



What is a P11D?

A P11D is a form issued by HMRC. Its full title is the P11D Expenses payments and benefits form.

At the end of each tax year, employers have to complete a P11D for every employee or director who:

- has earned £8,500 or more in the preceding year, and
- has been provided with expenses or benefits in addition to their salary.
- this does not include routine business expenses and benefits like travel and company car fuel

KEY ISSUES

This factsheet gives general guidance on how to handle details of PMI when you complete a P11D Expenses and benefits form.

For advice on specific cases, you should always speak to HM Revenue & Customs, your accountant or tax adviser.

ANY QUESTIONS

If you have any further questions please get in touch with us by e-mailing: info@aspirafp.co.uk

Do you need to include private medical insurance on a P11D?

Yes! When you pay for an employee's or director's private medical insurance as part of their benefits package, HMRC regard it as a 'benefit in kind'. Each year, the P11D collects details of the cost of these benefits in kind. So you must include details of private medical insurance on the P11D.

If the employee or director pays for their own private medical insurance from their salary, it doesn't need to be included on the P11D.

How do you know what the cost you pay for each employee is?

Your invoices and any credit notes detail the cost of private medical insurance for each employee on your plan. If, for example the cost for single cover is £600, partner cover is twice the amount for single cover. Family cover is calculated as 2.5 times single cover and single parent family cover is calculated as 1.55 times single cover.

For those making contributions for family members, the amount contributed each year is deducted from the P11D value. You should always check the single/partner/family and single parent family breakdown with your provider.

Single	Partner	Family	Single Parent Family
£600	£1,200	£1,500	£930.00

How do I calculate the value of the benefit in kind for private medical insurance?

The value of the benefit in kind is the employee's or director's private medical insurance premium.

Benefit in kind (premium)	£600	£600
Tax band	20%	40%
Employees P11D tax liability	£120	£240

You need to declare the full benefit in kind amount in your P11D submission i.e. £600

What happens if employees contribute to the cost of their private medical insurance plan?

If the employee contributes to the cost of their private medical insurance, deduct the amount of their contribution from the total premium. And then work out the benefit in kind value in the same way.

Benefit in kind	£600	£600
Employee contribution	-£100	-£100
Net cost	£500	£500
Tax band	20%	40%
Employees P11D tax liability	£100	£200

How do you work out the benefit in kind value if an employee joins or leaves part way through the plan year?

You need to work out the pro-rata value of the benefit in kind—the cost for the time that they were an employee. Give this amount on the P11D.

Annual benefit in kind value	£120
Monthly benefit in kind value (£120/12)	£10
Number of months employed	6
Pro rata benefit in kind (6 x 12)	£60

The P11D benefit in kind may result in your employees being sent a revised tax code to reflect any under or overpayment of tax.