

## **Please check your director and employee loans for the tax year 6 April 2024 to 5 April 2025**

Your company's latest financial statements show loans made available to directors and employees of more than £10,000 each.

Even if some or all of a loan is repaid within 9 months of the end of your accounting period, there may still be an employment income beneficial loan charge. This is explained in the Income Tax (Earnings and Pensions) Act 2003 (ITEPA 2003).

You need to report any relevant loans on forms P11D and P11D(b) by 6 July 2025. The guidance below explains what we mean by a relevant loan. If you don't treat cheap or interest free loans correctly for tax and National Insurance, you may not be meeting your obligations as an employer.

This isn't a compliance check. We're writing to give you information about how to treat these loans, to help you avoid making mistakes in the future.

### **What you need to do**

- 1 Please read the guidance below.
- 2 Report any relevant loans in the current tax year by submitting form P11D/P11D(b) by 6 July each year.
- 3 Make sure you complete future P11D and P11D(b) returns on time, with details of any loans given. For more on when and how to do this, go to GOV.UK and search 'Beneficial Loan arrangements'.

### **Guidance**

A chargeable benefit applies when a director or employee takes an employment-related, taxable, cheap loan, except in an excluded employment. There are specific exceptions to this which are explained in Section 175(1) and (2) of the ITEPA 2003.

A taxable cheap loan is an employment-related loan:

- owed for all or part of the year in which the directors and employees are employed
- with no interest paid, or the interest paid is less than the official rate of interest – this is 2.25% from 6 April 2023
- where no exceptions in sections 176-179 of the ITEPA 2003 apply.

A cheap or interest-free loan doesn't have to be paid to the director or employee for a chargeable benefit to be applicable. It's enough if it's given because of their employment.

## More information

For more guidance, go to GOV.UK and search:

- 'EIM26102' for information about beneficial loans
- 'EIM20007' for information about excluded employments
- 'EIM26104' for information about the official rate amount
- 'EIM26132' for information about exemptions from charge
- 'EIM26251' for information about interest taken into account
- 'NIM16678' for information about National Insurance contributions due on beneficial loans
- 'NIM16679' for examples of when National Insurance contributions are due on beneficial loans.

If you need to contact us, please give us the reference at the top of this letter.

If you have an agent who deals with your payroll, you may want to show them this letter.

## Extra support

If you have any health or personal circumstances that may make it difficult for you to deal with us, please tell us. We'll help you in whatever way we can.

For more information about this, go to GOV.UK and search 'get help from HMRC if you need extra support'.

Yours faithfully

Join the millions of taxpayers already using their Personal Tax Account to access a range of services. It takes just a few minutes to get started, go to [www.gov.uk/personal-tax-account](http://www.gov.uk/personal-tax-account) Or you can use the HMRC app.

To find out about the service and standard of behaviour you can expect from us, go to [www.gov.uk](http://www.gov.uk) and search 'HMRC Charter'.