

# Academies and P11D

Education

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## Employment taxes – P11D and dispensations

### Expenses

Apart from business mileage at approved rates, all other expenses are reportable on form P11D unless a dispensation is held.

A dispensation can be obtained by applying online to HMRC, although any new agreement is likely to only be effective from 6 April 2015. In setting up a new payroll and PAYE scheme on becoming an academy, any previous **dispensation agreement** covering local council employees will not automatically transfer across.

Expenses will be reportable irrespective of whether claims for tax relief are available.

Typical expenses seen are:

- train, taxi fares and car parking for travel to training, external meetings – including the Academy Show;
- personal use of school vehicles and school facilities;
- clothing provided to reception staff;
- reimbursement of personal mobile phone costs for staff on school trips and residential stays;
- the travel and accommodation costs for teachers on residential trips is also reportable;
- relocation expenses for new teachers.

### Taxable benefits

Occasionally benefits are provided that are seen as taxable by HMRC. Examples of this would be:

- staff entertainment, such as events on becoming an academy, successful OFSTED inspections etc;
- travel costs for staff returning to school for parents evenings – including mileage;
- free school meals where provided for staff who do not have specific responsibility for supervising pupil's lunch breaks;

- accommodation for caretakers – this is not automatically exempt from a charge. Even where this still applies payment towards utility bills etc are still taxable;
- small gifts/vouchers for volunteers who invigilate at exams.

Where the tax on such benefits is to be passed on to the employee, then these would be returned on form P11D. If the academy intends to pick up the tax charge then a **PAYE Settlement Agreement** will need to be agreed with HMRC and put in place before 6 July.

### Deadlines and errors

P11D returns need to be submitted to HMRC by 6 July 2015 and any corresponding Class 1A National Insurance Contributions (NICs) due (on certain taxable benefits) paid by 19 July 2015.

HMRC can impose penalties for both late and incorrect P11D returns. Late filing penalties are initially £100 per month for each 50 employees but daily penalties for non-submission can be imposed by HMRC. For incorrect returns HMRC can charge penalties of up to £300 per return but would typically seek recovery of the tax from the academy in lieu of these penalties.

If you have any queries regarding your own position please do not hesitate to contact Moore Stephens' Employers' Support Group at: [london.payroll@moorestephens.com](mailto:london.payroll@moorestephens.com) or by using the contact details below.

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