

## HOW CAN BLUE-PEAK HELP?

We know this is a worrying time for businesses and individuals with the impact of Coronavirus still unknown. If you have any questions in relation to your personal or business circumstances please get in touch with your usual Blue Peak contact or call on 018 321 9151



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## Employer provided benefits relating to Covid-19

### Highlights

*With the Covid-19 situation and lock-down measures, employees are working in very different ways and companies are having to make certain arrangements to facilitate this. With benefits provided to employees there is an important question; is this taxable?*

*HMRC has issued some helpful guidance around which benefits are taxable.*

### What if the benefits are taxable?

*If, after reading this article, you believe you are providing employees with taxable benefits, feel free to speak to us about how to deal with this.*

*There are various options available:*

- *Include on employees' P11D forms (tax and potentially NIC are due from the employee, as well as employer's NIC)*
- *Process through payroll (tax and potentially NIC are due from the employee, as well as employer's NIC)*
- *Enter into a Pay-As-You-Earn Settlement Agreement with HMRC; this allows the Company to pay the tax (and NIC, if due) on behalf of the employee*

### Accommodation

In some cases employees may have had different accommodation needs due to lock-down. Depending on the circumstances some of these will be taxable and others will not.

Taxable:

- ✓ Accommodation provided at a permanent place of work (unless exemptions apply).
- ✓ Reimbursement of accommodation / subsistence provided to an employee unable to return home due to Covid-19.

Non-Taxable:

- Accommodation provided at a temporary place of work (for less than 24 months) due to Covid-19.
- Accommodation provided at a permanent place of work where exemptions do apply (e.g. where the individual is required to reside at their place of work).

### Volunteer Fuel & Mileage Costs

In some cases you may pay employees in respect of fuel or mileage for volunteering. Typically this is taxable, however depending on the arrangement (whether it's a company car or personal car and whether they have a fuel card) will determine how to report this benefit.

## **Transport Costs**

HMRC typically view payments to employees to cover the cost of transport to and from work as a taxable benefit unless certain exemptions are met (for example, working after 9pm, this happens irregularly and it would not be reasonable to expect an employee to make their own way home). Where car sharing is an employee's method of getting to work and this stops due to Covid-19, similar exemptions may apply. There is a limit to 60 journeys in a tax year.

## **Free or Subsidised Meals**

As a reminder on meals, there are no changes to the taxation of these. Where meals are provided to ALL employees (or vouchers for all / part of a meal) in a canteen / onsite, these are not a taxable benefit. All other meals (apart from subsistence) are considered taxable benefits.

## **Company Car Availability**

Where an employee is provided with a company car, this is a taxable benefit and will continue to be taxable even for periods of time the car may be unavailable for use due to Covid-19 restrictions. This is even the case where the employee is instructed not to drive the car.

Certain exemptions apply in cases where the car contract is terminated AND the individual does not have access to the keys. This means it's worthwhile checking your fleet of cars to see which contracts are coming to an end as you may wish to request the keys are returned if the cars cannot be collected immediately due to lock-down.

## **Employer Provided Loans**

Loans or salary advances provided to employees are a taxable benefit if the loan is in excess of £10,000 per tax year. All other loans / advances below this amount are not taxable.

## **Certain Other Expenses / Employer Provided Equipment**

Broadly speaking, the following expenses / employer provided equipment are NOT taxable benefits. Where any specific circumstances may differ it's always worth getting an accountant's opinion on whether the expense / item provided is taxable:

- o One mobile phone / SIM card per employee with no restriction on private use (as long as this is in the Company's name).
- o Broadband if it was NOT previously available and is mostly for business use.
- o Laptops / IT equipment as long as they are mostly for business use.
- o Up to £4 per week (£6 from 6 April 2020) for payment towards household bills such as electricity and heating.

The following (which is not an exhaustive list) are expenses and items that are typically taxable benefits:

- ✓ Temporary accommodation.
- ✓ Reimbursement for office equipment purchased by employees.
- ✓ Mobile phone reimbursements.
- ✓ Any reimbursement or employer provided equipment which has significant private use.

For more information please do not hesitate to contact the team:  
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