Alignment of dates for ‘making good’ on benefits-in-kind

Employment Tax

01 November 2016

ATT and CIOT highlights points from their recent responses to this HMRC consultation

HMRC consultation on how to align the various dates that currently exist within legislation to ‘make good’ tax on benefits-in-kind.

The consultation came about after the Office of Tax Simplification (OTS), employers and representative bodies pointed out to the Government that there are problems with the existing rules as a number of different dates can apply depending on the type of benefit-in-kind and whether the benefit-in-kind is being dealt with through voluntary payrolling or via a year-end P11D form.

HMRC raised a number of questions with the purpose of bringing clarity and aligning the many different dates.
HMRC suggested the following:

- That for company cars, company vans and certain other benefits-in-kind, including private medical insurance and non-cash vouchers, the date for making good should be the end of the tax year; and
- That for car and van fuel benefit, credit tokens and beneficial loans the date for making good should be 1 June following the end of the tax year.

Neither the ATT, nor the CIOT, in their responses, agreed with this two-tier-approach and thought that employers should not have to face yet another set of rules and deadlines to remember.

The ATT suggested that the deadline for making good on any benefit should be the 6 July in all cases. As the ATT pointed out, many employers have been working to this

date informally for a number of years and it fits with the current submission deadline for P11D forms. The ATT urged HMRC to simply formalise this procedure and added that the impact on the Exchequer of allowing a deadline date of 6 July would be minimal but the benefit to employers in terms of easing administrative burdens would be much more significant.

The ATT response can be read in full on the ATT website.

The CIOT agreed with the ATT that it would be fairest and simplest to have an across the board making good date of 6 July following the end of the tax year, which is a date that is already familiar to employers and employees. We suggested, however, that an exception to this should be retained for beneficial loans where ITEPA 2003, s 191 applies. As noted above, 6 July is the date by which P11Ds have to be filed and choosing this date would also address the inconsistency with the Class 1A NIC liability payment date of 19/22 July highlighted by HMRC in its consultation document.

The CIOT response can be read in full on the CIOT website.