**DRAFT - P11D Return 2022-23 - Details of Common Non-Pay Benefits**

These notes have been produced to assist in the provision of information for the 2022-23 return. This is not a definitive list. If you are not sure if the provision of an item qualifies as a benefit please contact the IBC Tax Team. For further information, see the Tax Manual available at <http://documents.hants.gov.uk/finance/TaxManual.pdf>, or contact payrollsupport@hants.gov.uk

**1. Accommodation**

The provision of free accommodation or at a rent that is at a lower than market rent is a taxable benefit unless either:

* It is necessary for the proper performance of the employee’s duties that they should live there; or
* The accommodation is provided for the better performance of the employee’s duties and the job is one where it is customary for employers to provide accommodation (e.g. policeman).

HMRC interpret “necessary” in the first exemption quite strictly, and so there will be very few cases where it will apply. If neither of the exceptions applies, the taxable benefit value should be calculated in accordance with the guidance in section 6.8.13 of the Tax Manual.

**2. Broadband**

The provision of broadband to staff at home is not a taxable benefit where:

* Provision is made for purely business reasons (with any private use insignificant); and
* The employer subscribes direct for the service.

Note that if employees contract directly and are reimbursed, the reimbursement must be made via payroll and subject to Tax/NI.

**3. Clothing**

Where employees are provided with clothing, a taxable benefit may arise in respect of the potential private use of that clothing. There are some exceptions:

There is no taxable benefit where:

* Clothing forms part of an identifiable uniform – e.g. policemen and fire-fighters can be identified by their uniform.
* Corporate clothing where each piece of clothing bears a prominent permanently attached logo.
* Protective clothing such as overalls, protective boots and gloves if worn as a matter of **physical necessity** because of the nature of the job.

Where the exceptions do not apply the value of the benefit is calculated thus:

* Where ownership of the clothing passes to the employee, it is the greater of the cost of providing the clothing and its market value, less any amounts paid by the employee.
* Where ownership of the clothing remains with the Council, the taxable benefit is 20% of the market value when the clothing is first made available.

**4. Computer equipment**

The provision of computer equipment to staff at home is not a taxable benefit where:

* Provision has been made for purely business reasons; and
* Any private use is insignificant.

Otherwise the value of the benefit is the greater of 20% of the equipment’s value when first bought or the annual leasing cost (if leased).

**5. Employee discounts provided by third parties**

Some external organisations offer discounts to all Council employees. Where the Council incurs no cost in the discount being offered, no benefit needs to be reported.

**6. Meals**

Free or subsidised meals are not taxable benefits provided that they are made available to all staff at that location. Where subsidised or free meals are only available to certain staff, this will represent a taxable benefit to those staff. The value to record is the cost of providing the meal. Where information is not available on an individual basis, the total cost should be divided equally between the staff receiving the meals.

Duty meals at schools are not a benefit where they are provided to all staff who undertake a duty and at the same maximum value.

**7. Mobile telephones**

The provision of **one** mobile phone to an employee is not a taxable benefit. Private use of the mobile phone to make non-business calls must still be paid for in full. This cost has been agreed to be the cost of private calls, plus a proportion of the line rental cost calculated as follows:

Line rental cost x cost of private calls

 total cost of calls

Any uncharged private use is a taxable benefit. Charges for private calls are still subject to VAT.

**8. Pooled cars**

A taxable benefit arises if a pooled car was made available to an employee for private use – i.e.:

* If the car is exclusively available and used by one employee; or
* Where private use was not incidental to a business journey; or
* Where the car was normally kept overnight on or near the residence of the employee.

The definition of a “car” is quite wide and includes, for example, minibuses. The value of the benefit is calculated as with leased cars – for details, please see sections 6.10.5 and 6.10.6 of the guidance manual or contact the IBC Tax Team, through the IBC portal.

**9. Private medical insurance**

Subscriptions to medical and health care insurance schemes paid by the employer are taxable benefits. Reimbursement of costs incurred by an employee would also be subject to tax/NI. The benefit value is the cost to the employer.

**10. Refreshments**

Some common examples are provided below, however, these lists are not exhaustive. If a particular circumstance does not exactly fit one of the examples, please see section 6.7.3 of the guidance manual, or contact the IBC Tax Team. Where there is a benefit, the value is the cost to the employer.

The following **would not** create any taxable benefit to the staff in receipt:

* Tea, coffee, juice, water and biscuits provided at any meeting
* Appropriate levels of catering provided on-site where meetings extend over lunchtime.
* Appropriate levels of catering provided off-site (e.g. restaurants, pubs, etc.) where meetings extend over lunchtime and non-Council attendees outnumber Council attendees.
* Refreshments provided to Council staff at a meeting held by an external organisation, or during a work-related training course held off-site e.g. conference centre, hotel, etc.

The following examples **will** create a taxable benefit to the staff in receipt:

* Food/drink provided during off-site meetings only involving Council staff.
* Food/drink provided off-site after meetings held on Council premises only involving Council staff.

**11. Sports facilities**

Free or subsidised use of OCC/school owned sports facilities that are also open to the public are taxable benefits. The value of the benefit is:

* the **marginal cost** of providing it,
* less any amounts that are paid by the employee.

The marginal costs of providing free or subsidised use are any costs that would not otherwise have been incurred. If the member of staff can only use the facilities at times when they are already open to full-paying members, the marginal cost may be quite minimal. Where a subsidised membership fee covers any marginal cost, no benefit needs to be declared.

**12. Transfer of assets**

Any assets transferred to an employee or a member of their family or household creates a taxable benefit, the value of which is the market value at transfer less any amounts paid by the employee.

**13. Vans (except zero-emission vehicles)**

Home to work private use of a van does not create a taxable benefit. Availability for any other private use of a van creates a taxable benefit and, if fuel is provided, there will be a further benefit. These benefits are fixed sum benefits. Should there be any such benefits please contact the IBC Tax Team for details of the taxable benefits.

If a tax charge does apply, it can be reduced where:

* the van is unavailable for period(s) of 30 consecutive days or more; or
* the employee makes a contribution towards the value of the private use.

If the van is available for private use by more than one employee during the year a tax charge still arises but must be apportioned between those employees. Contact the Tax Advisor for details of how this would be calculated.

There are no National Insurance implications on the availability of vans for private use for the individual but Class 1A NICs are payable by the employer.

Note that for taxable benefit purposes, minibuses count as cars, not vans. If a minibus is taken home, see guidance on Pooled Cars.

**Information for Inclusion in the 2022-23 P11D Return**

If you have any benefits to report for the P11D, please inform Integrated Business Centre, at payrollsupport@hants.gov.uk by 31 March 2023. You do not need to use this form - but if you don't, please ensure that the same information is provided.

**Section:**

**Contact:**

**Telephone:**

**Email:**

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| **Employee****Number** | **Employee** **Name** | **Value (£)\*** | **Details of Benefit Provided** **Brief Description** |
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\* Please read the notes accompanying the P11D information request for details on how to calculate the value of the benefit. If you are uncertain as to the value to use, please contact IBC payrollsupport@hants.gov.uk