

How to cut down on your paperwork: dispensations

Apply for a dispensation to save time completing forms P11D or P9D.

You may be able to cut down on your paperwork by asking HM Revenue & Customs (HMRC) for a dispensation to cover the benefits and expenses you pay your employees. A dispensation, which covers both tax and NICs, is a notice from your HMRC office that means you don't need to put any expenses and benefits included in the dispensation on forms P11D and P9D, and employees don't need to put them on their Tax Returns.

A dispensation can be given for expenses or benefits where your HMRC office is satisfied that no tax would be payable by your employees on expenses paid or benefits provided. Expense claims must be independently checked and authorised within the firm and, where possible, supported by receipts.

If a dispensation is given for expenses, HMRC would not normally count them as earnings for Class 1 NICs. Also if the dispensation is given for employer provided benefits, we would not normally treat them as liable for Class 1A NICs.

Not covered by dispensations

- company cars and vans that are taxable
- private medical insurance
- cheap loans
- mileage payments.

How to apply

If you want to apply for a dispensation complete form P11DX, or have your agent complete it, and send it to your HMRC office. If you have any notes for guidance on employees' expenses, please enclose a copy with the form. Your HMRC office will tell you if any further information is needed.

Keep it under review

Your HMRC office will also review the dispensation from time to time, but will normally only withdraw it if the qualifying conditions are no longer satisfied.

Approved Mileage Allowance Payments

We publish tax-free mileage rates known as Approved Mileage Allowance Payments (AMAPs) for employees who use their own cars for business travel. If your mileage payments are equal to or below these rates there will be no tax or NICs due so there will be no need to report this information to us and they are not included in a dispensation. Any amounts that you pay over the published AMAPs are taxable and must be entered on the P11D.

Application for dispensation for certain expenses payments and benefits in kind

To HM Revenue & Customs Office

Employer PAYE reference

I wish to apply for a dispensation from completing forms P11D for the employees' expenses payments/benefits in kind specified below.

Please tick all the appropriate boxes. If there is not enough space to give the details requested, or you answer 'No' to any of the questions please provide further information on a separate sheet. In particular, if you pay allowances or expenses in excess of cost or HMRC approved rates please provide details of the amounts you pay and how they are calculated.

Employees

- All
- All employees excluding directors
- All directors
- Other groups - *specify here* Specified individuals - *name here*

(Continue on further sheet if necessary)

Expenses payments/Reimbursements/Scale payments (except mileage expenses for business travel in employees' own vehicles, which cannot be included in a dispensation). Any reference below to employees also includes directors.

Travel and subsistence

✓ as appropriate

- | | Yes | No | N/A |
|---|--------------------------|--------------------------|--------------------------|
| 1 We only pay our employees travel and subsistence expenses, including the cost of accommodation, for journeys they have to make in carrying out the duties of their employment, or in travelling to a temporary workplace, or attending work-related training. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2 We do not pay our employees more than the full cost incurred of the travel and subsistence involved in journeys covered by item 1 above (including scale rates agreed with HMRC). | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3 We pay our employees who use their own car for business mileage at rates not exceeding the Approved Mileage Allowance Payment (AMAP). | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4 We do not pay our employees travel and subsistence expenses for private journeys (including ordinary commuting to or from work). | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 5 We pay our employees who have company cars for which fuel is not provided, for business mileage only, at rates not exceeding HMRC Advisory Fuel Rates for Company Cars. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 6 We only pay employees for the cost of a hire car on production of a receipt. Reimbursement of petrol costs will only be made for the business use of the hire car on production of receipts. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Home telephone expenses

Yes No N/A

7 We only reimburse the cost of business calls made from employee's private home telephone and which are supported by itemised bills, a list of calls made or other records confirming business use.

8 We do not include any charges for line rental or equipment in the reimbursement. These remain the personal liability of the subscriber. (Line rental charges for dedicated business lines can be considered for inclusion in a dispensation. Give full details on a separate sheet).

Entertainment expenses

9 We only reimburse the actual cost of entertaining business contacts on a business occasion, where a representative from an outside organisation is present and do not meet the costs of entertaining relatives or partners.

Company credit/charge cards

10 We only allow employees to use an employer-provided credit or charge card for work-related expenses.

11 We allow employees to use an employer-provided credit or charge card for work-related and personal expenses but they are required to reimburse any personal expenditure in full.

Fees and subscriptions to professional bodies

12 Fees and subscriptions to the organisations listed below are paid or reimbursed on behalf of those employees whose membership is related to their employment.

Name of organisation(s)

<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>

Other expenses (give full details below or on a separate sheet of exactly what is paid)

We wish to include the following additional expenses and/or scale rates in our application

✓ as appropriate

My employees are required to produce invoices or receipts for every item of expenditure claimed. Yes No

Someone other than the claimant **always** examines claims to check that the claim does not include items which are not allowable under the tax/NICs legislation and that it is not excessive. If the answer is 'No', state your method of expenditure control below. Yes No

I control expenditure claims by

Signature

Date

Full name

Business address

Position held in firm

Business name

Telephone number

Postcode