



UK Personal Tax Facts



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Income Tax is a tax you pay on your income. You do not have to pay tax on all types of income.

Most people in the UK get a Personal Allowance of tax-free income. This is the amount of income you can have before you pay tax. The amount of tax you pay can also be reduced by tax reliefs if you qualify for them.

You pay tax on things like:

- Money, you earn from employment
- Profits you make if you're self-employed
- Some state benefits
- Some grants, including the Self-Employment Income Support Scheme, the Small Business Grant Fund, the Retail, Hospitality and Leisure Grant Fund and the Coronavirus Job Retention Scheme
- Most pensions, including state pensions, company and personal pensions and retirement annuities
- Rental income (unless you're a live-in landlord and get less than the rent a room limit)
- Benefits you get from your job
- Income from a trust
- Interest on savings over your savings allowance

You do not pay tax on things like:

- The first £1,000 of income from self-employment - this is your 'trading allowance'
- The first £1,000 of income from property you rent (unless you're using the Rent a Room Scheme)
- Income from tax-exempt accounts, like Individual Savings Accounts (ISAs) and National Savings Certificates
- Dividends from company shares under your dividends allowance
- Some state benefits
- Premium bond or National Lottery wins
- Rent you get from a lodger in your house that's below the rent a room limit

Most people pay Income Tax through PAYE. This is the system your employer or pension provider uses to take Income Tax and National Insurance contributions before they pay your wages or pension.

Your tax code tells your employer how much to deduct.

2023-24 Income Tax Deductions:

- The standard employee personal allowance for the 2023 to 2024 tax year is £12,570 per year (£242 per week or £1,048 per month)

The UK tax year runs from 6th April to 5th April the following year. Income tax is deducted from your taxable pay.

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PAYE tax rate	Rate of tax	Annual earnings the rate applies to (above the PAYE threshold)
Basic tax rate	20%	Up to £37,700
Higher tax rate	40%	From £37,701 to £125,140
Additional tax rate	45%	Above £125,140

*Rates differ if you are based in Scotland or Wales.

Personal Tax Allowance

Not all of your salary is subject to income tax as nearly every UK resident employee will receive a personal tax-free allowance. The standard Personal Allowance for 2023/2024 is **£12,570**.

The tax code you are given by HMRC will dictate your personal allowance. Your personal tax allowance is divided weekly over the tax year so each salary payment will have a proportion of income not subject to tax. For the tax year 2023/2024 the standard weekly income tax free allowance is £242.

If you're planning to undertake work via more than one agency/client, then it's advisable that you try to use one umbrella company to employ you on all your assignments for the full year. This will ensure the most tax efficient use of your personal allowance.

How to obtain a Personal Tax Allowance

If this is your first job in the UK, it is essential that you complete a starter declaration form. If needed, we will send this form to you when you register with us. Should you need assistance in completing the form were on hand to assist. Once you have completed the starter declaration form can provide you with a temporary tax code and therefore the appropriate personal tax-free allowance.

If you have already worked in the UK this tax year you will need to submit to us the **P45** form that your previous employer would have sent to you. This will ensure that you are on the correct tax code and therefore receive the correct tax allowance.

Emergency tax codes

The emergency tax codes from 6 April 2023 are:

- 1257L W1
- 1257L M1
- 1257L X



Employee National Insurance - Class 1 National Insurance rates

As an employee, you pay Class 1 National Insurance contributions.

National Insurance category letter	Earnings at or above lower earnings limit up to and including primary threshold	Earnings above primary threshold up to and including upper earnings limit	Balance of earnings above upper earnings limit
A	0%	12%	2%
B	0%	5.85%	2%
C	nil	nil	nil

Your Employee National Insurance contributions are automatically deducted from your gross pay via the PAYE system so you don't have to complete a tax return (unless you have other earnings outside of the PAYE system).

How to obtain a National Insurance number

If you don't have a National Insurance number, you will need to phone Job Centre Plus on **0845 6000 643**

They will send you an application form for you to complete and return to them.

The standard turnaround for you to receive a National Insurance number is 7-10 working days.

National Minimum Wage

The National Minimum Wage is the minimum pay per hour almost all workers are entitled to by law.

These rates apply from 1 April 2023.

Category of worker	Hourly rate
Aged 23 and above (national living wage rate)	£10.42
Aged 21 to 22 inclusive	£10.18
Aged 18 to 20 inclusive	£7.49
Aged under 18 (but above compulsory school leaving age)	£5.28
Apprentices aged under 19	£5.28
Apprentices aged 19 and over, but in the first year of their apprenticeship	£5.28

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