



Reminder: P11D Reporting for Private Medical Insurance, Cash Plan, and Critical Illness Cover

Dear Employers,

As the deadline for completion and submission of the P11D forms approaches, following the end of the tax year, we want to remind you of your obligation to report employee benefits and expenses. Specifically, this includes Private Medical Insurance, Cash Plans, and Critical Illness Cover provided to your employees. These benefits are considered Benefits in Kind (BIK) and must be included on the P11D form.

Why This Matters

Any benefits provided to employees, such as Private Medical Insurance, Cash Plans, and Critical Illness Cover, are subject to tax at the employee's marginal rate. This means that the value of these benefits is added to the employee's salary for tax purposes and taxed according to their

income tax band. Failure to report these correctly can result in penalties for both the employer and the employee.

How to Report Benefits

Identify the Cost: Determine the total cost of the benefits provided to each employee over the tax year.

Complete the P11D Form: Enter the value of the benefits in the relevant sections of the P11D form.

Submit to HMRC: Ensure the completed P11D forms are submitted to HMRC by the deadline, typically July 6th following the end of the tax year.

Provide Copies to Employees: Provide a copy of the P11D form to each affected employee so they can see the value of the benefits provided.

Tax Implications

Private Medical Insurance: The cost of providing private medical insurance to employees is taxable. This means that if an employer pays £1,000 for an employee's medical insurance, this amount is added to the employee's taxable income.

Cash Plans: Similar to medical insurance, any contributions towards employee cash plans are also taxable.

Critical Illness Cover: The premiums paid for critical illness insurance on behalf of employees are treated as taxable benefits.

These benefits are taxed at the employee's marginal tax rate, which could be 20%, 40%, or 45%, depending on their total income. This ensures that employees are paying tax proportionate to their earnings.



From April 2026 Payrolling Benefits

Businesses also have the option to payroll their benefits in kind as an alternative to submitting P11Ds for each employee. This method ensures that the correct tax on benefits is deducted in real-time, avoiding potential confusion with PAYE coding changes. Payrolling benefits can significantly reduce P11D reporting requirements, lower risk, and free up valuable administration time.

Starting from 6 April 2026, payrolling of benefits in kind will become mandatory, and Class 1A NICs will be collected through the payroll, eliminating the need to submit a P11D(b) at the end of the tax year from 2026/27 onwards.

We recommend preparing for this change by registering with HMRC to begin payrolling your benefits in kind for the 2025/26 tax year. Note that registration needs to be completed before 5 April 2025 for the 2025/26 tax year.

If you are interested in voluntarily payrolling benefits from 6 April 2025, please contact us to discuss how we can help you with this. You will need to determine the benefits to be payrolled and their value for each employee before your first payroll submission in April 2025.

How can we help?

Reporting these benefits accurately can be complex. If you require assistance in calculating the premiums or need help with reporting to your payroll or accountant, please do not hesitate to contact us at Corpad Employee Benefits. Our team of experts is ready to assist you in ensuring compliance and avoiding any potential penalties.

Thank you for your attention to this important matter. We are here to support you in managing your employee benefits effectively and ensuring compliance with HMRC requirements.

For further information please contact us

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