

A woman with dark hair pulled back, wearing a black top, is shown in profile from the chest up. She is looking intently at a bright, glowing orb of light that she is holding gently in her hands. The background is dark, making the light orb stand out prominently.

Flexible Benefits and Taxation

Alison Ward
Director of Learning & Member Services

Popular Flex bens?

- Pensions
- Share Schemes
- Private Medical
- Childcare Vouchers
- Holidays
- Flexible Working
- Gym Membership
- Company Car
- Car Allowance
- Private Dental
- Provided Childcare
- Parking
- Cycles
- Mobile 'Phones

Tax-Free

- Cycles and Cycle Equipment
- Office Parking
- Mobile 'Phones
- Sports Facilities
- Training
- Pension Contributions (registered)

Be careful!!!!

- All schemes must be open to all employees to receive tax exemptions
- You cannot allow an employee to fall below the NMW
- Concerns over cycle to work scheme



Cycle to Work scheme

- Available to all, otherwise no exemption can apply
 - Under 18yrs cannot sign a consumer credit agreement
 - Health and safety issues
 - NMW



Taxable

- 2nd Mobile Telephone
- Vouchers (Cash)
- Mobile 'Phones
- Pension Contributions (unregistered)
- Computers to Employees (post 05/04/06)
- Dental
- Company car / allowance



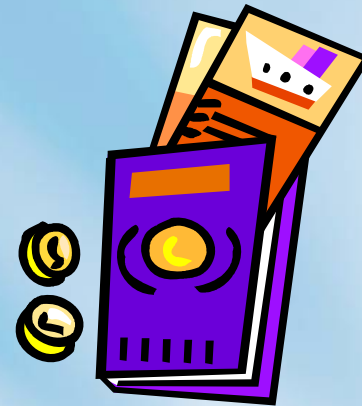
2nd Mobile Phone



- Must be declared on P11D
 - Asset available for private use
 - Budget 2006 stated only one permitted
 - Blackberry if not used as a phone in addition to mobile phone it is not a 2nd phone for tax purposes

Vouchers

- Exchanged for cash then taxable under Section 62 ITEPA
 - Premium bonds
 - Gold bullion
 - Diamonds



Pension Contributions

- If to an unregistered scheme
 - Treated as cash and taxable under Section 62 ITEPA as remuneration



Computers

- Home Computer Initiative abolished 2006/07
 - All computers unless issued for work purposes are now taxable



Childcare

- Employer-provided Childcare
 - Crèches, nurseries, play schemes etc
 - Conditions
 - HMRC Guidance Booklet E18



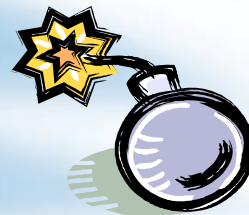
Childcare



- Employer-supported Childcare
 - ‘contracted childcare’ or vouchers
 - HMRC limits
 - In practice
 - Conditions
 - Where the exemption does not apply

Equal Treatment Directive Judicial Review in respect of

- Judgement handed down Feb 07
 - No distinction between entitlement to non-pay benefits during OML or AML
 - Includes accrual of contractual annual leave
 - Does not affect the rights of return to work
 - EWC on/after 05 October 08
- Guidance now produced:
 - <http://www.hmrc.gov.uk/employers/sml-salary-sacrifice.pdf>



ETD and Salary Sacrifice

- If you reduce the salary via the payslip you cannot....
 - Reduce SMP
 - Accumulate charges on woman's return



**THANK
YOU**

Alison Ward
**Director of Learning &
Member Services**