



Benefits in Kind – Notional Payments

IRIS Payroll Business

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Contents

Benefits in Kind – Notional Payments	3
What is a Notional Payment?	3
Types of Notional Payment	3
Notional after Tax but Before NI (NIable).....	3
Notional After NI but before Tax (Taxable)	3
Notional Before Tax and NI (NIable and Taxable).....	4
How to set up a Notional Payment in the software.....	4

Benefits in Kind – Notional Payments

What is a Notional Payment?

A Notional Payment allows you to calculate and deduct the amount of tax and NI on a payment, without actually giving the payment to the employee. The employee won't receive any more money, they will only pay the extra tax and/or NI. This is useful for deducting amounts due on Benefits in Kind.

Please note that you need to calculate the amount that needs to be taxed for company cars outside of the payroll, e.g. manually or using HMRC's tools.

Types of Notional Payment

You can set up a Notional Payment to calculate just Tax or just National Insurance or both.

Notional after Tax but Before NI (NIable)

Using this setting, an employee's NI-able gross pay can be increased without giving an actual addition to pay.

It can be used, for example, for the calculation and deduction of NI on:

- private petrol allowances
- private telephones where the employer pays the bill

After calculating NI on the increased gross pay an after-tax deduction is automatically made for the same amount. In this way an employee can pay extra NI without receiving extra pay.

The NI-able Gross Pay To-date is also increased.

Notional After NI but before Tax (Taxable)

Using this setting, an employee's Taxable gross pay can be increased without giving an actual addition to pay.

It can be used, for example, for the calculation and deduction of Tax on:

- Private Medical Insurance provided by the employer

The Taxable Gross Pay To-date is also increased.

Notional Before Tax and NI (NIable and Taxable)

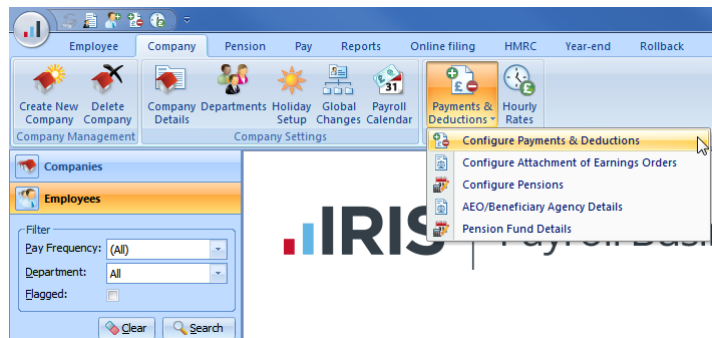
Using this setting, both the Taxable and NI-able gross pay can be increased without giving an actual addition to pay.

It can be used, for example, for the calculation and deduction of Tax on:

- Buying an asset from an employee for more than its market value

How to set up a Notional Payment in the software

- From the **Company** tab, select **Configure Payments & Deductions**:



- Click the **Add New** button:

ID	Name	Type	Taxable	NIable	Notional	Pensionable Earnings	Qualifying Earnings	Benefit in Kind	Method
1	Bonus	Payment	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Value
2	Expenses	Payment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Value
3	Net to Gross	Net To Gross	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Value
4	Salary Advance	Deduction	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Value
5	Private Mileage	Payment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Value
6	Private Medical	Deduction	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Value
7	SSP/SMP Contra	SSP Contra	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Value
8	Salary Correction	Payment	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Value
9	Savings	Deduction	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Value
15	Season Ticket Loan	Loan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Value

- Enter a name, select **Payment** and then tick the boxes according to how you want Tax and NI to be calculated:

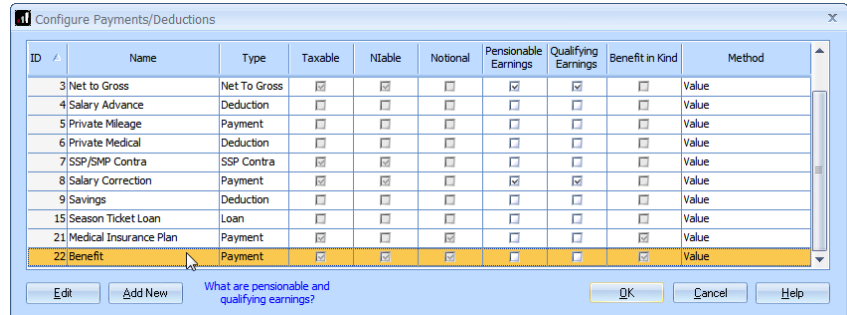
- After Tax but Before NI – **NIable**
- After NI but Before Tax – **Taxable**
- Before Tax and NI – **Taxable** and **NIable**

Also tick **Notional** and **Benefit in Kind**

Make sure **Method** is set to **Value**

Click **OK**

4. You will now see your new Payment set up in the list of **Payments /Deductions:**



ID	Name	Type	Taxable	NTable	Notional	Pensionable Earnings	Qualifying Earnings	Benefit in Kind	Method
3	Net to Gross	Net To Gross	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Value
4	Salary Advance	Deduction	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Value
5	Private Mileage	Payment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Value
6	Private Medical	Deduction	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Value
7	SSP/SMP Contra	SSP Contra	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Value
8	Salary Correction	Payment	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Value
9	Savings	Deduction	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Value
15	Season Ticket Loan	Loan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Value
21	Medical Insurance Plan	Payment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Value
22	Benefit	Payment	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Value

The final step is to allocate the Payment to an employee, so the amount will go through the payroll. You can either set it up as a standard payment to go through the payroll every pay period, or enter it once in the payroll run during the pay period it applies to.

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	Tel: 0300 200 3200
Fax: 0844 366 7828	Tel: 0300 200 3211 (new business)
Email: helpdesk@ir-efile.gov.uk	

Contact Sales (including stationery sales)

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