

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 who earned at a rate of £8,500 or more during the year 2015 to 2016 (that is 6 April 2015 to 5 April 2016).

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) on which no interest was paid, or on which 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.

As a guide to whether a loan needs to be reported on the form P11D, see booklet 480.

If you use this form you must also fill in forms P11D and P11D(b) *Return of Class 1A National Insurance contributions due*. Booklet CWG5(2016) *Class 1A National Insurance contributions on benefits in kind* gives more information. You are advised 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, or to your HM Revenue & Customs office.

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 name(s)

 Works number or department

 National Insurance number

The loans

If the total amount outstanding on all the loans is not more than £10,000 at any time in the year, there is no need to complete this working sheet or Section H of form P11D.

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 the purpose of calculating the benefit.

	Loan 1	Loan 2	Loan 3	Loan 4	Loan 5
Maximum amount outstanding at any time in the year	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Currency if other than sterling	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

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 such loans when completing the remainder of this working sheet and Section H of form P11D.

If you are a close company and the borrower is one of the company's directors, you can elect to treat all loans which are:

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

as a single loan.

You can make the election by showing all such loans as a single loan in Section H on the form P11D. Please note that if you make the election and do not include all such loans within the single loan, you will be making an incorrect return.

Please turn over

Official rates of interest

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

- the average official rate of interest for the year ended 5 April 2016 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 during which the loan existed)
- the 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 booklet 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 2015 to 2016, go to

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

You can also get details of the official rates of interest from your HM Revenue and Customs office.

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 2015 or the date the loan was taken out, whichever is later					
B Maximum balance on earlier of day loan was discharged or 5 April 2016					
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 2015 to 2016					
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 two loans, you can 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 the purpose of 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 for 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.