IRIS Payroll

Car and Fuel Benefit Guide

April 2021

Contents

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 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 can 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 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. Select **Company | Configure Company Car Details**. This will open the **Company Cars** screen

2. Click **Add** to open the following **New Car** screen:
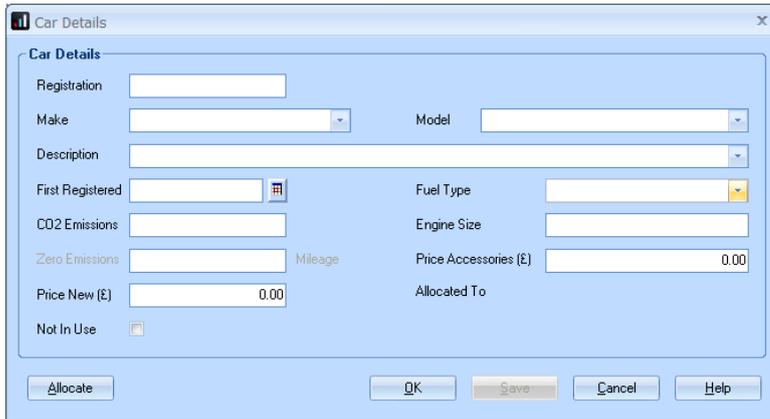
3. Enter the **Registration** of the car then select a **Make** from the drop-down list. The list will be populated by the VCA database

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. **Zero Emissions** will be disabled unless **C02 Emissions** has a value from 1 to 50 g/km. For cars with 1 to 50 g/km C02 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 C02 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 assign the newly set up car to an employee straight away. This will allocate the car to the employee selected in the Selection sidebar

How to Edit an existing Car

If you need to make changes to an existing car:

1. Select **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. Select **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. Choose **Company | Configure Company Car Details | Company Cars** screen

2. Select the car that you want to allocate

3. Highlight the relevant individual from the sidebar

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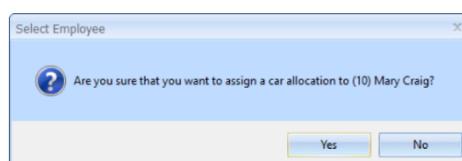
NOTE: A car can only be assigned to a single employee at a time whereas an employee can be assigned multiple cars

A date within the current tax year

Optional - used in the cash equivalent calculation

The **Cash Equivalent** of the car benefit

Click to recalculate the cash equivalent if there has been a change, for instance in **Fuel Type** from **Diesel** to **Diesel Meets RDE2 Regulation**

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. Select **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. Select **Company | Configure Company Car Details | Company Cars** screen

2. Click on the **Car History** button
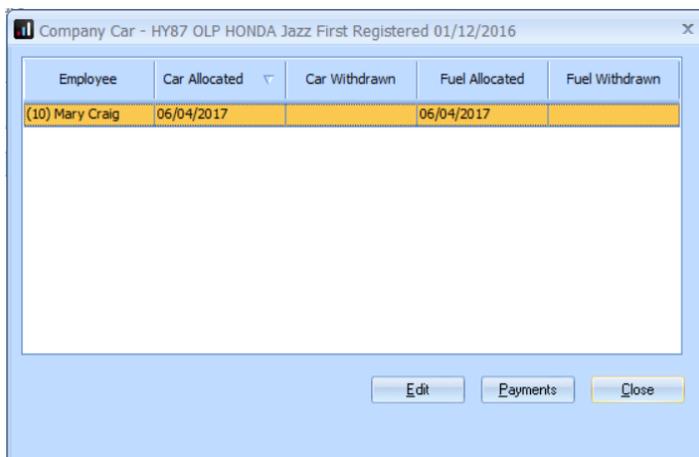
3. The screen will display a list of employees to whom the car has been allocated

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

How to view Employee History

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

2. Highlight the employee from the sidebar

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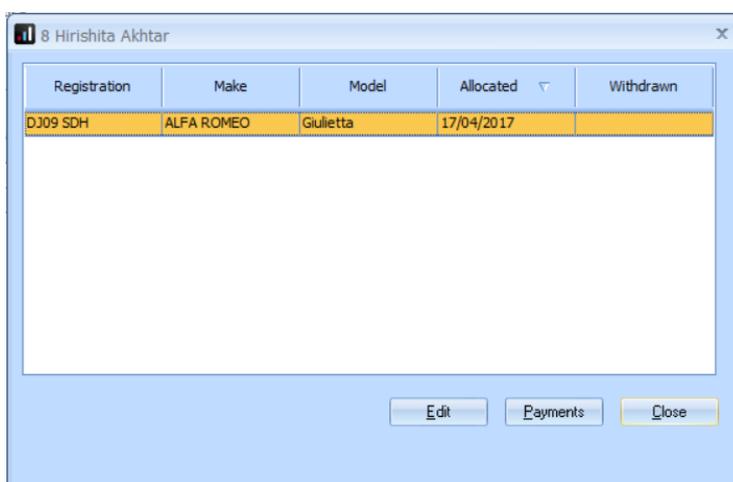
6. Click **Edit** to make changes to records that exist in the current tax year

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 are 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 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**, select **Reports | Report Manager | Summaries** and select **Car Benefit Summary**.

To print it, select **Reports | Summary Reports** and choose **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 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	For IRIS Payroll Professional
Tel: 0344 815 5656 Email: sales@iris.co.uk	Tel: 0344 815 5676 Email: earniesales@iris.co.uk	Tel: 0345 057 3708 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