Payrolling Benefits in Kind (BIK)

Benefits in Kind · https://paiyroll.com/kb/payrolling-benefits-in-kind-bik/

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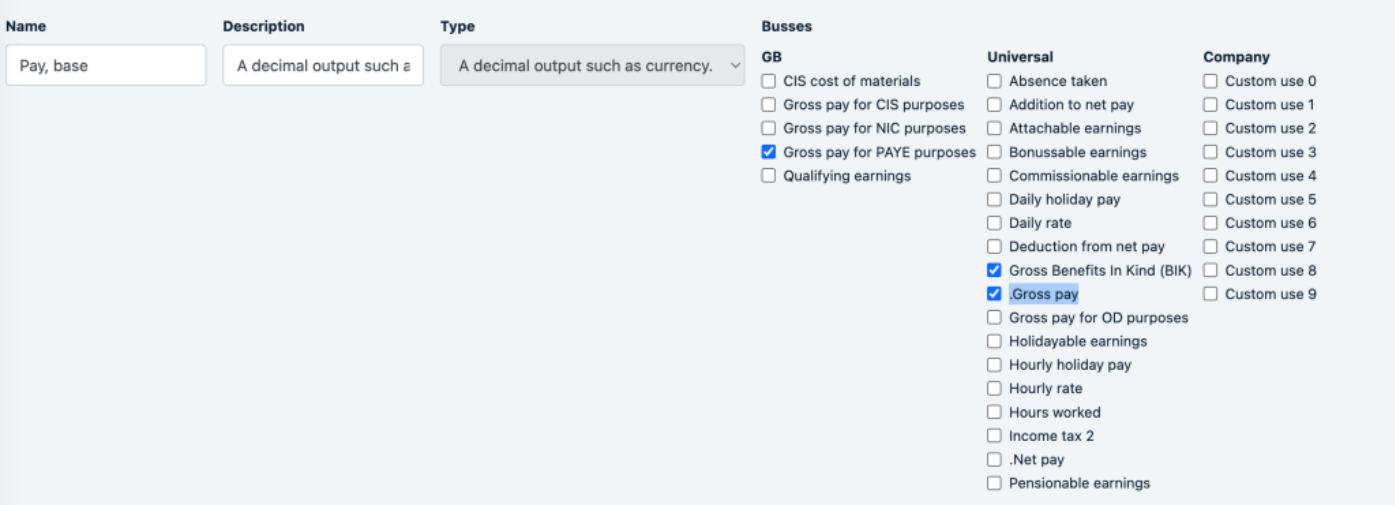
Register with HMRC

If you wish to payroll benefits and expenses before the start of the tax year, you must register with HMRC using the payrolling employee's taxable benefits and expenses online service.

Benefits Pay Definition

Add a new Pay Definition with an appropriate name

- Setup > Pay Definitions > Add
- Select the Company and use the **Payment** Template
- Clear all outputs except:
  - **Gross pay for PAYE purposes** and **Gross Benefits In Kind (BIK)**
  - **.Gross pay** for the journal
- Click **Add**



Employee Pay Item

Add the required pay items to any affected employees in the Pay Item Editor.

Enter a positive value representing the value of the benefit.

Check Operation

The benefit pay definition will work by:

- Increasing **Gross pay for PAYE purposes** by the benefit amount, thereby increasing income tax, and
- reporting to HMRC the benefit via **Gross Benefits In Kind (BIK)**.

Check that the PAYE tax amount increases when you add the benefit.

Paylip display

As long as the **.Gross pay** output is selected, the benefit value will show on the Payslips.

If, however, this value is cleared for journalling purposes, the benefit value will not be displayed on the payslips. In this case, you will need to add a **Message** pay definition to display the benefit and its value.