

Tax and National Insurance

Being faced with a battery of income tax forms - P46s, P45s and P50s - is enough to put almost anyone off ever thinking about their tax bill.

However, at some point during your student days you may be faced with a tax form to complete. Reading through this leaflet could help ensure you pay as little tax as possible (legally). This will be one way to help stretch your personal budget.

Is my student income taxable?

The good news for students is that your Student Loan, NHS Bursaries, Grants and the Student Support Fund are tax-free. There are no special allowances for students; your income will be taxed under the same rules that apply to other workers. However, you will only pay tax on the income above your personal allowance.

What is my personal allowance?

The tax allowance for 2018/19 is:

- Single Person Basic: £11,850
- For those who are blind there is an additional allowance of £2,390.

You can find more details on all of the above via the following link: www.gov.uk/income-tax-rates

How much can I earn before I pay tax?

Remember, you should only start paying tax when you earn over your tax threshold, your tax code will dictate this figure. Check with your employer that you are on the right tax code. If you have a P45 given to you by a previous employer, give it to your new employer. If it is your first job you may have to fill out a 'New Starter Information Form' to establish which tax code you should have.

What if I have paid too much tax?

If you think you may have paid too much tax, i.e. became unemployed or you gave up work during a tax year to start a full-time course, you can fill in a P50 to claim back any tax owed. You should complete this form and send it, with a letter that states you are a student, to HMRC. It is also important to keep any payslips and P60s or P45 forms you are given to back up your claim. HMRC suggests that you make such a claim no earlier than

one month after leaving your most recent employment. They will try to make sure any refund entitlement is paid to you within 28 days. You can submit a repayment claim for up to four years from the end of the tax year. Contact the tax office for more information. You can use the quick online calculator to see how much you might be owed at: www.hmrc.gov.uk/calcs/stc.htm

I have some savings. Do I have to pay tax on them?

With a few exceptions (such as an ISA), interest on savings is normally taxed automatically. However, if you expect to earn less than your personal allowance during the tax year ending 5 April, you can stop this happening by filling in a Form R85. Ask your bank for details.

As a student will I still have to pay National Insurance Contributions (NIC's)?

Yes, you will pay National Insurance contributions if you earn more than £162 a week. You pay 12% of your earnings above £162 and up to £892 a week. If you are able to find a job that pays over £892 per week, the rate drops to 2% of your earnings over £892 a week.

For example, if you are lucky enough to earn £1,000 a week, you pay:

- Nothing on the first £162
- 12% (£87.60) on the £730
- 2% (£2.16) on the £108

I don't have a National Insurance number. How can I get one?

If you don't already have an NI number (NINO) you will need to telephone the National Insurance number application line on 0345 600 0643. They may arrange for you to attend an interview. You will need a NINO irrespective of whether you are working in order to receive your student loan payment. It is likely that your application for student funding will have already triggered an application for a NINO, SFE will write to you about this.

You can find more information about National Insurance at: www.gov.uk/national-insurance

What is Marriage Allowance?

If they earn more than you, Marriage Allowance lets you transfer £1,190 of your Personal allowance to your husband, wife or civil partner. This would reduce their tax bill by £238.

For this to benefit you financially as a couple, you as the lower earner must have an income of less than £11,850.

What happens if I work abroad?

If you are going to do part of your course outside the UK and would like to work, you can get information about your tax and NICs from the Centre for Non-Residents at: www.gov.uk/student-jobs-paying-tax

What happens if I am a student from overseas and I work in the UK?

Many overseas students find work in the UK. If you do, then you will pay tax and National Insurance contributions on these earnings.

To make sure you are not paying too much tax you can contact the HMRC general enquiries line: 0300 200 3300 from inside the UK or + 44 135 535 9022 from outside the UK.

You must make sure you have permission to work in the UK, and are working within the permitted hours. If you are unsure of the conditions that surround working in the UK as a student you may like to look at Student Welfare Guide:2018/19 'International Students and Work'

How do I check my Income Tax for the current year?

You can now review your income tax including your current tax code online:

www.gov.uk/check-income-tax-current-year

You will need to set up a GOV.UK Verify account, which takes about 10 minutes. Once this has been completed you will be able to:

- estimate how much tax you'll pay over the whole tax year
- check your tax code and Personal Allowance
- change the estimates of how much income you'll get over the year e.g. from any paid work you do

If I get a part-time job while I study, what is the minimum wage that I should be paid?

The current minimum wage if you are 25 and over is £7.83, or if you are 21 it is £7.38 per hour. For those aged 18 to 20, it is £5.90 per hour and for those aged 16 and 17 it is £4.20 per hour. The minimum wage for those working as an Apprentice is £3.50 per hour.

You can find out more at: www.gov.uk/national-minimum-wage-rates

National Minimum Wage rates change every April.

Web sites that specialise in tax related student issues:

www.hmrc.gov.uk/students

www.studenttaxservices.org.uk

www.taxguideforstudents.org.uk

Other resources

Besides the student advice sites already mentioned, there are a number of other resources that can offer advice and assistance with regard to tax matters. Visit www.hmrc.gov.uk

Alternatively, Tax Aid offers telephone advice to the public. Visit www.taxaid.org.uk or call 0300 330 5477

Any questions?

Contact the Middlesex University Student Welfare Advice Team on 020 8411 3008 or email: welfare@mdx.ac.uk

You can access some of our other Welfare Advice Guide information leaflets at: unihub.mdx.ac.uk/welfare-guides

Middlesex University Student Welfare Advice Team have made every effort to ensure that the information contained in this leaflet is accurate. Middlesex University however, cannot be held responsible for any omissions or errors. This publication can only be a guide and is not intended to replace the complex and diverse legislation covered. Statutes and regulations may change during the year without notice. If in doubt seek independent advice.

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