

NOTICE TO ALL STAFF CLAIMING BUSINESS MILEAGE

P11D NOTICE OF TAXABLE BENEFITS

In the next few days many staff will receive a P11D from us detailing any taxable benefits for tax year 2007/8 and the vast majority of these will relate to travel expenses.

The reason for this is because, in most cases, DCC pay above the maximum allowed by the Inland Revenue and the excess is classed as a taxable benefit. This is calculated on the total mileage and payments for the year.

eg

Casual mileage rate was 44.2p per mile (first 8,500 miles), the Inland Revenue maximum was 40p (first 10,000 miles). This gives an excess of 4.2p per mile which is taxable (40p is tax free).

So, if you have travelled 2,000 miles you will have been paid £884, the Inland Revenue allowance is £800 giving a taxable amount of £84 (£18.48 at 22% tax).

This would appear as below

BAND	TYPE	MILES PAID	MILES CLAIMED	PAYMENT	LUMP SUM	START	END
1	Cas	2000	2000	884		200701	200712
TOTAL		2000	2000	884			
TOTAL	884 PAID LESS	800 ALLOWED BY I.R.	= BENEFIT (12)	84			

For essential users, whilst the mileage rate is below 40p, the lump sum allowance (which is treated as part of your mileage allowance and not taxed when paid) has to be added to the total mileage payments.

Where you have travelled over 8,500 miles the rates will have varied, but this is allowed for in the calculation.

This information is also reported to the Inland Revenue who will make adjustments to your tax code for the current year to recover this.

We understand that some staff will be unhappy that they will have to pay tax on a percentage of their travel but this is something over which we have no control and DCC has an obligation to report this correctly.

We suffered significant disruption to service last year due to the number of staff complaining about this process, so please only contact us if you have a query over the mileage or payment totals (preferably by email to Travel@devon.gov.uk) when we will be happy to help.

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