IRIS Payroll

Car and Fuel Benefit in Payroll

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Contents

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From the 2016/2017 tax year, employers were able to account for the tax on the benefits in kind (BiKs) they provide to employees via PAYE instead of sending a P11D after the end of the tax year. The value of the benefit is added to the employee's taxable pay for each pay period and reported via FPS.

> You can payroll all BiKs apart from:
>
> - vouchers and credit tokens
> - employer provided living accommodation
> - interest free and low interest (beneficial) loans
>
> You must still report these excluded BiKs on a P11D, even if you are payrolling other BiKs for the same employee(s).

This means you can also choose to payroll company car BiKs instead of submitting the P46(Car) form. The benefits are calculated in the same way as previously, but the cash equivalent is divided into an equal amount for each pay period, with any residual amount going through the final pay period for the year.

In your payroll software you are able to add cars, allocate them to employees, calculate the cash equivalents of the car and fuel benefit for the year and process a prorated amount through payroll.

There are three stages to managing company cars in the payroll software:

1. Adding the cars
2. Allocating the cars to employees and calculating the cash equivalents
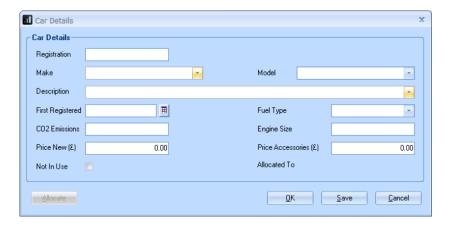3. Processing the car benefit through payroll and reporting to HMRC via FPS

You can reach all of the car options in the payroll software by selecting **Company | Configure Company Car Details**. This will open the **Company Cars** screen.

How to add a Company Car to the software

To add a company car to the software:

1. Go to **Company | Configure Company Car Details**. This will open the **Company Cars** screen

2. Click **Add** to open the following **New Car** screen:

3. Enter the **Registration** of the car and then select a **Make** from the drop down list. The list will be populated by the VCA database

4. The options in the **Model** field will change according to the **Make** you select, the **Description** options will change based on the **Model**, and **Fuel Type** options will alter according to the selected **Model** and **Description**. The **CO2 Emissions** and **Engine Size** will also be populated automatically based on previous selections, but you can amend them manually if needed

5. Complete the **First Registered** date field. This is essential for the **Cash Equivalent** to be calculated. It should be today's date or earlier

6. Tick the **Not In Use** field if the car is not currently going to be allocated to any employee

7. Initially when adding a new car, the **Allocate** button will be disabled; click **Save** to be able to **Allocate** the car to an employee

8. Click **OK** to close the car details and return to the **Company Cars** screen, or click **Allocate** to allocate the newly set up car to an employee straight away. This will allocate the car to the employee selected in the Selection side bar

How to Edit an existing Car

If you need to make changes to an existing car:

1. Go to **Company | Configure Company Car Details | Company Cars** screen

2. Highlight the car and click **Edit** to open the **Car** screen

3. Make the required changes

4. Click **OK** to close the **Car** screen and return to the **Company Cars** screen

How to Delete a Car

If you need to remove a car from the payroll software completely:

1. Go to **Company | Configure Company Car Details | Company Cars** screen

2. Click on the car that you need to delete

3. Click the **Delete** button

NOTE: Deleting a car will stop any associated benefits being processed through the payroll. If a car is deleted the **Car History** will be deleted. The actual payment/deduction records/history will not be deleted. This will be deleted in the normal way when history is cleared at year end.

A car can only be deleted if it is not allocated to anyone and it has not been allocated to anyone in the current tax year.
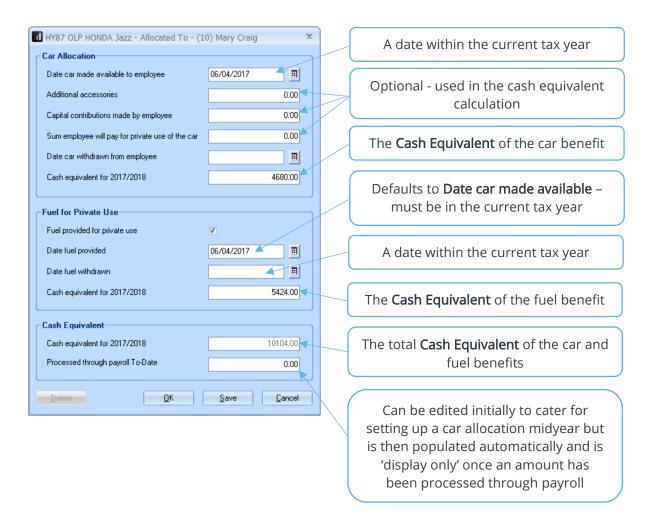
How to allocate a car to an employee

Once the car has been added to the payroll software, you can allocate it to an employee in order to calculate the cash equivalent. To do this:

1. Go to **Company | Configure Company Car Details | Company Cars** screen

2. Select the car that you want to allocate

3. Highlight the relevant individual from the side bar

4. Click **Yes** to the message asking if you are sure you want to assign a car to this employee. The **Car Allocation** screen will be displayed, with the car and employee's name across the top

NOTE: A car can only be assigned to a single employee at a time whereas an employee can be assigned multiple cars

A date within the current tax year

Optional - used in the cash equivalent calculation

The **Cash Equivalent** of the car benefit

Defaults to **Date car made available** – must be in the current tax year

A date within the current tax year

The **Cash Equivalent** of the fuel benefit

The total **Cash Equivalent** of the car and fuel benefits

Can be edited initially to cater for setting up a car allocation midyear but is then populated automatically and is 'display only' once an amount has been processed through payroll

5. Click into each field to enter the car information. As soon as data is entered into any of the fields, the **Cash Equivalent** fields will be calculated and updated for you

6. Click **OK** to save and return to the **Company Cars** screen
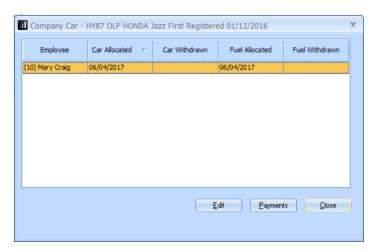
How to withdraw a car/fuel from an employee

When you need to record that an employee no longer has access to a car or fuel, you just need to enter the date(s) on the **Allocation** screen. To do this:

1. Go to **Company | Configure Company Car Details | Company Cars** screen

2. Click onto the car that you need to withdraw

3. Click the **Allocation** button

4. Enter a **Date car withdrawn from employee** and/or a **Date fuel withdrawn**. The dates must be in the current tax year

5. Click **OK**

How to view Car History

If you need to view the employees that have been allocated a particular car over time:

1. Go to **Company | Configure Company Car Details | Company Cars** screen

2. Click on the **Car History** button

3. The screen will display a list of employees to whom the car has been allocated

4. Click **Edit** if you need to make changes to records that exist in the current tax year, for example, to change the dates allocated to or withdrawn from an employee

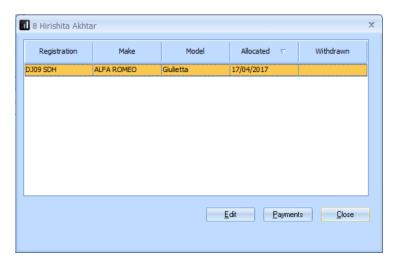5. Highlight a row and click **Payments** to display the history screen for payments in the appropriate tax year

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How to view Employee History

1. Go to **Company | Configure Company Car Details | Company Cars** screen

2. Highlight the employee from the side bar

3. Click on the **Emp History** button

4. The **Emp History** screen will be displayed, listing the cars that have been allocated to this employee

   If cars have not been assigned to the selected employee a message will be displayed, confirming there are no allocation records to display

5. The screen will display a list of cars that have been allocated to that employee

6. Click **Edit** to make changes to records that exist in the current tax year

7. Highlight a row and click **Payments** to display the history screen for payments in the appropriate tax year

Processing Car and Fuel Benefit through Payroll

Once the car and/or fuel benefit is calculated, the payroll software will automatically create a notional payment for you and allocate it to the relevant employee records.

NOTE: Multiple car allocations will be merged into a single Car Benefit payment

The system will take the calculated benefit for an employee and split it into a periodic 'payment', depending on the number of pay periods left in the tax year, which will be set up automatically as the **Standard Amount** in **Employee Details | Pay Elements | Pay Deds**. When payroll is calculated, that amount will be added to the employee's taxable pay, without actually paying them the amount, so that the tax on their benefit is deducted correctly.

NOTE: At the end of the tax year or the end of the car allocation, the residual amount rather than the standard amount will be processed

Reports to print

Car List

The **Car List report** can be printed by going to **Company | Configure Company Car Details | Company Cars** and clicking the **Print** button.

It will print a list of all cars available and all the allocation records for each employee assigned to the car, in the current tax year.

Car Benefit Summary

To install the **Car Benefit Summary**, go to **Reports | Report Manager | Summaries** and select **Car Benefit Summary**.

To print it, go to **Reports | Summary Reports** and select **Car Benefit Summary.**

The **Car Benefit Summary** will show **Employee**, **Registration No.**, **Make**, **Model** and **Car Benefit** for the pay period selected.

Additional Software and Services Available

IRIS AE Suite™

The IRIS AE Suite™ works seamlessly with all IRIS payrolls to easily manage auto enrolment. It will assess employees as part of your payroll run, deduct the necessary contributions, produce files in the right format for your pension provider* and generate the necessary employee communications.

IRIS OpenPayslips

Instantly publish electronic payslips to a secure portal which employees can access from their mobile phone, tablet or PC. IRIS OpenPayslips cuts payslip distribution time to zero and is included as standard with the IRIS AE Suite™.

IRIS Auto Enrolment Training Seminars

Choose from a range of IRIS training seminars to ensure you understand both auto enrolment legislation and how to implement it within your IRIS software.

Useful numbers

HMRC online service helpdesk	HMRC employer helpline
Tel: 0300 200 3600 Fax: 0844 366 7828 Email: helpdesk@ir-efile.gov.uk	Tel: 0300 200 3200 Tel: 0300 200 3211 (new business)

Contact Sales (including stationery sales)

For IRIS Payrolls	For Earnie Payrolls
Tel: 0844 815 5700 Email: sales@iris.co.uk	Tel: 0844 815 5677 Email: earniesales@iris.co.uk

Contact support

Your Product	Phone	E-mail
IRIS PAYE-Master	0844 815 5661	payroll@iris.co.uk
IRIS Payroll Business	0844 815 5661	ipsupport@iris.co.uk
IRIS Bureau Payroll	0844 815 5661	ipsupport@iris.co.uk
IRIS Payroll Professional	0844 815 5671	payrollpro@iris.co.uk
IRIS GP Payroll	0844 815 5681	gpsupport@iris.co.uk
IRIS GP Accounts	0844 815 5681	gpaccsupport@iris.co.uk
Earnie or Earnie IQ	0844 815 5671	earniesupport@iris.co.uk