



PRACTICE NOTE

PN 28/90 (supplemental)

Date: 30th April 1990

Benefits in Kind - Employers Guide on Completion of Benefits Form T9 (revised)

(i) Introduction

- This practice note is to be used in conjunction with PN28/90PN 28/90 which has already been circulated to accountants and other professional agents. This supplemental serves as an aid to completion of the benefits form. It completely replaces PN 13/88PN 13/88 issued 19th February 1988 and the same should now be ignored.
- A revised and simplified T9 form is presently being printed and should be available in the third week in April. A copy is attached. (Appendix I)
- Near the end of this practice note is included a section specific to the treatment of non-resident seasonal workers employed in the tourist industry. T9 submission is not required for such persons if certain criteria are met. The benefit arising will be subjected to tax by way of reducing the ITIP code.
- Appendix II lists examples of taxable expenses and benefits and specifically exempted benefits.

(ii) Notes on Completion of the Various Sections

The revised T9 form is divided into seven headings or sections. The first section serves to reconcile the position on expenses and the end of year figures you have shown on the employees T14. The remaining sections cover the six main headings under which an employee may receive benefits. The headings are as follows:-

Please describe clearly in each section the expense or benefit involved. The following notes are respective to the sections on the revised form.

Expenses

In this section you should:-

- a. Include all items of monies paid over which fall to be other than basic salary (or wage) and normal bonus.
- b. Confirm that all amounts under (a) have been subjected to ITIP.
- c. Name items of reimbursement or subsistence for which a DISPENSATION has been given by the Assessor (See note 3 of PN 28/90).

Please Note. Any amounts paid out by the employee, in respect of which payments under (a) are being made, should be claimed by the employee in his own Return under the heading of expenses. If the expenses are seen to be of a regular and consistent nature they will be shown as an additional allowance in the employee's code.

It is important to note that ITIP must be applied to the gross payment made and not the net amount after deducting amounts paid out by the employee.

Goods, Gifts and Items Supplied at Discount Prices

These items may be from the employers trading stock or specifically purchased by the employer and gifted over. The value to be included is the open market retail value. Where the employee acquires the goods at a discount the discounted amount paid by the employee should be treated as his contribution so as to arrive at the net value to be assessed.

Living Accommodation

provided free or at a rent below market value. Two types of situation will arise in the case of this benefit. The respective treatments are as follows:-

a. Where the property is owned by the employer.

The benefit value to be given for this instance is the total of the open market rental value of the property plus any rates or insurance paid. Please confirm whether any element of heat, light, telephone or any other energy costs are met by yourselves. Please detail these in the section headed SERVICES.

b. (b) Where the accommodation provided is property which is rented by the employer.

In this case the benefit to be declared is the amount of rent paid by the employer or the open market value of the property (whichever is the greater) plus any rates or insurance. Any energy costs should be treated as in the previous situation.

In both cases the address of the property should be given and detail as to the nature of the property i.e. 2 bedroom cottage, 3 bedroom 'semi', 3 bedroom terraced etc. Please indicate by way of appropriate deletion whether the property is owned or rented by the employer or associated person.

Any contribution or the reduced rent paid by the employee should be treated as his contribution in arriving at the net amount taxable.

- a. MEALS. Please note that in a case where free or subsidised meals are made available to all employees through the medium of a works canteen no benefits charge will arise; the benefit has been specifically exempted.
- b. Food provided under any other circumstances will be charged. A guide to the value to be applied is as follows:-

Breakfast	60p
Mid-Day Meal	£1.20
Evening Meal	£1.20
Total	£3.00 per day

- c. Where an employer provides luncheon vouchers, only the amount in excess of 15p per voucher requires to be declared as a benefit. (a separate and long existing concession)

Cars and Other Vehicles

- a. It should be noted that a benefit still arises even where the employer insists that his employee takes the vehicle home. The journey from home to work and vice versa is a chargeable benefit. If the use of the vehicle extends no further than the situation just described then the benefit should be declared in the SERVICES section. The benefit should be calculated in line with the following scale.-

1400cc or less	1401cc - 2000cc	more than 2001cc
20p per mile travelled	25p per mile travelled	37p per mile travelled

- b. To support this approach the employer must be able to satisfy the Assessor that he has specifically precluded any other private use.
- c. Where a vehicle is specifically kitted out to deal with emergencies and the employer can clearly satisfy the Assessor that an employee was on standby or emergency duty, then journeys from work to home and vice versa may be discounted.
- d. where there is general private use and fuel provided then the benefit should be calculated in accordance with the scale charges less contributions made.
- e. Where an employee is permitted general private use of the vehicle but is required to pay for all use which is other than business use then the benefit to be charged will be calculated no differently; the benefit to be declared should be in accordance with the laid down scale charges less the amount paid over for private use.
- f. In the case of vehicles other than motor cars (principally VANS) the legislation effectively requires that the employee will be charged on 20% of the market value of the asset as at the time it was first provided plus the amount of fuel used in the course of private use. However, if the employee considers that it would be more favourable to be charged according to the car and fuel benefits scales, then the Assessor is prepared to accept a declaration on that basis. The basis of calculation must not be a mixed one.
- g. Where an employee has the use of more than one vehicle then the vehicle with the least business mileage will be charged at one and a half times the scale charge irrespective of the scale of charge on the other vehicle. It is important to note that this principle applies even where shared use is involved.
- h. Where the employee pays for the road tax, insurance or repairs, a reduction of the scale charge is not in order. The legislation simply creates a charge for use of the vehicle and does not bring these other items into consideration.

- i. Please read carefully Appendices 1 and 2 of PN28/90PN 28/90 for increases and decreases of scale charge to be applied in cases of low and high business mileage's and reductions for when vehicles are unavailable.
- j. Please make sure you provide full detail of vehicles involved (i.e. make, model, cylinder capacity, age) and the period and extent of use.

Services and Assets Made Available in this Section you should Include

- a. items already particularly referred to in Section 3. (ACCOMMODATION SECTION)
- b. Services provided for which the employer pays. The benefit will be the cost paid by the employer less the employers contribution.
- c. Services provided by the employer himself through the medium of his own workers. The benefit in this case will be the amount which the employer would have charged in the normal commercial circumstances less any contribution.

Pecuniary Liabilities Assets, etc..

The amount to be charged will be the actual amount paid by the employer.

Non-Resident Persons

Non-Resident Persons employed in the tourist industry and holding a work permit of 6 months or less duration are excluded from the T9 submission requirement in respect of accommodation food etc. Instead, tax in respect of such benefits will be collected by the employer applying the ITIP code specified by the Income Tax Division for that year.

Reminder

Persons completing form T9 are reminded that:-

- a. A benefit charge arises even where the benefit does not arise directly from the employer; if it arises by way of the employment it is a chargeable benefit.
- b. Members of an employee's family are subject to a benefits charge if they are in receipt of a benefit by way of that employee's employment.
- c. Directors, are treated no differently to other employees when calculating a benefit charge.

Taxable Expenses and Benefits

Benefits	Expenses
Clothing allowance	Section 2
Dirt Money	Awards of goods
Entertaining allowance	Food and other goods free or discounted
Fuel allowance	Holidays (awarded)
Lodgings allowance	Incentive prizes
Machine time (greasing	National Savings Certificates or other investments

Benefits	Expenses
time)	
Meals allowance	Investments
Standby payments	Property at below market value
Tool money	Shares in employing company
Travel allowance	
Travelling time	Section 6
"Uplifts" for living away and inconvenience	Board and lodgings
	Energy costs (gas electric oil)
	Equipment or possessions serviced,
altered or repaired	
	Chauffeur
	Gardener
	Handyman
	Health screening (but not medical care)
	Permanent health insurance
	Property alteration repair
Section 7	
	Fines
	Legal fees
	Life insurance
	Mortgage interest paid
	Sundry other liabilities of the employee in respect of goods or services obtained or financial arrangements entered into.

Sample of Exemptions

Canteen meals, medical insurance, car parking, nursery or crèche facilities, Christmas party expenses of up to £50 per head, any other benefit or combination of benefits not exceeding £100 in aggregate. (Please see PN28/90PN 28/90, Note 8, for greater detail).