

Which Student Loan Plan to Use

Tax Year 2021/22

This document should be used by employers for employees in the 2021/22 tax year.

From 06 April 2021, there are four Student Loans that are repayable through the payroll:

Plan	Introduced (in payroll)	Applies to:
1	06 April 2000	<ul style="list-style-type: none"> An English or Welsh student who started an undergraduate course anywhere in the UK before 01 September 2012 A Northern Irish student who started an undergraduate or postgraduate course anywhere in the UK on or after 01 September 1998 An EU student who started an undergraduate course in England or Wales on or after 01 September 1998, but before 01 September 2012 An EU student who started an undergraduate or postgraduate course in Scotland or Northern Ireland on or after 01 September 1998
2	06 April 2016	<ul style="list-style-type: none"> An English or Welsh student who started an undergraduate course anywhere in the UK on or after 01 September 2012 An EU student who started an undergraduate course in England or Wales on or after 01 September 2012 An individual who took out an Advanced Learner Loan on or after 01 August 2013
PGL	6 April 2019	<ul style="list-style-type: none"> An English or Welsh student who took out a Postgraduate Master's Loan on or after 01 August 2016 An English or Welsh student who took out a Postgraduate Doctoral Loan on or after 01 August 2018 An EU student who started a postgraduate course on or after 01 August 2016
4	6 April 2021	<ul style="list-style-type: none"> A borrower who lived in Scotland and applied through the Students Award Agency Scotland (SAAS) when starting their started course. This could be an undergraduate or postgraduate course and gives rise to the terminology 'Scottish borrower'

There is a general separation with:

- Plans 1, 2 and 4 being known as undergraduate Loans
- Plan 3 (PGL) known as a postgraduate Loan (though postgraduate Loans in Northern Ireland are still under Plan 1!)

Importantly, therefore, existing Plan 1 Scottish borrowers, undergraduate or postgraduate, will be migrated onto the new Plan 4 with effect from 06 April 2021.

Which Plan to Use?

With an increased number of Student Loan Plans, it is worth looking at the three ways in which we can be advised to start a Student Loan:

1. Direct instruction from HMRC (the SL1 / PGL1)
2. Instruction via the P45 from a previous employment (with an indicator that one was in place but no indication of the Plan type)
3. Self-declaration on the Starter Checklist

Where there is no indication of the Plan type (the P45) or there are multiple indications (the Starter Checklist), the default is to always use the undergraduate Plan type with the lowest threshold. This is until HMRC confirms to the contrary, at which time the Plan type can be changed. Remember that only one undergraduate Loan (Plans 1, 2 and 4) can be in operation at one time. However, undergraduate Loans can run concurrently with a postgraduate Loan (PGL):

Notification Source	Type	Plan Type in Payroll
Personal Allowance	SL1 / PGL1	Start / change, as per instruction from HMRC
	SL2 / PGL2	Cease Loan repayments
Income limit	Indicator	Default to the Plan with the lowest repayment threshold, i.e., Plan 1
Starter Checklist (self-declaration)	Plan 1	Plan 1
	Plan 2	Plan 2
	Plan 4	Plan 4
	Plans 1 and 2	Plan 1
	Plans 1, 2 and 4	Plan 1
	Plans 1 and 4	Plan 1
	Plans 2 and 4	Plan 4
	Postgraduate	PGL
Postgraduate and Plans 1, 2 or 4	PGL plus undergraduate Loan with the lowest threshold	

Identifying the correct Plan type to use is essential, therefore, we reiterate that it is very important that the [Starter Checklist](#) is used for all employees, regardless of whether they bring the P45.

Off-Payroll Workers and Student Loans

Note that there is no requirement to identify whether an off-payroll worker has a Student Loan. These are not repayable through the payroll, even if the individual does have one.

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