

# Which Tax Code should I use?

## 2020/21

This document should be used by employers for new employees in the 2020/21 tax year.

It covers the situations where:

- An employee starts with an 'in date' P45 and
- An employee starts without an 'in date' P45 or does not have a P45 at all

HMRC's terminology 'in date' P45 refers to a P45 with a leave date in the current tax year or the tax year immediately preceding it – i.e., from tax years 2020/21 or 2019/20. If the P45 has a leave date before 06 April 2019, it is referred to as an 'old' P45. This gives rise to the following:

### In date P45

Date of Leaving on P45	Employee's Start Date	Tax Code on P45	FPS Starter Declaration	Tax Code to Use
06 April 2020 to 05 April 2021	On or after 06 April 2020	Code other than BR, 0T, D0 or D1 (including any S or C prefixes)	B	The tax code from the P45, including any S or C regime indicator
06 April 2019 to 05 April 2020	06 April to 24 May 2020	Code other than BR, 0T, D0 or D1 (including any S or C prefixes)	B	The tax code from the P45, including any S or C regime indicator. There were no increases to the Personal Allowance or Marriage Allowance in 2020/21, therefore, no L, M or N suffix increases. However: <ul style="list-style-type: none"> <li>• Do not carry forward week 1 / month 1 indicators</li> </ul>
06 April 2019 to 05 April 2020	On or after 25 May 2020	Code other than BR, 0T, D0 or D1 (including any S or C prefixes)	B	Emergency tax code 1250L on a week 1 / month 1 basis
Any other 'in date' P45	On or after 06 April 2020	Codes BR, 0T, D0 or D1 (including any S or C prefixes)	C	The tax code from the P45 including any S or C regime indicator

*Employers must check the P45 pay and tax details are correct before using them in the payroll*

## Old P45

The following table applies in the circumstance that the employee presents an old P45 or does not produce a P45 at all. These employees must be asked to complete the starter declaration questions:

- A. This is the first job since 06 April 2020 and the new employee declares that they have had no other taxable income (including Jobseekers', Employment and Support Allowance, Incapacity Benefit, State or other pension)
- B. This is now the only job, however, they have received some other taxable income since 06 April 2020 and they do not receive a State or occupational pension
- C. The new employee has another job or is in receipt of a State or occupational pension

Date of Leaving on P45	Employee's Start Date	Tax Code on P45	Employee Starter Declaration	FPS Starter Declaration	Tax Code to Use
Pre 2019/20 P45 or no P45	On or after 06 April 2020	Ignore the tax code on any P45 presented	A	B	Emergency tax code 1250L on a cumulative basis
			B	B	Emergency tax code 1250L on a week 1 / month 1 basis
			B	B	BR on a cumulative basis
			None	C	OT on a week 1 / month 1 basis

## Student Loans

For new starters, regardless of whether they produce a P45, the employer must ascertain whether they have a Student Loan that needs to be repaid through the payroll. If they have, the employer must ascertain if this is a Plan 1, Plan 2 or a Post-Graduate Loan (PGL). For this reason, all new starters should complete that section of the Starter Checklist and / or use the Checklist for all starters as well as the P45 (or using the wording on an internal bespoke starter form).

## Off-Payroll Workers 2020/21 Onwards

There was no requirement that the Off-Payroll Marker was completed for 2020/21 up until 10 May 2020. For payments made on or after 11 May 2020, there is a requirement that this is completed and returned via the FPS.

To find out more about the services we provide, our change processes and X|R|M methodology, visit [www.i-realise.co.uk](http://www.i-realise.co.uk), call us on +44 (0)20 3008 6358 or email [info@i-realise.co.uk](mailto:info@i-realise.co.uk).

### i-Realise

6-9 The Square, Stockley Park,  
Uxbridge,  
UB11 1FW

Tel +44 (0)20 3008 6358  
Email [info@i-realise.co.uk](mailto:info@i-realise.co.uk)  
Web [www.i-realise.co.uk](http://www.i-realise.co.uk)

