

Note to employer

You do not have to use this form but you may find it a useful way to calculate the cash equivalent if you provided interest-free or low interest loans for a director, or an employee during the year 2022 to 2023 (that is 6 April 2022 to 5 April 2023).

Read the 'P11D Guide' before you complete this form. Enter details of non-qualifying loans made to, or arranged for, a director or employee (or for any of his or her relatives) where no interest was paid, or where the amount of interest paid was less than interest at the official rate. Include 'notional loan' benefits of shares acquired by the director or employee at undervalue.

For a guide to whether a loan needs to be reported on form P11D, read tax guide '480'.

If you use this form you must also fill in forms P11D and 'P11D(b) Return of Class 1A National Insurance contributions due'. 'CWG5 (2023) Class 1A National Insurance contributions on benefits in kind' gives more information. We advise you to keep a copy of each completed working sheet as it could help you to deal with enquiries. You do not have to give a copy of the completed working sheet to the director or employee. Do not send a copy to HM Revenue and Customs.

The term employee is used to cover both directors and employees throughout the rest of this form.

Employer details

Employer name

Employer PAYE reference

Employee details

Employee name

Surname

First names

Works number or department

National Insurance number

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The loans

If the total amount outstanding on all the loans is not more than £10,000 at any time in the year, there's no need to complete this working sheet or section H of form P11D unless the loan is provided under an optional remuneration arrangement when the threshold does not apply.

You may find it helpful to complete the table below to identify:

- other small exempt loans
- for directors of close companies only, non-qualifying loans which may be treated as a single loan for calculating the benefit

	Loan 1	Loan 2	Loan 3	Loan 4	Loan 5
Maximum amount outstanding at any time in the year					
Currency if other than sterling					

If you know that the total amount outstanding on all non-qualifying loans does not exceed £10,000 at any time in the year, ignore those loans when completing the remainder of this working sheet and section H of form P11D.

You can decide to treat all loans as a single loan, if you're a close company and the borrower is one of the company's directors, which are:

- in the same currency
- non-qualifying
- owing at the same time

You can decide to show all those loans as a single loan in section H on form P11D. Please note that if you decide not to include all those loans within the single loan, you'll be making an incorrect return.

Official rates of interest

To calculate the cash equivalent of a loan you'll need to know the:

- average official rate of interest for the year ended 5 April 2023 for loans made in sterling (or if the loan was outstanding for less than the full year, the average official rate of interest for the part of the year the loan existed)
- official rate for Japanese Yen or Swiss Francs where the loan was made in one of those currencies and the conditions in paragraph 17.5 of tax guide '480' are met

Note: Where the official rate of interest remains unchanged throughout a whole tax year, the average official rate of interest will be the same as the official rate even if the loan is only in place for part of the tax year.

For details of the official rates of interest for 2022 to 2023, go to

www.gov.uk/government/publications/rates-and-allowances-beneficial-loan-arrangements-hmrc-official-rates

Calculating the cash equivalent

Use the formula below for each loan separately except where an election has been made to treat a director's loans as a single loan.

	Loan 1	Loan 2	Loan 3	Loan 4	Loan 5
A Maximum balance on either 5 April 2022 or date the loan was taken out, whichever is later					
B Maximum balance on either 5 April 2023 or date loan was discharged, whichever is earlier					
C Total (A + B)					
D Divide C by 2					
E Number of complete tax months in tax year (6th of month to 5th of following month) throughout which loan was owing					
F Multiply D by E, then divide by 12					
G Official rate of interest	%	%	%	%	%
H Multiply F by G					
J Enter interest paid in 2022 to 2023					
K Cash equivalent of loans H minus J					

The figures at K are the amounts to be entered in section H, box 15 on form P11D.

If the employee has more than 2 loans, write 'see attached' in section H, box 15 and attach a copy of this working sheet. But you must remember to add together the cash equivalents of all the loans for calculating the total benefits liable to Class 1A NICs when completing form 'P11D(b) Return of Class 1A National Insurance contributions due'.

Employees may elect to use a more complex but accurate method of calculating the benefit from interest-free or low interest loans. Employers are not responsible for providing such a calculation.

If the loan is made available under an optional remuneration arrangement and the amount of salary or pay foregone is greater than the interest that would have been payable on the loan at the official rate of interest, the relevant amount to enter in section H, box 15 is the amount foregone less the amount of any interest paid on the loan for the tax year.

If the amount foregone is less than the interest that would have been payable on the loan at the official rate of interest then enter the figures at K.