

PAYROLLING EMPLOYEE TAXABLE BENEFITS & EXPENSES



Employers can choose to report taxable benefits and expenses to HM Revenue & Customs via payroll. If you wish to payroll benefits/expenses, you must register with HMRC **before the tax year starts i.e. before 6 April 2017** if wishing to payroll benefits/expenses for tax year 2017/18. If you wish to register with HMRC:

- ⇒ Check with your payroll software provider to ensure your software is compatible with payrolling benefits.
- ⇒ Contact GM^cG's Payroll Bureau to discuss further and for assistance with the registration process if required.

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EMPLOYERS

Payrolling benefits removes the requirement to prepare and submit a P11D form for each director and employee.

There is still a requirement to calculate Class 1A National Insurance Contributions and report this amount on form P11D(b) by 6th July each year; the payment date for Class 1A NIC remains unchanged – 19th July, unless paying electronically (22nd July).

Some benefits cannot be payrolled. A P11D is still required to report the following benefits:

- ⇒ Vouchers and credit tokens
- ⇒ Employer provided living accommodation
- ⇒ Interest free and low interest (beneficial) loans

Employees can be excluded from payroll immediately after registration; for such employees, a P11D will still be required.

Once the tax year has started, payrolling benefits must continue for the full tax year or until the benefit stops, if earlier.

Registration is via the online PAYE log-in and must be completed before 6th April 2017 if you wish to commence payrolling benefits for the 2017/18 tax year.

EMPLOYEES

The tax liability on the benefit/expense is collected via payroll, on a real time basis. PAYE codes no longer require to be updated with details of benefits via form P11D.

Employees must be notified:

- (a) by letter immediately, to inform them what payrolling means for them; and
- (b) by 1st June after the tax year, with the year's benefits and cash equivalent (via payslip or separate note).

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