

## Overseas teachers' guide to UK taxation

The UK operates a Pay as You Earn (PAYE) system for candidates employed by a UK company. As a UK company we collect the relevant deductions from each salary payment we make to you and pay it to Her Majesty Revenue and Customs (HMRC)

The HMRC is the equivalent of the ATO in Australia, the IRD in New Zealand, and the CRA in Canada.

The UK Tax Year runs each year from the 6th April to the 5th April of the following year. It is not compulsory for you to complete a UK Tax Return.

This guide will give you a basic overview of the typical deductions that are deducted via the UK PAYE system.

### Income Tax

Income Tax is deducted from the gross salary we pay to you.

2016-17 Income Tax deductions

Income Tax band	Income Tax rate applicable
£0 - £32,000	20%
£32,001 - £150,000	40%

### 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 Tax allowance for 2016/2017 is £11,000. The tax code you are given by HMRC will dictate your personal tax allowance (see section below on how to obtain a personal tax 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 2016/2017 the standard weekly income tax free allowance will be £212 per week. If this is your first job in the UK, this tax free allowance is back dated to 6 April 2016, so you may find you pay little or no income tax on your first few salary payments.

### How to obtain a Personal Tax allowance

If this is your first job in the UK, it is very important that you complete a starter declaration form (known as a P46) You will be able to complete this form electronically via our online registration process. Completing the P46 form will 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.

### Employee National Insurance

You pay National Insurance contributions to build up your entitlement to certain state benefits.

As an employee you pay Class 1 National Insurance contributions. The rates are:

- if you earn more than £155 a week and up to £827 a week, you pay 12% of the amount you earn between £155 and £827
- if you earn more than £827 a week, you also pay 2 per cent of all your earnings over £827

These Employee National Insurance contributions are automatically deducted via the PAYE system so you don't have to worry about completing a tax return.

### How to obtain 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.

Our registration consultants are available on **01296 468 483** or via email on [info@genieeducation.com](mailto:info@genieeducation.com) to answer any questions you may have on the UK PAYE tax system.