

Earnie™

Car & Fuel Benefit Guide in
Payroll

April 2021

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Car and Fuel Benefit in Payroll

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:

- 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 payroll 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.

To use the new car benefit fields, the company must be registered with HMRC to payroll benefits. You can do this using your HMRC online account.

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

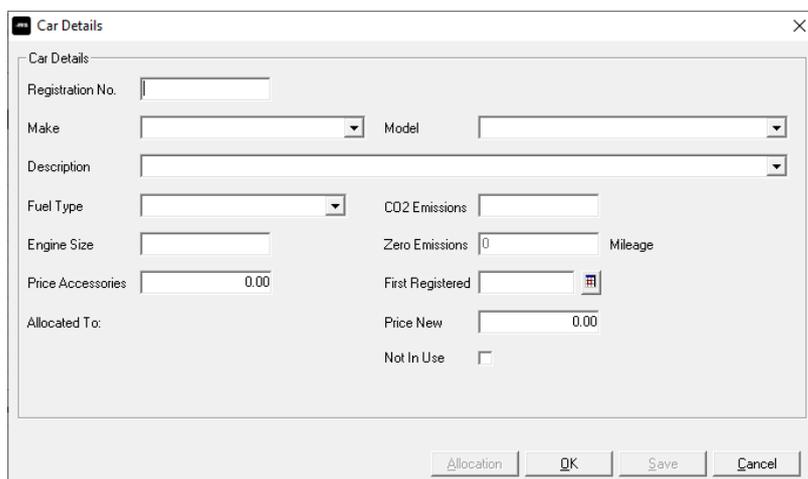
1. Adding the cars
2. Allocating the cars to employees and calculating the cash equivalents
3. Processing the car benefit through payroll and reporting to HMRC via FPS

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 No.** 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 the **Transmission** 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. **Zero Emissions** will be disabled unless **CO2 Emissions** has a value from 1 to 50 g/km. For cars with 1 to 50 g/km CO2 emissions, you need to complete this field. The default for is 0 miles, i.e. less than 30, with a cash equivalent of 14% for NEDC, for WLTP it is 13%. If the CO2 Emission value is over 50, the **Zero Emissions** field will be blank, and you will not be able to enter a value
6. Complete the **First Registered** date field. This is essential for the **Cash Equivalent** to be calculated. It should be today's date or earlier
7. Tick the **Not In Use** field if the car is not currently going to be allocated to any employee
8. Initially when adding a new car, the **Allocate** button will be disabled; click **Save** to be able to **Allocate** the car to an employee
9. 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

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. 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. Click onto the car that you want to allocate
3. Click the **Allocation** button
4. If the highlighted car is already assigned to an employee the **Car Allocation** screen will be displayed, with the car and employee's name across the top. If the highlighted car is not already assigned to an employee, the **Employee Selection** screen will be displayed
5. If the **Employee Selection** screen is displayed, select the relevant employee to open the **Car Allocation** screen. 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

The screenshot shows a dialog box titled "NE52 EDR ALFA ROMEO Stelvio - Allocate to - (1) asdfasdf asdfdsa". It is divided into three main sections: "Car Allocation", "Fuel for Private Use", and "Cash Equivalent".

- Car Allocation:**
 - Date car made available to employee: 18/03/2021
 - Additional accessories: 0.00
 - Capital contributions made by employee: 0.00
 - Sum employee will pay for private use of the car: 0.00
 - Date car withdrawn from employee: (empty)
 - Cash equivalent for 2021/2022: 9250.00
 - Recalculate button
- Fuel for Private Use:**
 - Fuel provided for private use:
 - Date fuel provided: (empty)
 - Date fuel withdrawn: (empty)
 - Cash equivalent for 2021/2022: 0.00
- Cash Equivalent:**
 - Cash equivalent for 2021/2022: 9250.00
 - Processed through payroll To-Date: 0.00

Buttons at the bottom: Delete, OK, Save, Cancel.

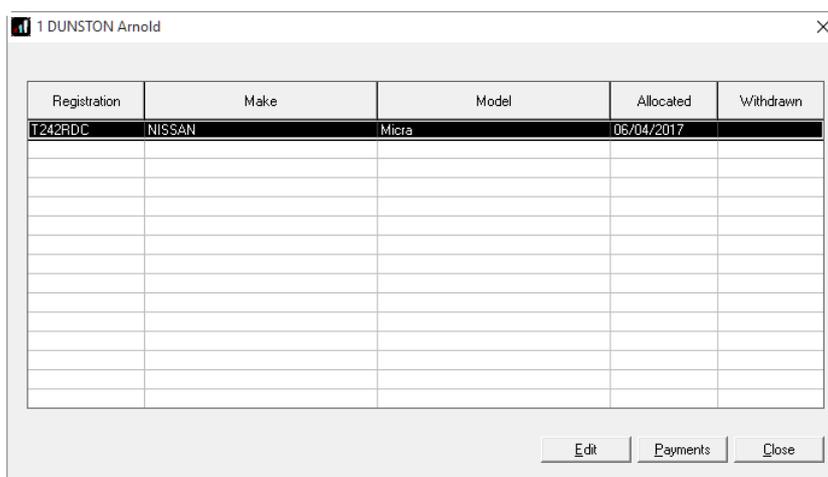
Callout boxes (purple) provide the following explanations:

- "A date within the current tax year" (points to Date car made available to employee)
- "Optional – used in the cash equivalent calculation" (points to Additional accessories)
- "The **Cash Equivalent** of the car benefit" (points to Cash equivalent for 2021/2022)
- "Click to recalculate the cash equivalent if there has been a change, for instance in **Fuel Type** from **Diesel** to **Diesel Meets RDE2 Regulation**" (points to Recalculate button)
- "Defaults to **Date car made available** – must be in the current tax year" (points to Date fuel provided)
- "A date within the current tax year" (points to Date fuel withdrawn)
- "The **Cash Equivalent** of the fuel benefit" (points to Cash equivalent for 2021/2022 in Fuel for Private Use)
- "The total **Cash Equivalent** of the car and fuel benefits" (points to Cash equivalent for 2021/2022 in Cash Equivalent)
- "Can be edited initially to cater for setting up a car allocation mid-year, but is then populated automatically and is 'display only' once an amount has been processed through payroll" (points to Processed through payroll To-Date)

6. 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
7. Click **OK** to save and return to the **Company Cars** screen

How to view Employee History

1. Go to **Company | Configure Company Car Details | Company Cars** screen
2. Click on the **Emp. History** button
3. If the highlighted car is already assigned to an employee the **Emp. History** screen will be displayed, listing the cars that have been allocated to this employee. If the highlighted car is not already assigned to an employee the **Employee Selection** screen will be displayed, allowing you to select the employee you require
4. The screen will display a list of cars that have been allocated to that employee



Registration	Make	Model	Allocated	Withdrawn
T242RDC	NISSAN	Micra	06/04/2017	

Buttons: Edit, Payments, Close

5. Click **Edit** to make changes to records that exist in the current tax year
6. 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 value in **Employee details**. When payroll is processed, 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 | Library Selection | Summaries** and select **Car Benefit Summary**.

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

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

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	For IRIS Payroll Professional
Tel: 0344 815 5656	Tel: 0344 815 5676	Tel: 0345 057 3708
Email: sales@iris.co.uk	Email: earniesales@iris.co.uk	Email: payrollsales@iris.co.uk

Contact Support

Your Product	Phone	E-mail
IRIS PAYE-Master	0344 815 5661	payroll@iris.co.uk
IRIS Payroll Business	0344 815 5661	ipsupport@iris.co.uk
IRIS Bureau Payroll	0344 815 5661	ipsupport@iris.co.uk
IRIS GP Payroll	0344 815 5681	gpsupport@iris.co.uk
IRIS GP Accounts	0344 815 5681	gpaccsupport@iris.co.uk
Earnie or Earnie IQ	0344 815 5671	earniesupport@iris.co.uk
IRIS Payroll Professional (formerly Star)	01273 715300	payroll-support@iris.co.uk

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