

Pension payments and tax

premier see change

Pay as you earn (PAYE)

You have to pay income tax on your pension payments but you **do not have to pay** National Insurance. We take tax from your pension before we pay it to you. You don't have to do anything, this happens automatically. The amount we pay into your bank account is called the net payment.

Your tax code

Your tax code decides how much tax we take from your pension before it gets paid to you. HM Revenue & Customs (HMRC) calculate your tax code every month and tell us what it should be. We cannot change or update your tax code without HMRC contacting us directly to provide us with this information.

If you think your tax code is wrong

Your tax code is based on your personal circumstances and takes into account your total income from all sources. Only HMRC can work out what your tax code is and they are the only people allowed to change it. If you think your tax code is wrong **you must contact HMRC** and ask them to change it. We cannot do this for you as your tax affairs are confidential and HMRC will speak only to you about your tax code.

Tax codes explained

A tax code is made up of letters and numbers and is shown on your payslip. It will also be on the coding notice you get from HMRC and the P60 you get after the end of the tax year.

Your tax-code number, 1,000 for example, should reflect how much tax-free pay you are allowed to earn in each tax year (£10,000 for 2014-2015). As a general guide, you need to multiply your tax code by 10 to get the total amount of income you can earn each year before being taxed.

The tax-code letter gives us more information on the type of allowances you receive or the rate of tax that should be charged. We have explained the most common codes used below, but you should contact HMRC if you need further help or have any questions about these codes.

Letter	Explanation
L	You get the basic personal allowance for a person aged under 65.
P	You get the full age-related personal allowance for someone aged between 65 and 74.
Y	You get the full age-related personal allowance for someone aged 75 or over.
NT	You pay no tax on this income.
K	Total deductions are more than your allowances. If the untaxed income on which tax is still due is greater than your annual allowances you'll be given a K code, to make sure you pay tax on the excess. While other tax-code numbers indicate the amount you can have tax-free, the number in a K code multiplied by 10 broadly shows much must be added to your taxable income to take account of the excess untaxed income you received.
BR or DO	All your pay from this source is taxed at the basic rate (BR) or higher (DO) rate. This is because your allowances have already been used up against your other income.

HM Revenue & Customs taxes helpline

Please have your National Insurance number with you when you phone.

0300 200 3300

8am to 8pm, Monday to Friday and 8am to 4pm Saturday.

If you are deaf or have hearing or speech difficulties, call 0300 200 3319 (textphone).

If you would like this information in a different format, such as large print, please contact us on **0800 122 3200** or email **admin@premiercompanies.co.uk**.



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