



## Important Note

If you had arranged for your bank or building society interest to be paid with no tax taken off because you thought you would not be liable for tax, but now expect your income to exceed your personal allowance for the year, you should inform them immediately, telling them to cancel the arrangement and to start deducting tax from your interest.



## Further information

More detailed information may be obtained from your local Tax Office or from the web site: [hmrc.gov.uk/students/](http://hmrc.gov.uk/students/)

# get in touch:

**High Wycombe Campus**  
Reception  
t: 01494 603 016  
e: [suadvice@bucks.ac.uk](mailto:suadvice@bucks.ac.uk)

**Uxbridge Campus**  
Reception  
t: 01494 605 180  
e: [suadvice@bucks.ac.uk](mailto:suadvice@bucks.ac.uk)

bucks students' union

## Advice Centre

"a helping hand for  
everything student"



## INCOME TAX & STUDENTS

Bucks Students' Union Advice Centre is a member of:  
Advice UK - The Voice of Independent Advice  
CPAG - The Child Poverty Action Group  
NASMA - The National Association of Student Money Adviser  
UKCISA - The UK Council for International Student Affairs

For our current opening times please go to our website: [bucksstudent.com/advice](http://bucksstudent.com/advice).  
Email us on: [suadvice@bucks.ac.uk](mailto:suadvice@bucks.ac.uk) or call us on 01494 603 016.

Appointments can often be arranged outside our published times so please ask. We will usually be able to respond to any enquiry within 48 hours during term-time, but often more quickly.

***The information above was last updated in 11/11. However, we recommend before you make any decision or enter into any agreement you carry out your own checks.***

advice



## What is income tax?

Income tax is your contribution to Government spending. Everyone who earns or receives income over a certain amount in the tax year pays income tax, and the more you earn the more you pay.

Your employer will usually take the tax from your earnings each pay day and pass it on to HM Revenue and Customs. This is known as Pay As You Earn (PAYE) – see separate leaflet. It takes care of your tax automatically and saves you having to pay tax in one go at the end of the year.



## Do I have to pay tax on all my income?

Certain forms of student income are exempt from tax e.g. grants, scholarships etc. Taxable income includes:

- Earnings from full or part-time employment including tips and bonuses
- Dividends on shares
- Bank and Building Society interest
- Income from letting / sub-letting
- Interest from National Savings investments (except NS Certificates).

However, everyone can earn or receive an amount of income in each tax year before paying tax. This is called the personal allowance. If your income is below your **personal allowance** in the tax year, you won't have to pay tax. (A tax year starts on 6th April in one year and finishes on 5th April in the next).

The personal allowance for the tax year April 2011 - April 2012 is £7,475.00.

For earnings and taxable income **over your tax allowance** you pay at the following rates:

- 20% on anything you earn above £7,475 up to £35,000.00.
- 40% on anything above £35,001.00.
- 50% on anything above over £150,000.00.

If you have paid tax, but your total income was not, or likely to be, as much as your personal allowance, you may claim a refund of the tax you have paid. Ask your tax office for a repayment claim form.



## Will I have to pay National Insurance?

Most people who work must pay National Insurance contributions.

Students in full-time education at college or university who do no paid work do not have to pay NI contributions. However, if you are employed or self employed whilst in full time education and earn at least a certain amount (which is known as the lower earnings lever) you must pay NI contributions.

By the time you are 16 you should have received your NI number card from the contributions agency. Your NI number will look something like this:

**AB 12 34 56 C**



## What's my tax position as a placement student?

The pay you get during practical training is taxable, but the pay you get from an employer for periods of study at college may be free from tax if you meet certain conditions.



## What should I do if I get a holiday job?

If you **only** work during the holidays, and you expect to earn no more than £7,475 in the tax year ending 5 April, just ask your employer for a Form P38(S). Fill this in and you won't have any tax taken from your wages.

If you already have a part-time job during term-time, you won't be able to use this form just for your holiday job.

You will already be 'on the system', so your employer will take care of the paperwork to make sure you don't pay too much tax.

If you leave a job, your employer will give you a Form P45. You will need to keep this safe and give it to your next employer to make sure you don't pay too much tax in the future.