

Never fill in a P11D again

A WebExpenses Guide



Tel: +44 (0)845 250 0040
Email: enquiries@webexpenses.com
Website: www.webexpenses.com

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Completing and filling in P11D forms can be both costly and time consuming, especially for larger businesses. Did you know that the HMRC could grant a dispensation so that routine expense payments and benefits that would not give rise to a tax liability need not be reported on forms P11D?

This guide outlines the steps required to fulfil these requirements:

What is a dispensation?

HMRC defines a dispensation as:

“A notice from HMRC that removes the requirement to report expenses and benefits to them at the end of the year on forms P11D or P9D. There is also no need to pay any tax or NICs on items covered by a dispensation.”

Once granted, dispensations last indefinitely but are reviewed regularly to ensure that the conditions under which they were issued still apply.

What criteria need to be fulfilled?

In order to get a dispensation from the HMRC two key criteria need to be met:

- No tax is payable in respect of the expenses payments and benefits covered by the dispensation
- The employer operates control systems adequate to ensure that expenses payments and benefits remain within the terms of the dispensation

The first point is dependent on what the expenses and benefits are and typically cover:

- travel, including subsistence costs associated with business travel
- fuel for company cars
- hire car costs
- telephones
- business entertainment expenses
- credit cards used for business
- fees and subscriptions

Exact detail of what expenses that can be covered by a dispensation can be found on the HMRC site here: [Expenses and Benefits AtoZ](#).

The second point ensures there are robust systems and policies in place. This is where an expenses management system like [WebExpenses](#) can help.

Three steps to P11D dispensation

Step 1: Firstly you need a clear expenses policy in place detailing what you can and can't claim. For more information on what to put in an expenses policy and an example policy [download one here](#).

Step 2: Implement a robust expenses management system. An expenses management system like [WebExpenses](#) fulfils the HMRC criteria:

- Employees can't circumvent the system. They have to agree to an expenses policy before using it, point of entry reminders stop employees putting in exaggerated or false claims

- Receipts can be attached to claims electronically (a criteria of a P11D dispensation is receipts need to accompany expenses)
- Mileage verification ensures that when employees use postcode data the system automatically calculates this mileage ensuring claims can't be exaggerated

Step 3: Fill in form P11DX. This can be done online here:

<https://online.hmrc.gov.uk/shortforms/form/P11DX?>

This is a simple two page form. Let us know if you need help in filling the form in. The form can also be downloaded from the HMRC [here](#) and be posted to your HMRC office.

If granted, the dispensation:

- Will be effective from the date granted - so it is worthwhile applying at any point in the tax year
- May cover all employees, a class of employee, or certain named individuals only - you decide
- Will be reviewed from time to time, and may be withdrawn if the conditions are no longer satisfied

Next steps

For more information on P11D dispensation or WebExpenses contact us:

Call us on: +44(0)845 250 0043

Email: enquiries@webexpenses.com

Web: www.webexpenses.com

You can find out more about P11D dispensation from the HMRC in this leaflet: <http://www.hmrc.gov.uk/helpsheets/490-chapter10.pdf>

About WebExpenses

WebExpenses is a provider of award-winning web-based expenses management solutions. The company's solutions allow for unparalleled flexibility in configuration and ease of use, allowing organisations to quickly reduce travel and entertainment spending and the costs of processing expense claims.

Customers include a broad range of corporate, public sector and small and mid-sized organisations including BT, EMI Music, JCB, Merck Pharmaceuticals, Pernod Ricard and Teletext.

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Twitter: www.twitter.com/webexpenses