

Income tax and being a student

Income tax is paid by everyone, including students, who earn over a certain amount (£7,475 for 2011/2012) over the tax year. The tax year runs from 6th April to 5th April.

What if I only work in the summer holidays?

If you only work during the Summer, Christmas and Easter vacations, there are special rules regarding tax. If you know you will not earn more than your personal allowance (£7,475 for 2011/12) and you continue to be a student after 5th April, you will not pay tax. For this to happen you need to ask your employer to complete a P38(s).

What happens if I work during term time and in the holidays?

The special rules mentioned above do not apply. If you work all year round then the normal rules regarding tax and National Insurance will apply. So, if you have had a previous job, your employer will have given you a form P45 when you left. Give this to your new employer. If you have no form P45, or you left your last job in an earlier tax year, you will need to complete a form P46. Your new employer will provide this form.

I have two part time jobs, how much tax will I pay?

It doesn't matter how many jobs you have, you are only entitled to one Personal Allowance in any tax year (£7,475 in 2011/2012).

If you start a second job - without giving up your first job - you will need to complete a form P46. You should use this form to tell your new employer you are working somewhere else as well. Your new employer will then deduct tax at basic rate (20%) from your wages.

However, if you don't pay tax on your first job it probably means that you are not using all of your Personal Allowance, and you may then be paying too much tax. You should contact your [Tax Office](#) and discuss splitting your Personal Allowance between your jobs. They will pro-rate your earnings for both jobs and if over the tax year you will not exceed the personal allowance, you should not pay tax. For 2011/12 the maximum weekly amount you can be paid before incurring tax is £139.

How much tax will I have to pay?

This depends on how much you earn. Everyone has an amount they can earn tax –free called a personal allowance. Any earnings above this are taxable. Single people have a personal allowance of £7,475 for 2011/ 2012.

Income above that is charged as follows;

- 20% on earnings between £0 and £35,000.
- 40% on earnings between £35,001 and £150,000
- 50% on earnings above £150,000

If I have paid tax but by the end of the tax year I have not exceeded my Personal Allowance can I get a refund?

Yes. If you stop working because you return to study or are unemployed for at least 4 weeks and think you have paid too much tax you can ask your Tax Office for a repayment claim form (P50). If you are still working contact your employer's Tax Office to request that they check your position. Or, you can ask your Tax Office to review your tax position at the end of the tax year. The time limit for making a repayment claim is five years and ten months from the end of the tax year in question. You can also check whether you are owed a refund by using the tax checker on the Inland Revenue website and Student Tax Advice website. (see below)

What income counts as taxable?

Wages, income from rent, interest from savings, some benefits including Jobseekers Allowance and Income Support (tax is not deducted from these but they count as taxable income at the end of the tax year). Student Loans/grants, scholarships, most research awards and Housing Benefit are **not** taxable.

What should I do about tax when I leave my job?

Keep the form P45 your employer gives you safe. You may need it again in the future. If you don't go into another job and do not claim Job Seekers Allowance you may be entitled to a repayment. Ask your local Inland Revenue office about making a repayment claim.

What is the National Minimum Wage?

If you are 22 or over the rate is £5.93 from 1 October 2010
If you are 18 - 21 years old the rate is £4.92 from 1 October 2010

Useful contacts

Student Tax Advice - www.studenttaxadvice.org.uk

National Minimum Wage helpline - 0845 6000 678

Inland Revenue - www.hmrc.gov.uk/students

NINO helpline for UK residents 0845 070 0040

South Wales Tax Office 0845 300 3949 (8am-8pm Mon-Fri and 8am-4pm Sat)

The pay and work rights helpline—0800 917 2368

Job Centre Plus

64 Charles Street

Cardiff

CF10 2GS

Telephone number: 0845 604 3719

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