

Income Tax

What is income tax?

Income tax is exactly what it says on the tin; tax on your income. It is calculated based on the amount of income you have earned. It is NOT dependant on your age.

You have a 'Personal Allowance' of tax 'free' income per year. The tax year runs from April 6th to April 5th

When do I need to pay income tax?

You pay income tax when your income is over the Personal Allowance amount set by the Government each year. For 2017/2018 you can earn up to **£11,500** without paying income tax.

If you have a job then your Personal Allowance will be applied automatically through Pay as you Earn (PAYE) and you will see any amount deducted on your payslip

Some income is not taxable and therefore will **NOT** count towards your Personal Allowance, this includes

- Student Loans;
- Parental Contributions or gifts/loans from relatives;
- Most scholarships and research awards;
- Income from ISAs (Individual Saving Account);
- Prizes for academic excellence;
- Housing Benefit;
- Benefits: Disability Living Allowance, Personal Independent Payments, Employment and Support Allowance (Income Based), Income Support, Child Tax Credits and Health Costs.

Income which **IS** taxable includes

- Earnings from a part-time or full-time job;
- Benefits: Carers Allowance, Employment and Support Allowance (Contribution Based), and Job Seekers Allowance.

How much Income Tax do I need to pay?

Much much income tax you pay depends on your income **OVER** the Personal Allowance amount.

Income over £11,500	Percentage of Income Taxed
£0,000 - £33,500	20% (Basic Rate)
£33,501 - £150,000	40% (Higher Rate)
£150,001 and over	45% (Additioanl Rate)

Produced May 2017

For example if you earn £15,000 in one year: £11,500 is accounted as your Personal Allowance, £3500 is taxed at 20%, so you pay £700 in income tax

What if I only work during the holidays?

Your income will be calculated the same as someone who works the whole year and your employer uses the PAYE system. If you don't earn over the tax Personal Allowance but pay Income Tax as though you will, they you would be entitled for a refund. Information can be found on <https://www.gov.uk/student-jobs-paying-tax>

What are Tax Codes?

Different codes are used to calculate the amount of tax to be taken from your earnings. Your tax code will be found on your Payslip, on a P45 (when you leave work) on a P60 (your end of tax year summary) or a PAYE coding notice.

If you think your code is wrong and you're paying too much or too little tax call HM Revenues and Customs (0300 200 3300) or fill in a PAYE Coding Notice Form - <https://online.hmrc.gov.uk/shortforms/form/P2?dept-name=&sub-dept-name=&location=43&origin=http://www.hmrc.gov.uk>.

To calculate how much tax you should be earning or for more information please see the following websites

- www.hmrc.gov.uk/gds/calcs/stc.htm
- www.savethestudent.org/student-tax-refund
- www.taxguideforstudents.org.uk/tax-refunds/how-do-i-work-out-if-i-have-paid-too-much-tax

National Insurance Contributions

If you are earning then you will also pay National Insurance Contributions as well as Income Tax. National Insurance payments are also taken through the PAYE system.

For more information on National Insurance and your National Insurance Number (NINO) please see our National Insurance leaflet found on the RUSU Advice Pages (www.rusu.co.uk/advice/) or in the ARC.

If you would like further advice or to speak with somebody in person then a Students' Union Adviser may be able to help. The specialist advisers offer a confidential service, independent from the University so they can discuss your case with you in private.

Contact us by email at advice@rusu.co.uk, or visit us in the RUSU building.

You can book an appointment or attend a drop-in session. Drop in runs on Monday, Tuesday, Thursday & Friday (11.00am-1.30pm) and Wednesday (2pm-4.30pm)

