

## Tax year-end 2019/20 Frequently Asked Questions (FAQs)

Our Plan administrators have reminded us that tax year end is traditionally a time where we see peak enquiries relating to pensions and annuities in payment and tax. Given the additional challenges the Covid-19 pandemic is presenting for everyone, the Plan administrators have updated and enhanced the tax year-end FAQs to try to provide straightforward and easily accessible answers to some of the more frequent questions the Plan administrators get at this time of year.

Please take a look through the FAQs. If they do not cover your question, please send your query to the email address you normally use for questions about your pension scheme/annuity. Only if you have an urgent query, should you please ring the number you normally use for your pension scheme/annuity enquiries.

Please note the normal time-frame for tax year events:

- HMRC send out new tax codes up to the end of April – so this may already have happened for you;
- By 31 May, P60s/Tax Deduction Certificates (TDC) are produced – so P60s/TDC for tax year 2019/2020 are not yet available.

FAQs	Question
Q1	Why is my pension being taxed?  <i>HMRC treat pension payments as income, so pensions are taxable in the same way that earnings are.</i>
Q2	I am receiving a widow's/widower's pension – why is this being taxed?  <i>HMRC treat pension payments as income, so pensions are taxable in the same way that earnings are.</i>
Q3	When do HMRC tell people about their tax codes?  <i>HMRC usually tell you about changes to your tax code when, or slightly before, they are due to change. This means if you have a tax code change during the tax year, you might already have received a letter. By far the busiest time of year for this, when nearly everyone's tax code change is 6th of April. However, as this is such a busy time of year for HMRC, sometimes you receive the notification before 6th of April and sometimes later.</i>
Q4	How do HMRC tell my pension scheme about tax codes?  <i>HMRC give us electronic instructions about tax codes, so we do not have to worry about instructions getting lost in the post. Because these instructions cover a lot of people, we usually get a number of different instructions from HMRC, so we update them as we get them.</i>
Q5	The tax code on my latest pension payslip does not match the new tax code HMRC have advised me of – what should I do?  <i>Your last payslip of the 2019/2020 year should show your old code. If your first payslip for the 2020/2021 tax year still shows the old code, and you have received a different notification from HMRC, we suggest that you wait and check the next payslip/payment as sometimes there can be a short delay in us getting the new code. If your first payslip for the 2020/2021 tax year</i>

	<i>shows a new code, and that code is different to the one HMRC have told you about, please raise this as a query with HMRC.</i>
Q6	<p>Why has my tax code changed?</p> <p><i>HMRC update tax codes at the end/start of every tax year. The tax codes reflect changes to tax limits and thresholds – you can find out more about these on HMRC’s website at <a href="https://www.gov.uk/tax-codes">https://www.gov.uk/tax-codes</a>. If your pension payments have started relatively recently, you may also find that HMRC have updated your tax code from an emergency code (emergency code is what HMRC call temporary codes).</i></p>
Q7	<p>What does my tax code mean?</p> <p><i>Tax codes usually show how much tax-free income you can receive in a tax year. For more information about what your tax code means, please refer to <a href="https://www.gov.uk/tax-codes">https://www.gov.uk/tax-codes</a>.</i></p>
Q8	<p>My tax code shows that I am not getting the full Personal Allowance for 2020/2021 – why is this?</p> <p><i>This may be because you are receiving income from other sources as well as this pension – perhaps another pension or earnings from a job you may still be doing. Your tax code is meant to take into account all the income you receive. For more information about tax codes please see: <a href="https://www.gov.uk/tax-codes">https://www.gov.uk/tax-codes</a>.</i></p>
Q9	<p>I am being taxed more this year than last year – why?</p> <p><i>This could be for a number of reasons. If your pension has started relatively recently, you may have been on an emergency code (a temporary code) last year and now HMRC have updated that. Another reason might be that you now have more income to take into account, for example because your state pension has started to be paid, or you may have been in another pension scheme which has started to pay pension to you.</i></p>
Q10	<p>I am being taxed less this year than last year – why?</p> <p><i>This could be for a number of reasons. Your Personal Allowance may have increased (you can check current rates on HMRC’s website on <a href="https://www.gov.uk/income-tax-rates">https://www.gov.uk/income-tax-rates</a>). You may have been on an emergency (temporary) code last year, especially if payments to you have started relatively recently, so HMRC have now updated this.</i></p>
Q11	<p>I have a tax code, but am not paying any tax – why?</p> <p><i>There are two main reasons for this. If your annual income is expected to be below your Personal Allowance, you may not need to pay tax. Otherwise, sometimes HMRC use tax codes beginning with the letters NT, to show where no tax is payable – this might be, for example, if this is your second pension and HMRC have applied a tax code to your other pension that already takes all of your income into account.</i></p>
Q12	<p>If I have moved from an emergency code to a new code, how does my tax catch up?</p> <p><i>HMRC are able to look at what you have already paid and may set your new code to make sure that they balance out, alternatively they may ask you to complete a tax return so they can work this out.</i></p>

Q13	<p>I live overseas so why am I on a UK tax code?</p> <p><i>Your pension is being paid from a UK-based pension scheme or annuity arrangement, so it is treated as UK income, and is taxed on this basis. For more information please refer to: <a href="https://www.gov.uk/tax-on-pension/tax-when-you-live-abroad">https://www.gov.uk/tax-on-pension/tax-when-you-live-abroad</a>.</i></p>
Q14	<p>My tax code is wrong how do I change it?</p> <p><i>We can only work with the tax codes that HMRC tell us. If you have a query about your tax code please contact HMRC. Their contact details can be found at: <a href="https://www.gov.uk/government/organisations/hm-revenue-customs/contact/pension-scheme-enquiries">https://www.gov.uk/government/organisations/hm-revenue-customs/contact/pension-scheme-enquiries</a>.</i></p>
Q15	<p>We can only work with the tax codes that HMRC tell us. If you have a query about your tax code please contact HMRC. Their contact details can be found at: <a href="https://www.gov.uk/government/organisations/hm-revenue-customs/contact/pension-scheme-enquiries">https://www.gov.uk/government/organisations/hm-revenue-customs/contact/pension-scheme-enquiries</a>.</p>
Q16	<p>It looks like you are deducting too much tax from my pension, what should I do?</p> <p><i>If you think you've paid too much tax please contact HMRC in the first instance. Their contact details can be found at: <a href="https://www.gov.uk/government/organisations/hm-revenue-customs/contact/pension-scheme-enquiries">https://www.gov.uk/government/organisations/hm-revenue-customs/contact/pension-scheme-enquiries</a>.</i></p>
Q17	<p>What is a P60 or Tax Deduction Certificate (TDC)?</p> <p><i>A statement issued to taxpayers each year, showing the amount of income paid and tax deducted during the year. You should keep this in a safe place in case you need it in the future.</i></p>
Q18	<p>When will I receive my P60?</p> <p><i>They are issued at or before the end of May, in line with HMRC rules.</i></p>
Q19	<p>Why have you sent me a P60?</p> <p><i>We are required to produce P60s after the end of each tax year. You may need it to complete a tax return, to claim back any tax you've overpaid, or apply for tax credits. Even if these don't apply to you, it's still a good idea to keep your P60 in case you need it.</i></p>