

## 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 us for a dispensation to cover the benefits and expenses you pay your employees. A dispensation, which covers both tax and National Insurance contributions (NICs), is a notice 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 we're satisfied that your employees wouldn't have to pay tax on expenses you pay on benefits you provide. Expense claims must be independently vouched and, where possible, supported by receipts.

If a dispensation is given for expenses, we wouldn't normally count them as earnings for Class 1 NICs. If the dispensation is given for employer provided benefits, we wouldn't 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
- benefits and expenses covered by an existing exemption in law. More guidance can be found on our website, go to [www.hmrc.gov.uk/payerti/exb/schemes/dispensation.htm](http://www.hmrc.gov.uk/payerti/exb/schemes/dispensation.htm)

### Benchmark scale rates

From 6 April 2009, you can opt to use the advisory benchmark scale rates for payments made to employees who incur allowable business travel expenses.

You can find full details in the EIM05231, go to [www.hmrc.gov.uk/manuals/eimmanual/EIM05231.htm](http://www.hmrc.gov.uk/manuals/eimmanual/EIM05231.htm)

You should indicate that you wish to do so by answering 'Yes' to question 3 on page 2 of the form P11DX. If you do not want to pay scale rates using HMRC's benchmark rates, please answer 'No'.

### How to apply

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

### Keep it under review

We 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

You can make tax-free payments to your employees to use their own cars for business travel if you pay no more than the published statutory rates. Go to [www.hmrc.gov.uk/rates/travel.htm](http://www.hmrc.gov.uk/rates/travel.htm) for details of these rates. You don't need to report such payments and they don't require a dispensation. Any amounts that you pay over the published approved rates are taxable and need to be entered on the P11D.

### Retrospection

If the conditions for granting a dispensation are satisfied, the dispensation will strictly take effect from the date of the notice we issue, although we may agree that it can take effect from the beginning of the tax year to which the dispensation relates. A dispensation cannot apply with retrospective effect to an earlier year.

**Application for dispensation for certain expenses payments and benefits in kind**

To HMRC office

Employer PAYE reference

Business name

Number of employees including directors

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

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 please ✓ the appropriate box below**

 All

 All employees excluding directors

 All directors

 Other groups *specify here*

 Specified individuals *please name here*


**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**

1 Do you pay your employees travel and subsistence expenses, including the cost of accommodation if the travel requires an overnight stay, 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?

Yes  No  N/A

2 Do you pay your employees only the full cost incurred of the travel and subsistence involved in journeys covered by item 1 above (including scale rates agreed with HMRC)?

Yes  No  N/A

3 Do you pay your employees HMRC's advisory benchmark scale rates for subsistence expenses covered by item 1 above?

Yes  No  N/A

4 Do you only pay your employees travel and subsistence expenses for business journeys excluding ordinary commuting to or from work or any other private journey?

Yes  No  N/A

5 Do you only pay your employees who have company cars for which fuel is not provided, for business mileage only, at rates equal to or below HMRC advisory fuel rates for company cars?

Yes  No  N/A

6 Do you only pay your employees for the cost of a hire car on production of a receipt?

Yes  No  N/A

If yes, do you only reimburse fuel costs relating to the use of the hire car on production of receipts?

Yes  No

### Home phone expenses

7 Do you only reimburse the cost of business calls made from employee's private home and/or mobile phone which are supported by itemised bills, a list of calls made or other records confirming business use?

Yes  No  N/A

8 Do you exclude any charges for line rental, mobile phone contracts 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. Please give full details on a separate sheet.)

Yes  No  N/A

### Entertainment expenses

9 Do you 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, partners or members of the same organisation?

Yes  No  N/A

### Company credit or charge cards

10 Do you only allow employees to use an employer-provided credit or charge card for work-related expenses?

Yes  No  N/A

11 Do you allow employees to use an employer-provided credit or charge card for work-related and personal expenses?

Yes  No  N/A

If 'Yes', are they required to reimburse any personal expenditure in full?

Yes  No

### Fees and subscriptions to professional bodies

12 Do you reimburse fees and subscriptions to approved organisations listed on our website at [www.mhc.gov.uk/list3/list3.htm](http://www.mhc.gov.uk/list3/list3.htm) on behalf of those employees whose membership is related to their employment?

Yes  No  N/A

If 'Yes', please state the full name of professional bodies below.

  
  

### Other expenses

We wish to include the following additional expenses and/or scale rates in our application. Please give full details below or on a separate sheet of paper exactly what is paid.

  
  

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

  

Full name

Position held in firm

Business name

Nature of business

Phone number

Business address

  
  
  
  

Postcode

Signature

Date DD MM YYYY