

## Employment & Remuneration – looking after your employees



### 1. Make the most of the tax advantages offered by salary sacrifice schemes

Although the government has changed the rules on many salary sacrifice opportunities, remaining schemes involving pension contributions, childcare, low-emission cars (CO2 emissions not exceeding 75g per kilometre) and health-related benefits (such as cycling to work) continue to benefit from certain tax advantages, saving NICs and also possibly tax for the employee.

Apart from those salary sacrifice schemes listed above, other schemes have lost their tax advantages. However, existing schemes involving accommodation, school fees and cars with CO2 emissions above 75g per kilometre won't be affected until 6 April 2021, provided the terms of the scheme are not varied.

**Example:** James is employed by FGH Ltd on an annual salary of £80,000. Rather than making pension contributions of £5,000 personally, James agrees to sacrifice £5,000 of his salary in return for FGH Ltd making £5,000 of pension contributions on his behalf. James' tax position is unchanged, but both James and FGH Ltd benefit from NICs only being payable on salary of £75,000 instead of on £80,000.

### 2. Check how much you pay for the fuel used on business trips in your company cars

Employers can currently pay up to 21p per mile tax free (depending on the size of the car's engine and fuel type) to employees who pay for the fuel used in the company car they drive. If your company has any cars that are not fuel-efficient (such as a 4x4 used to cover rough terrain), you can use a higher tax-free mileage rate, provided the rate can be justified.

### 3. Pay for pensions advice for employees

You can pay for up to £500 of individual pensions advice per person per tax year when your employees are approaching retirement age, or are in ill health, and they will not be taxed on this useful benefit. You could also provide pensions advice under a scheme which is open to all employees generally regardless of age or health.

### 4. Reimburse the costs of a new employee's moving expenses

You can reimburse up to £8,000 of a new employee's qualifying moving costs tax free if they have to move house to take up the employment. If you pay more than this amount, the excess is taxed as part of the employee's salary. This tax relief only applies if the new employee does not already live within a reasonable daily travelling distance of their new place of work.

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### **5. Provide your employees with an annual health check and eye test.**

The health check is free of tax. Medical treatment paid for by an employer is generally a taxable benefit. However, there is an annual exemption of up to £500 where you fund medical treatment that will assist an employee's return to work from sickness or injury. The eye test is also tax free if the employee needs to use a computer screen or similar display screen as part of their job. Any special corrective lenses required to use that equipment can also be provided tax free.

### **6. Pay employees a tax-free allowance for each night spent away from home on business.**

A £5 tax- and NIC-free allowance can be paid for nights spent away in the UK on business. This is in addition to the cost of the employee's accommodation, meals and travel, which can be reimbursed if receipts are produced. The tax-free amount is £10 per night if the overnight stay is abroad.