



In the UK, individuals with student loans must inform HMRC about their loan details when completing their Self-Assessment tax returns. This process ensures that any outstanding loan repayments are properly accounted for, especially for those who are self-employed or have additional sources of income beyond employment.

### **Identifying your loans plan type**

When you fill out your tax return, you must specify the type of student loan you have. The UK government offers various loan plans, such as Plan 1, Plan 2, Plan 4, and the Postgraduate Loan (PGL). Each plan has different repayment thresholds and interest rates.

### **Repayment through employment**

If you're employed, your student loan repayments are typically deducted directly from your salary by your employer. These deductions are based on your income and the repayment threshold for your specific loan plan.

The tax return requires you to report these amounts to ensure they are correctly applied to your total annual income. This is particularly important if you have multiple sources of income or if your income fluctuates throughout the year.

### **Additional income**

For those who are self-employed or have additional income streams (e.g. from rental properties, investments, or freelance work), the tax return will calculate your total earnings. You may need to make additional student loan repayments based on this extra income.

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## Voluntary repayments

If you wish to make voluntary repayments towards your student loan, these can also be reported on your tax return. Voluntary repayments can reduce the total amount of interest you pay over the life of the loan.

## Overseas income

If you live or work abroad, you are still required to make student loan repayments if your income exceeds the threshold for your loan plan. The repayment process differs depending on whether you're inside or outside the European Economic Area (EEA).

## Benefits in Kind

If you receive non-cash benefits from your employer, such as a company car or private health insurance, these are considered benefits in kind. They need to be reported on your tax return and can affect your student loan repayments.

## Penalties for non-compliance

Failing to accurately report your student loan details on your tax return can lead to penalties. HMRC takes compliance seriously and can impose fines or additional interest charges for incorrect or late submissions.

## Other considerations

**Annual Statements:** You should review your annual student loan statement, which details your balance and repayments made during the year. This statement can help you accurately complete your tax return.

**Changes in Circumstances:** If your circumstances change, such as a significant increase in income, it's crucial to update HMRC as soon as possible. Changes can affect your repayment amounts, and failing to report them may result in unexpected charges.

**Advice and Support:** If you're unsure about how to report your student loan on your tax return, HMRC provides resources and support to help you. It may also be helpful to consult with a tax professional, especially if you have complex financial circumstances.

For the full guidance and specific instructions, refer to the official HMRC page: [Tell HMRC about a student loan in your tax return.](#)

## We can help

Please call us on **01753 888 211** or email [\*\*info@nhllp.com\*\*](mailto:info@nhllp.com) if you need guidance with any of the issues raised in this Broadcast. We would be happy to help.