

Who should use the *Employment* page

Employment includes directorships, offices and agency agreements. We need a separate *Employment* page for each employment, directorship, office, etc. to get your PAYE tax code right for next year.

Office holders

If you hold an office (but you are not a director) and only received reimbursed actual out of pocket expenses (no other payments were made to you at all) leave blank the *Employment* page. Say why it is blank in the 'Any other information' box, box 19, on page TR 6 of your Tax Return.

Directors

We need an *Employment* page for each directorship, with one exception. This is where no payments of any kind (including lump sums and 'deemed payments' - see below) have been made and no benefits have been provided from that directorship. Say why you are not completing an *Employment* page for a particular directorship in the 'Any other information' box, box 19, on page TR 6 of your Tax Return.

You should include income received in the year to 5 April 2008 even if it was earned in an earlier year, or was paid for work not yet done, or if you have made arrangements for the income to be applied in some other way.

Income is received on the earliest of the following dates. For all employees that will be:

- the date it was due, or
- the date you were entitled to be paid even if you were not paid until later, or
- the date any payment on account was due or you became entitled to it and, for employees who are directors
- the date amounts were credited to you in the company's books even if you could not draw on them at that time, or
- the date your earnings were decided or, if they were decided in advance, the last day of the period for which they were decided.

Deemed payments

If you provide services to a client through a company or partnership and, had that company or partnership not existed you would have been an employee of that client, then you will be treated as receiving a deemed employment payment. Include that payment in box 1 of the relevant *Employment* page (and any tax taken off it in box 2).

Residency issues

Please contact us, or ask your tax adviser for advice, if:

- you were not resident or not ordinarily resident in the year to 5 April 2007, or
- you will be not resident or not ordinarily resident in the year to 5 April 2009 and you received employment income, in the year to 5 April 2008, for an employment in either of those two years.

Contacts

Please phone:

- the number printed on page TR 1 of your Return
 - the Helpline on **0845 9000 444**
 - the Orderline on **0845 9000 404** for Help Sheets
- or go to www.hmrc.gov.uk

Include in the *Employment* page

- Salaries, wages, fees, commissions, overtime, bonuses and other contractual payments
- 'Deemed' employment income (see page EN 1)
- Tips and gratuities
- Honoraria and similar payments
- Inducements or 'golden hellos'
- Payments made by your employer to recognise changes in your employment conditions and other 'indirect' payments
- Lump sum payments paid instead of weekly or monthly amounts, including payments made to encourage you to stay working in that employment or those made because you have agreed to restrict your activities and not compete with a former employer
- Sick pay, including Statutory Sick Pay paid by your employer
- Statutory Maternity, Paternity or Adoption Pay paid by your employer
- Payments made to you while working for an agency
- Loans written off which were made because of your employment
- Payments from the trustees of an approved profit sharing scheme
- Income from deferred remuneration plans.

Include all income received in the year to 5 April 2008. Also include income:

- that you could have received but arrangements were made for it to be paid elsewhere
- that was earned in an earlier tax year but paid in this one
- that was paid for work not done by 5 April 2008.

We will tax you for the tax year when your entitlement to income arose, if that is earlier than the year in which it was paid.

Income not to be included on the *Employment* page, or anywhere else in your *Tax Return*

- Payroll giving donations
- Profit related pay relief calculated by your employer
- Contributions to your employer's pension scheme
- Working Tax Credit or Child Tax Credit.

Include on the *Additional information* pages, enclosed in your *Tax Return pack*

- Lump sums paid following termination of employment, retirement or death, and payments or benefits from a former employer
- Shares or interests in shares received freely or cheaply
- Amounts received for transferring, cancelling, releasing, or in connection with not exercising, share options.

1 Pay from this employment – the total from your P45 or P60

Your employer must give you a record of your pay and tax. If you were working on 5 April 2008 you will get a P60 End of Year Certificate by 31 May 2008. Enter in box 1 the figure from the 'In this employment' box on your P60.

If you left an employment during the year you will have been given a P45 Part 1A. Enter the figure from the 'Total pay in this employment' box of the P45 in box 1 on an *Employment* page for each employment.

If you had more than one job in the tax year your P60 may include the pay and tax details of an earlier employment. Put those details on another *Employment* page.



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The box 1 figure is the pay figure after any contributions to your employer's pension scheme (sometimes described as superannuation). Take care when copying this figure from your P60 to the *Employment* page.

If you received Jobseeker's Allowance in the year to 5 April 2008 it may be included on your P60 or it may be on a P45 Part 1A – it should be included in box 14 on page TR 3 of your Tax Return in the 'Income' section, not your *Employment* page.

3 Tips and other payments not on your P60

Include all tips and gratuities, even if paid by a third party.

7 If the company was a close company

A close company is, broadly, one that is controlled by:

- five or fewer participators - those who have a share or an interest in the income or capital of the company, such as shareholders or some loan creditors
- any number of participators if they are directors.

8 If you are a part-time teacher in England and Wales and are on the Repayment of Teachers' Loans Scheme for this employment

The Student Loans Company will have notified your employer if you have been accepted onto the Repayment of Teachers' Loans Scheme for this employment. If so, no student loan repayments will be collected from you.

Benefits from your employment

Your employer is required to tell us, on a form P11D, about all taxable benefits and expenses provided or paid to you. They may either give you a copy of the P11D, or give you the same information, and they must do this by 6 July 2008. If you have not had it by then, speak to your employer or phone us.

If your employer has a dispensation (an arrangement with us that saves you having to return income and then ask us to give you tax relief for the same amount) some benefits or expenses may not appear on the P11D. Do not worry about this - and do not enter them on your *Employment* page.

9 Company cars and vans

Enter the sum of the figures from boxes 9 in sections F and G of the P11D. If you use your own vehicle for work (not just for getting to and from work) read the notes for box 17, on page EN 5.

10 Fuel for company cars and vans

Enter the sum of the figures from boxes 10 in sections F and G of the P11D.

11 Private medical and dental insurance

Enter the figure from box 11 of section I of the P11D.

12 Vouchers, credit cards and excess mileage allowance

If your employer has given you vouchers or credit cards enter the figure from box 12 of section C of the P11D. This should include any goods or services bought with a company credit card or token for you and your family or household. If you use the vouchers or credit card to meet business expenses you should still include their value in box 12 but deduct the appropriate amount in boxes 17 or 20.



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If your employer pays you a mileage allowance (box 12 of section E of the P11D) for using your own car, van, motorcycle or cycle for work, you only have to pay tax on it if you are paid more than:

- cars or vans - 40 pence a mile for the first 10,000 miles and 25 pence a mile after that
- motorcycles - 24 pence a mile
- cycles - 20 pence a mile.

If you receive less than the maximum you can have tax relief for the shortfall - read the notes for box 17.

If your employer pays you extra because you carry passengers on journeys which are business journeys for both you and them, you only have to pay tax if you are paid more than 5 pence a mile for each passenger. If you are paid less than the maximum, you cannot have tax relief for the shortfall.

13 Goods and other assets provided by your employer

Enter the sum of the figures from boxes 13 in sections A and L of the P11D. Usually this figure will be the market value of any goods given to you by your employer but it may be a higher figure if the cost to the employer of creating the item was more than its market value.

14 Accommodation provided by your employer

Enter any figure from box 14 of section D of the P11D. If you think all or part of this amount should be exempt from tax please contact us.

15 Other benefits (including interest-free and low interest loans)

Add together all the amounts shown in the boxes marked as '15' on the P11D and put the result in box 15 on the *Employment* page.

Payments made on behalf of an employee

The figure should also include any payment your employer makes, for example, for:

- your rent paid direct to your landlord
- your personal credit card bill paid direct to the credit card company
- your tax.

Your employer may pay you in non cash form on occasion and pay the tax due on your behalf. If that PAYE tax is more than the pay due in the pay period and if within 90 days of receipt of the notional payment you did not repay the difference to your employer, the amount should be entered in box 15.

Interest-free and low interest loans

Enter the figure from box 15 of section H of the P11D. Do not enter the amount borrowed, only the difference between the interest you paid (if any) and what you would have paid had the loan been at the official rate of interest. If you need more information, please contact us.

Relocation packages

If you move house any payments made to, or goods or services provided for, you by your employer are part of your taxable earnings. But if you move house for work and meet certain conditions the first £8,000 of any help you receive is exempt from tax. That £8,000 is for the move as a whole and not for each tax year. Your employer will help you work out what is to be included in box 15 and will tell us if any expenses or benefits over £8,000 have been provided for you.

16 Expenses payments received and balancing charges

These fall into three main areas:

- travelling and subsistence - include amounts for fares, hotels, meals etc. including travel between home and a permanent workplace. Do not include reimbursements of expenses in connection with a company car or van. If your employer pays you an allowance for using your own vehicle on company business, see below
- entertainment - include all sums reimbursed, any round sum payments, any specific entertainment allowance and any sums paid to third parties
- general expenses allowance.

Enter in box 16 the total of the figures from boxes 16 of section N of the P11D.

Balancing charges

This will only apply if you dispose of an asset for which you received capital allowances (and it cannot apply to motor vehicles). If you think you may be affected please contact us.

Employment expenses

17 Business travel and subsistence expenses

You can only deduct the costs you had to pay out in doing your job.

If your employer has agreed a dispensation with us you must not deduct any expenses that are covered by that dispensation. If you need help with this, have a word with your employer's pay section or contact us.

Travel costs

You cannot get tax relief for the costs of travelling from home to your usual place of work. However, you can deduct the cost of business journeys - whether in the UK or abroad - as well as the related costs of accommodation and meals.

Business journeys are:

- travelling from one place of work to another in the same employment
- travelling between your home and a temporary workplace (somewhere you work for less than two years, unless you work there for all, or almost all, of a short term employment).

If travelling is your job, you can deduct the cost of travel and meals etc. from the time you leave home. But if you live a long way from the area where you work, you cannot deduct the costs of getting you to that area.

Using your own car, van, motorcycle or cycle

If your employer pays you less than the maximum mileage allowance (see the notes for box 12 on page EN 4) you can get tax relief for the shortfall, but you cannot get tax relief for your actual expenses, if greater. Keep a record of your business mileage, and of the mileage allowances you have been paid.

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Example

You travelled 16,000 business miles in your own car. The most you can receive without having to pay tax is:

	£
10,000 miles at 40 pence a mile	4,000
6,000 miles at 25 pence a mile	1,500
Total	5,500

If you were only paid £3,500 by your employer, you can deduct the difference, £2,000, as an expense in box 17.

Add together all the allowable travel costs, including related meals and accommodation costs, business expenses, such as business telephone calls, fax or photocopying costs and enter the total in box 17.

18 Fixed deductions for expenses

Fixed deductions are amounts of flat rate expenses we agree with the relevant trade unions, or other bodies, to cover the costs of maintaining or replacing tools or special working clothes. You do not have to be a member of the union to get them. They may be included on your PAYE Notice of Coding - if yours shows an adjustment for these expenses for an earlier year please contact us.

You may want to deduct the actual amount you spent on tools or special working clothes, rather than the fixed rate amount. If so, leave box 18 blank and enter the actual amount spent in box 20.

19 Professional fees and subscriptions

You may be entitled to a deduction for certain fees you must pay to carry out your profession, and annual subscriptions to professional bodies that we have approved and are relevant to your work. The professional body will tell you how much you are allowed to enter in box 19.

20 Other expenses and capital allowances

You can only deduct necessary expenses - those that each person doing exactly the same job as you would have had to pay out - and they have to have been paid out in doing your job, not getting you to a position where you could do your job. If your PAYE Notice of Coding shows an adjustment for these expenses for an earlier year please contact us.

Entertaining expenses

You are not usually entitled to tax relief for any business entertaining expenses but, exceptionally, if your employer:

- has put a tick against 'entertainment' on your P11D, and
- those expenses were absolutely necessary in carrying out your job, and
- your employer has either reimbursed you or paid you an allowance specifically for entertaining

then you may make a deduction. That deduction must not exceed the amount paid to you by your employer.

Capital allowances

You may be entitled to capital allowances (tax allowances for depreciation) for your costs of equipment etc. used in your employment. You cannot have capital allowances for a car, van, motorcycle or cycle - but you can have mileage allowance relief (see the box 17 note) which includes depreciation.