

A Guide to UK Taxation

The UK tax year runs from 6th April to 5th April the following year. This guide will give you a basic overview of the rates and allowances for the coming year.

Income Tax

Income tax is deducted from your taxable pay.

2018-19 Income Tax Deductions:

<u>Income Tax Band</u>	<u>Income Tax Rate</u>
£0 - £34,500	20%
£34,501 - £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 Allowance for 2018/2019 is £11,850. The tax code you are given by HMRC will dictate your personal allowance (see section below on how to obtain a 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 2018/2019 the standard weekly income tax free allowance is £228. If this is your first job in the UK, this tax free allowance is back dated to 6 April 2018, so you may find you pay little or no income tax on your first few salary payments.

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

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How to obtain a Personal Tax Allowance

If this is your first job in the UK, it is essential to complete a starter declaration form (P46). We will send you this form when you register to become our employee, and our staff will be happy to assist you in completing the form. 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:

You pay 12% of the amount you earn between £162 and £892.

You also pay 2% of any amount you earn over £892.

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.

Autoenrolment Pension

Beginning on 6 April 2018, we are required to increase the amount of contributions into the automatic enrolment pension. The table below shows the phases of contribution increases.

Date effective	Employer minimum contribution	Staff contribution	Total minimum contribution
Until 5 April 2018	1%	1%	2%
6 April 2018 to 5 April 2019	2%	3%	5%
6 April 2019 onwards	3%	5%	8%



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Government Childcare Scheme

Tax-Free Childcare is a new government initiative that is being fully rolled out in April 2018 to replace the existing Childcare Voucher Scheme.

For eligible families, Tax-Free Childcare offers to cover 20% of childcare costs up to £2,000 per child, per year for children up to the age of 12, or £4,000 per child per year up to the age of 17 for disabled children.

If you get tax free childcare the government will pay £2 for every £8 you pay into your online childcare account, up to the maximum. You can use this account to pay for [approved childcare](#).

**If you have questions or if we
can help in any way, please
contact our**

Contractor Support Team

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