



P11D & PAYE Topical Issues 2011

Class 1A National Insurance

The rate of 12.8% for 2010/11 will rise on 6 April 2011 to 13.8% in line with the other National Insurance changes and will apply to benefits in the tax year 2011/12.

Business Mileage Rates

The authorised tax free mileage rates for business use of a private car or van have been increased from 6 April 2011 to 45p per mile for the first 10,000 business miles in a tax year and the remainder at 25p.

Where mileage is reimbursed at the authorised rate, no entry is required on the P11D.

Company Cars

There has been a general increase to all car benefit charges for 2010/11 and the charges continue to rise in 2011/12.

Further measures effective from 6 April 2011 are the abolition of the cap on the car list price of £80,000 and the removal of discounts for alternative fuel cars.

The fuel benefit charge for a company car also increased each year. This charge is calculated by applying the relevant % (dependent on the car's CO₂ emissions) to a base figure of £18,000 for 2010/11 and £18,800 for 2011/12. For many people this is not a tax efficient benefit, so please speak to us to discuss your own situation.

Please note that the fuel only rates for business use of a company car (which usually change in June and December) increased on 1 March 2011.

Beneficial Loans – Reduction from 6 April 2010

HMRC's official rate of interest used for the calculation of the benefit for a low rate, or interest free loan was reduced with effect from 6 April 2010 to **4%**.

Computers, Broadband, PDAs and Blackberrys

Employer provided computers and laptops or internet access at home can be exempt for tax purposes, provided the contract is in the employer's name, it has been provided solely for business use and private use is 'not significant'. These are all most likely to be achieved where formal "home working" arrangements are in place.

Provision of Broadband facilities can be problematic. If an employee who begins to work from home under such arrangements already has broadband internet connection at home, HMRC considers there is no additional expense. The employer cannot, therefore, reimburse the employee's broadband internet charges, tax free.

Childcare Vouchers and Directly Contracted Childcare

The tax relief on childcare payments up to £55 per week has been available until now at the individual's top rate of tax. This relief will be restricted to basic rate tax for employees who join a childcare scheme after 6 April 2011.

To discuss your circumstances further please call a member of the Tax Team:

WMT, Torrington House, 47 Holywell Hill, St Albans, Hertfordshire, AL1 1HD
Tel: 01727 838 255 Fax: 01727 861 052
Website: www.wmtllp.com

WMT is the trading name of Williamson Morton Thornton LLP. This LLP is registered to carry out audit work and is regulated for a range of investment business activities by the Institute of Chartered Accountants in England and Wales. The content of this document is intended for general guidance only and, where relevant, represents our understanding of current law and HM Revenue and Customs practice. Action should not be taken without seeking professional advice. No responsibility for loss by any person acting or refraining from action as a result of the material in this document can be accepted and we cannot assume legal liability for any errors or omissions this document may contain. © WMT, April 2011. All rights reserved.

www.wmtllp.com