

AVOID A TAX HEADACHE BY CHECKING YOUR TAX CODE FIND OUT MORE BELOW



Over 5.6 million employees received an incorrect tax code last year, leading to £3.5 billion in overpaid tax to HMRC. However, recovering those overpayments can be a lengthy and frustrating process.

TYPICAL PROBLEMS

Often, problems arise because HMRC has made a best estimate of someone's income:

- Taxable benefits: Benefits such as a company car, healthcare or gym membership may no longer be received, but HMRC will be unaware of such changes.
- Additional income: HMRC will base their estimate of additional income on what an employee made the previous year, but the income – such as property letting, dividends, or freelance work – may be less or have ceased altogether. Again, HMRC will be unaware of this change.
- Multiple employments: Holding several jobs, especially where a job only lasts for a few months, will invariably lead to incorrect tax coding.
- Allowances: The tax code could suggest an incorrect level of income when it comes to the amount of available personal allowance.
- Allowable expenses: Deductions for subscriptions and professional fees will be based on what was previously claimed, yet these will invariably increase each year.

CHECK TAX CODES

The responsibility to report an incorrect tax code lies with the employee. Correcting mistakes immediately avoids having to reclaim overpaid tax. This can mean a long wait, with HMRC providing a poor telephone service and often ignoring written requests:

- The fact that paper tax code notices are no longer routinely issued means that a bit more effort is required to check HMRC's coding assumptions.
- Employees should update details on the HMRC app or their online personal tax account.

Once details are updated, HMRC will amend the tax code and inform the employer within 15 working days. Unless changes are made towards the end of the tax year, any tax refund should automatically be made by the employer.

The Government's guide to tax codes can be found [here](#).

WE CAN HELP

If you require further assistance, please contact us on 01753 888 211 or email info@nhllp.com, we are here to help.