	20	20	20	20	20
Home telephone	10	5	5	5	5	5
Mileage allowance	30	40	40	40	40	30
Subscriptions	10	10	10	5	5	10
Vans	10	20	10	5	20	20
Van Fuel	.	.	.	.	-	-
Vouchers and credit cards	20	20	20	20	20	20
Transferred assets	4	5	5	5	5	5
Provided accommodation	10	10	20	20	20	20
Other benefits (Class 1A) ²	.	.	.	.	20	20
All other expenses and benefits	50	60	70	60	40	50
Total	1,210	1,160	1,140	1,120	1,160	1,150

- Estimates are negligibly small

. Indicates where data for Van Fuel and Other benefits (Class 1A) are unavailable.

¹ Based on the 2007-08 Expenses and Benefits file projected forward to 2008-09. These projections fall outside the scope of National Statistics and are provisional.

² Includes other benefits that are subject to Class 1A rather than Class 1 National Insurance Contributions. Amounts included in 'All other expenses and benefits' prior to 2007-08.

NOTES

1. For 2004-05 onwards, numbers and amounts less than 10 are rounded to the nearest 5, greater than 10 rounded to the nearest 10.
2. The column totals may not equal the sum of individual components due to rounding.



Annex A: Historic tables

Details of historic tables can be found at the following links:

Recipients, taxable amount and income tax and NICs liability, by each main category of benefit (4.1)

- [Table 4.1 2006-07 \(PDF 21K\)](#) [Table 4.1 \(XLS 42K\)](#)
- [Table 4.1 2005-06 \(PDF 32K\)](#) [Table 4.1 \(XLS 41K\)](#)
- [Table 4.1 2004-05 \(PDF 32K\)](#) [Table 4.1 \(XLS 27K\)](#)
- [Table 4.1 2003-04 \(PDF 10K\)](#) [Table 4.1 \(XLS 39K\)](#)
- [Table 4.1 2002-03 \(PDF 8K\)](#) [Table 4.1 \(XLS 38K\)](#)

Total expenses and benefits for directors and employees, by range of earnings (4.2)

- [Table 4.2 2006-07 \(PDF 49K\)](#) [Table 4.2 \(XLS 41K\)](#)
- [Table 4.2 2005-06 \(PDF 29K\)](#) [Table 4.2 \(XLS 40K\)](#)
- [Table 4.2 2004-05 \(PDF 28K\)](#) [Table 4.2 \(XLS 26K\)](#)
- [Table 4.2 2003-04 \(PDF 9K\)](#) [Table 4.2 \(XLS 33K\)](#)
- [Table 4.2 2002-03 \(PDF 8K\)](#) [Table 4.2 \(XLS 33K\)](#)

Analysis of company car benefit, employer provided fuel and private medical insurance, by range of earnings (4.3)

- [Table 4.3 2006-07 \(PDF 51K\)](#) [Table 4.3 \(XLS 41K\)](#)
- [Table 4.3 2005-06 \(PDF 30K\)](#) [Table 4.3 \(XLS 40K\)](#)
- [Table 4.3 2004-05 \(PDF 12K\)](#) [Table 4.3 \(XLS 38K\)](#)
- [Table 4.3 2003-04 \(PDF 9K\)](#) [Table 4.3 \(XLS 33K\)](#)
- [Table 4.3 2002-03 \(PDF 6K\)](#) [Table 4.3 \(XLS 34K\)](#)

Analysis of company cars by CO2 emissions and fuel type (4.4)

- [Table 4.4 2006-07 \(PDF 48K\)](#) [Table 4.4 \(XLS 42K\)](#)
- [Table 4.4 2005-06 \(PDF 29K\)](#) [Table 4.4 \(XLS 41K\)](#)
- [Table 4.4 2004-05 \(PDF 12K\)](#) [Table 4.4 \(XLS 40K\)](#)
- [Table 4.4 2003-04 \(PDF 8K\)](#) [Table 4.4 \(XLS 35K\)](#)
- [Table 4.4 2002-03 \(PDF 8K\)](#) [Table 4.4 \(XLS 36K\)](#)

Annex B: Data sources and Methodology

Annex B describes the data sources and methods used to compile statistics of the taxable value of benefit in kinds and the number of recipients claiming them as well as the tax and NIC liability split by each benefit shown in Tables 4.1 to 4.5 of this release.

Data sources

The published estimates are based on P11D forms and the Survey of Personal Incomes (SPI).

P11D Forms

At the end of each tax year, employers must provide HM Revenue & Customs with details of taxable expenses and employment benefits provided to directors and certain employees. Employers are required to complete a separate P11D form for each employee whose expenses and benefits they report. If an employee (i.e. not a director) received expenses payments or benefits, and the total of payments, benefits, and earnings were at a rate of less than £8500 a year the employer completes a P9D. If a dispensation or PAYE settlement agreement covers the benefits and expenses, the employer should not report them on the P11D / P9D. P11D data are captured on the HM Revenue & Customs Employer Compliance System (ECS).

Survey of Personal Incomes (SPI)

The SPI is a sample survey derived from information held by HMRC tax offices on persons who could be liable to UK income tax. The survey is conducted annually, and consists of a different sample of individuals each tax year. For each individual in the sample, SPI includes information on incomes assessable to income tax for the tax year, together with some basic information on individual characteristics, for example age and gender.

The SPI sample totalled approximately 600,000 records in 2007-08, the latest available, and is made up of three separate samples drawn from the following HMRC administrative systems:

- COP: covering all employees and recipients of occupational or personal pensions with a Pay-As-You-Earn (PAYE) record.
- CESA: covering the SA population which includes those with income from self-employment, rent, or untaxed investment income, as well as company directors and individuals with high incomes or complex tax affairs.
- Claims: covering persons without COP or CESA records who have had too much tax deducted on incomes at source (e.g. on savings income) and claim a repayment from HMRC.

The latest available SPI is for 2007-08, and underpins Tables 4.1 to 4.5 of this release, including the projections for the tax year 2008-09. Compilation and publication of the 2008-09 SPI has been delayed – see separate announcement:

<http://www.hmrc.gov.uk/stats/delaytb-tables.htm>

SPI datasets for 2007-08 and earlier years are available for public use via the UK Data Archive at Essex University:

<http://www.data-archive.ac.uk/>

Methodology

Following the end of each tax year, an individual level dataset containing all taxable expenses and benefits that have been reported on a P11D return is compiled.

The Survey of Personal Incomes (SPI) is merged onto this dataset to obtain information relating to Earnings, Tax and National Insurance Contributions as this is not currently held on the ECS data. The SPI is a sample survey based on information held by HMRC tax offices on persons who could be liable to UK tax. As the SPI is only a sample, the counts and amounts are then grossed back up the National figures reported on the ECS dataset.

A cleaning exercise is performed to make sure the data is fit for purpose and a separate model is then used to calculate the tax and NICs liability from the income data obtained from the SPI. All the benefits held on this dataset are subject to tax and National Insurance Contributions, though some benefits are liable to Class 1 Employee and Employer NICs where others are only liable to Class 1A Employer NICs.

We are then able to project the ECS data to model returns from tax and NICs in the following year.

Limitations to the data

Some taxable benefits in kind and expenses are not included in our source data and are therefore excluded from the tables. They are:

1. Benefits and expenses where the employer has deducted tax through the payroll system. In such cases P11Ds are submitted to HMRC but are not captured on ECS.
2. Taxable benefits and expenses reported on form P9D because the employee's total remuneration was at a rate of less than £8,500 per annum.
3. Benefits covered under PAYE settlement agreements.

We estimate that the combined taxable benefit value from types 1 and 2 above is approximately 3% of the totals reported in our tables.