

## CHANGES TO THE PERSONAL ALLOWANCE IN SEPTEMBER 2008

Following the Chancellor's announcement to increase the basic Personal Allowance by £600 to £6035, a number of our pensioners under the age of 65 will see a change to their tax code in September 2008.

Those whose current tax code ends with the letter "L" will automatically have their tax code changed and will not receive an individual notification from HM Revenue & Customs (HMRC). Changes to any other tax code will be notified to the individual by HMRC and a notification sent electronically to EPAL.

Please note that EPAL are unable to advise on how an individual's tax code is calculated or as to why a tax code is changed. A tax code is based upon information held by HMRC for an individual and is a private matter between the individual and HMRC. Any queries relating to this should be directed to your tax office. The contact details are shown on your payslip.

To help you to understand how the changes affect you, please find below some questions and answers that we hope will be of assistance.

- Q. Do tax codes change for people aged 65 and over?
- A. There are no changes to the full Personal Age Allowances for an individual aged 65 and over, so your tax code will only change if HMRC decide that your personal circumstances warrant it. If you think that your code should have changed and it hasn't, please contact HMRC directly. EPAL will be unable help you as we will not know why HMRC has not made a change.
- Q. How much will my tax code change by?
- A. The Chancellor announced that the Personal Allowance for the 2008/09 tax year will be increased by £600 from £5435 to £6035. This means that most tax codes will be increased by 60. For example, the basic tax code will increase from 543L to 603L.
- Q. When will my tax code change?
- A. For most people, the new tax codes will be used against what they earn on the first pay day on or after 7 September 2008.

- Q. Will I get a new tax code number?
- A. You may get a new tax code if your current code ends with a T or starts with a K. If your current tax code ends with an L, we have added the £600 allowance to your tax code automatically. Your tax code will have simply increased by 60 and HMRC will not send you details of the change. All other tax codes will usually stay the same unless HMRC notify you directly of a change at which time they will also notify EPAL.
- Q. Will tax codes BR, DO or NT change as a result of the extra allowance?
- A. No.
- Q. When will my pay change?
- A. We will operate the new tax code against pay for the first payday on or after 7 September 2008, unless there are good reasons to prevent this.
- Q. Will the change be backdated to the start of the tax year?
- A. Yes, unless your tax code is operated on the special non-cumulative basis of W1/M1 (week 1/month 1).
- Q. Will I receive a tax refund?
- A. It will depend on how much tax you have paid this year. Providing you only pay basic rate tax most individuals will see a reduction in their monthly tax bill of £60 in September. This will ensure that the tax due from April 2008 to September 2008 will be correct. In each of the following months the reduction will be £10 per month until March 2009. You must have already paid tax in order to get any money back and if you have paid less than £60 by the end of August 2008, you will only get back what you have paid. If you are a higher rate tax payer there will be no reduction in your tax.
- Q. Will I receive a tax refund if I am on a non-cumulative (W1/M1) code?
- A. No, but you will get a reduction of around £10 each month from September 2008 onwards.