

Recruiting Teachers into UK Schools

Information on Tax

Working as a teacher in the UK – UK Taxation

Working as a teacher in the UK with **justteachers** you will be liable to pay tax to Her Majesty's Revenue and Customs (HMRC). To ensure that you make the most from working as a supply teacher with **justteachers** you can work with umbrella organisations. If you are working as a **justteachers** supply teacher in England, an umbrella organisation will ensure that you maximise your earning potential. You will be able to offset legitimate business expenses, such as travel and accommodation, against your gross pay which will in turn increase your net take home pay. This of course will ensure that you have more money to enjoy the sights and sounds of living in the UK.

Umbrella Companies

An umbrella company acts as employer to overseas teachers who work in temporary or supply contracts; unfortunately you are unable to work through an umbrella if you are placed in to a permanent position. A UK umbrella company issues invoices to **justteachers** and when payments are made, the umbrella company pays the teacher through PAYE.

When working through an umbrella company you are paid a mixture of salary and reimbursed expenses. Umbrella companies are a recognised route to ensuring that employment expenses, such as travelling to and from schools in the UK, subsistence and accommodation etc., are paid in a tax efficient manner.

Please note that justteachers do not work with managed service companies or personal service companies (limited companies).

Who are Her Majesty's Revenue and Customs?

Her Majesty's Revenue & Customs (HMRC) are responsible for collecting the bulk of tax revenue, income tax and national insurance contributions. For any employer tax enquires call 0845 302 1433. Please note it is your responsibility to ensure you are on the correct tax code and you have submitted the required paperwork to HMRC.

For more comprehensive information on any of the below subjects, please click on the below logo:



Their website is www.hmrc.gov.uk

What is Income Tax?

In the UK, income tax is simply a tax levied on a teacher's income. Income is taxed at different percentage rates, depending on the amount of taxable income that you will earn as a teacher in England and the source of the income. These rates are announced in the UK's Budget every year.

The current rates of income tax are shown below.

Tax allowances

Every teacher is entitled to a basic personal tax allowance.

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As a teacher in England you will be taxed under Pay As You Earn (PAYE) (see below for further information). The majority of overseas teachers working as supply or permanent teachers in the UK are employees. Your personal allowance will be spread evenly throughout the year, so that each week or month you will be left with a certain amount of tax-free income and income tax will only be charged on the remaining taxable balance.

Rates and allowances - Income Tax

Income Tax rates and taxable bands		
Rate	2010-11	2011-12
Starting rate for savings: 10%*	£0- £2,440	£0- £2,560
Basic rate: 20%	£0- £37,400	£0- £35,000
Higher rate: 40%	£37,401- £150,000	£35,001- £150,000
Additional rate: 50%	Over £150,000	Over £150,000

For further information please go to:



Their website is www.hmrc.gov.uk/rates/it.htm

Teaching in England - Understanding Pay As You Earn (PAYE)

Deduction of tax at source

Working as a teacher in the UK with **justteachers** you will pay your tax through deductions that are made from your income before you receive it. This is called deduction at source.

What is Pay as You Earn (PAYE)?

Your PAYE UK deductions will be a combination of your income tax and National Insurance (NI) contributions, more information is provided on NI below.

As a teacher in the UK you are entitled to receive written confirmation of deductions that have been made by:-

- **justteachers** or your umbrella company. You will be provided with weekly payslips, showing gross pay, deductions made and net pay if you are an employee; and

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- a P60 certificate. At the end of each tax year you will receive a P60 confirming the total amount of gross earnings, and the income tax and class 1 national insurance contributions deducted; and
- a P45 certificate. Whenever you change permanent teaching jobs you will receive a P45 which shows the tax code operating on your earnings at the time you left and, in some cases, the earnings and income tax deducted in the tax year to date.

For more information on tax codes please go to

www.direct.gov.uk/en/MoneyTaxAndBenefits/Taxes/BeginnersGuideToTax/IncomeTax/Taxcodes/DG_078568

Teaching in England - What is National Insurance?

National insurance is a scheme where teachers in work make compulsory payments towards state benefits for example a state pension. The payments are called national insurance contributions and certain benefits are **only** payable if you meet both the national insurance contribution conditions and your immigration status grants you permission to apply for public funds. National insurance contributions also go towards the costs of the National Health Service. The national insurance scheme is administered by the HM Revenue and Customs (HMRC).

Who pays National Insurance?

When you are teaching in the UK you will pay National Insurance Contributions (NICs). Your National Insurance number (NI number) is your own personal account number. The number ensures that the National Insurance contributions and the tax you pay are properly recorded on your account. It also acts as a reference number for the whole social security system. Please go to www.direct.gov.uk/en/MoneyTaxAndBenefits/BenefitsTaxCreditsAndOtherSupport/BeginnersGuideToBenefits/DG_4016266 for more information.

Who uses your NI number?

The only people you should ever give your NI number to are:

- HM Revenue & Customs (HMRC)
- your employer

How to get an NI Number?

justteachers will assist you in setting up a National Insurance number. We have a fast track service for overseas teachers making the process quick and hassle free allowing you the time to focus on teaching in England.

How much will I pay?

The following amounts apply for the 2010-11 tax year:

If you're employed

- if you earn above £110 a week (the 'earnings threshold') and up to £844 per week you pay 11 per cent of this amount as 'Class 1' NICs
- you also pay one per cent of earnings above £844 a week as Class 1 NICs

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What else do I need to know?

Form P86

If you have arrived in the UK for the first time or following a period of absence, use form P86 to provide HMRC with the information they need to make sure that you pay the right amount of tax. This includes details relating to your country of residence, ordinary residence and domicile.

Please go to <http://search2.hmrc.gov.uk/kbroker/hmrc/forms/viewform.jsp?formId=768> to download the P86 form.

Form P85(S)

This form should only be used if you are not a UK citizen and you are leaving the UK after completing a work assignment here. The completed form should be sent to the tax office dealing with your tax and you should enter your tax reference (if known) and National Insurance number in the boxes at the top of the front page.

Please go to www.hmrc.gov.uk/CNR/p85_p85s.htm to download form P85 and P85(S)

Form 85 – for overseas teachers who for the purpose of tax are deemed to be UK Citizens

This form is for use if you have left or are about to leave the UK. It helps HMRC decide how you should be treated for UK tax purposes after you leave. If you are not a UK citizen and have only been in the UK for the purposes of a work assignment you should use form P85(S) instead (see above). The completed form should be sent to the tax office dealing with your tax and you should enter your tax reference (if known) and your National Insurance number in the boxes at the top of the front page.

P45 forms

You get a P45 from the umbrella company when you stop working for them. It's a record of your pay and the tax that's been deducted from it so far in the tax year. It shows:

- your tax code and PAYE (Pay As You Earn) reference number
- your National Insurance number
- your leaving date
- your earnings in the tax year
- how much tax was deducted from your earnings

The umbrella company will automatically give you a P45 when you stop working for them, please **ensure** that you provide them with a forwarding address as they will be unable to issue a replacement.

P46 forms

If you're starting your first teaching job in the UK you will not have a P45 form therefore you will be given a P46 form to fill in and sign. HMRC will then process your P46 and issue your tax code.

Please go to www.hmrc.gov.uk/forms/p46.pdf to download a P46 form.

Completing a P46 if you've lost your P45

If you lose your P45 you will not be able to get a replacement. If you accept a permanent post with a school, they will give you a form P46 to complete so that HMRC can give you a code number for your new employment.

P60 forms

Your P60 is the summary of your pay and the tax that's been deducted from it in the tax year. Your employer should give you a P60 to keep as a record at the end of every tax year (which runs from 6 April to 5 April the next year).

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You might need it:

- to claim back any tax you've overpaid
- if you are eligible to apply for Tax Credits

You may also need it as proof of your income if you apply for a loan or a mortgage in the UK - so it's important to keep all your P60s safe.

Lost P60 - If you've lost your P60 your employer can issue you with a duplicate - but this must be clearly marked as being so.

Claiming Tax Back – doing it yourself

It is possible to submit the claim yourself — all the relevant forms (those leaving before the end of the tax year and not returning will need a P85S) forms can be downloaded from HM Revenue and Customs site www.hmrc.gov.uk or please go to www.hmrc.gov.uk/CNR/p85_p85s.htm to download form P85 and P85(S)

The below is taken directly from the HMRC web site to get the latest information go to www.hmrc.gov.uk/incometax/stop-work-refund.htm

When a tax refund might be due

A tax year runs from 6 April to 5 April. If you stop working part way through a tax year, you might have paid too much tax for that year. This can happen if you were paying tax through PAYE (Pay As You Earn) as an employee and:

- you were only employed for part of the tax year - and didn't get any taxable state benefits for the rest of the tax year after you stopped working
- you retired part way through the tax year
- your employer was using the wrong tax code
- you're a student and only worked in the holidays but didn't complete a form P38(S) Student Employees
- you were made redundant and couldn't get another job

If you're self-employed, you have to make 'payments on account' of your next year's tax bill. If you've made payments on account of the tax due for the year when you stop working, you might have paid more than you have to.

Whether you were employed or self-employed before you stopped work, if you've paid too much tax you'll be able to claim a refund of the amount that you've overpaid.

Where to send it

Once you've filled out the forms, send them off to the relevant HMRC office. To find your HMRC office you need to know your employer's tax office code (it should be on your P60 or P45) and then go to the HMRC tax office locator <http://search2.hmrc.gov.uk/kbroker/hmrc/locator/locator.jsp?type=1>

justteachers Tax Ref No - 585/YZ67606

justteachers employer tax office is: HMRC, North Yorkshire, Swinson House, 23 Piccadilly, York, YO1 9PG. Tel : 01904 526664 or 0845 302 1433

Please note that justteachers are not financial advisors and nothing contained in this document should be perceived as financial advice. Please forward any questions regarding working as a teacher in the UK to Paul Ashworth– **justteachers International Manager paul@justteachers.co.uk**