

TECHNICAL BULLETIN – ISSUE 131 – BUDGET AMENDMENT

In the Employment Corner article on Benefits in Kind, we stated that from 6 April 2015, HM Revenue & Customs (HMRC) will not expect employers to report BiKs in a PAYE Settlement Agreement if they are worth less than £50.

HMRC's announcement on the abolition was made in the Autumn Statement but it was **not** included in the Finance (No 2) Act 2015. HMRC have advised that Parliament has decided not to legislate for this exemption in 2015 and instead will legislate in a future Finance Bill. This means that the income tax exemption will **not** come into force from 6 April 2015 as previously stated.

We received details of this change the same day the Bill passed into law. Unfortunately, the article had been technically reviewed the day before the change was not picked up. We apologise for any confusion. It is very unusual for HMRC to announce a change and then not follow it through.

Please see below a Q&A issued by HMRC on the subject. We have also reviewed the remainder of Technical Bulletin Issue131 and have not identified any other details affected.

Update on Trivial benefits in kind (BiKs) exemption

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| Q1 | Why the sudden change? |
| A1 | The Finance Bill runs to a slightly different process ahead of an election because of the need to ensure that the resulting Act receives Royal Assent ahead of Parliament being dissolved. Given the accelerated process, some measures were deferred for consideration in a future Finance Bill. |
| Q2 | When will the exemption be legislated? |
| A2 | We are hopeful that it will be included in a subsequent Finance Bill. However, we do not know when that would be. |
| Q3 | I've already prepared my payroll – should I keep the changes I've made for the following year? |
| A3 | The measure has been deferred not scrapped, it is planned to be legislated in a future Finance Bill. An announcement will be made prior to introduction of the exemption allowing employers sufficient time to update their systems ahead of exemption being introduced. |
| Q4 | What guidance should employers follow in the mean time? |
| A4 | In determining the appropriate tax treatment, employers should continue to apply the guidance in the Employment Income Manual at EIM21860 onwards. This applies where an employer has agreed with HMRC for a particular benefit in kind to be treated as trivial and therefore not reported on a form P11D or included in a PAYE Settlement Agreement. |
| Q5 | I have already got an agreement from HMRC that I can treat a particular benefit in kind as trivial – does this still apply? |
| A5 | All agreements currently in place will still apply as long as there has been no change in the circumstances or type of benefits in kind provided. |