RESOURCE GUIDE · HERMIT BUSINESS SOLUTIONS

P11D Benefits: What Gets Reported and What It Costs

*If it isn't wages and isn't exempt, it's probably a **benefit in kind and someone has to pay tax on it.***

Why this matters

A P11D reports anything of value that an employer gives an employee or director outside their normal pay: medical insurance, a company car, a gym membership and so on. Get the valuation wrong and it's the employer who carries the risk - a late or incorrect P11D(b) brings its own penalties on top of whatever tax and National Insurance was underpaid.

How a benefit is valued

- Most benefits: the annual cost to the employer of providing it, less anything the employee pays back, this covers medical insurance, gym memberships, subscriptions and most one-off perks
- Company cars (personal use): a percentage of the list price, set by the car's CO2 emissions (and electric range, for plug-in hybrids)
- Company vans (personal use): a flat annual charge, currently £4,170, with electric vans at nil
- Fuel provided for private use: a further charge on top, using either a flat rate (vans) or the same percentage applied to a fixed multiplier (cars)

Who pays what

The employee pays income tax on the benefit's value, usually collected through their tax code, at their normal marginal rate. The employer separately pays Class 1A National Insurance on the same value, at 15% for 2026/27. Both costs are calculated on the same P11D figure - they're just two different bills landing on two different people.

A NOTE FROM HERMIT

Not every perk needs reporting. A trivial benefit, something under £50, not cash or a cash voucher and not a reward for performance, is exempt outright. Directors and other officeholders of a close company can only use this exemption up to £300 a year, so it's worth tracking even when nothing else about the benefit looks reportable.

Key dates for 2026/27

What	Deadline
Submit P11D and P11D(b) to HMRC	6 July
Give each employee their P11D information	6 July
Pay Class 1A National Insurance, electronically	22 July
Pay Class 1A National Insurance, by post	19 July

On the horizon

Mandatory payrolling of benefits, taxing most benefits through payroll each pay period instead of reporting them on a P11D after the year ends, is now due to start from 6 April 2027, having been pushed back from its original 2026 start date. Worth keeping an eye on rather than acting on yet - the detail could still move again before it lands.

What to do next

- Keep a running note of every benefit provided through the year - it's far easier than reconstructing it in June
- Check anything close to the £50 trivial benefit line before assuming it's exempt
- Flag any new company car, van or medical scheme to us as soon as it's agreed, not at year end
- Ask us for the P11D calculator if you want to work out the tax and National Insurance cost of a specific benefit