



HM Revenue  
& Customs

# Changes to PAYE in 2017

## Employer information and support pack



# Contents

- 3 Introduction
- 4 Employer section explaining the improvements to the PAYE tax system
- 5 Employee section explaining the improvements to the PAYE tax system
- 7 Benefits of using the Personal Tax Account
- 8 Questions and feedback

# We're changing PAYE from 2017

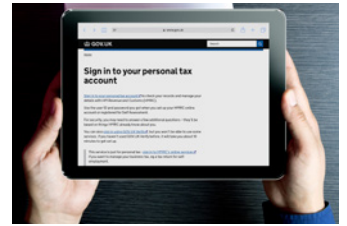
From summer 2017 we will use real time data to make adjustments to people's tax codes throughout the year, so they are more likely to pay the right amount of tax on their income as they earn it. This will offer more certainty for people and help avoid overpayments of tax or a debt building up.

This short pack explains what those changes mean and how they will affect you and your employees.

**Section 1** looks at the changes from your perspective. Telling you when the changes take place and what you may need to do.

**Section 2** is designed as a short information pack for you to share with your employees. It tells them what the changes mean from their point of view, and provides some tips on what to do if their tax code changes.

We hope this short guide will save you time in understanding the change and act as a simple tool for you to use to support your employees.



We will use real time data to make adjustments to people's tax codes throughout the year

# Employers

Changing PAYE so that more people pay the right amount of tax on their income as they earn it.

HMRC has around 41 million Pay As You Earn (PAYE) customers. For this group the tax they owe is deducted from their income using information you, their employer, give us.

Taxpayers shouldn't have to wait until the end of the tax year before knowing if they've paid the right amount of tax. This new system will offer far more certainty for taxpayers, avoiding unexpected bills or debt building-up.

We predict that the majority of customers who currently over or under-pay tax will end the year balanced as a result of our improvements to PAYE. Each year that could mean that up to 6 million more customers will have greater certainty over their tax affairs. Those who are not balanced at the end of the year are also more likely to owe, or be owed, less than under the current system.

## Most customers will benefit from these changes and will have no action to take.

However some employees might find the changes affect their take home pay because they are paying the right amount of tax at the right time, rather than getting a bill at the end of the year.

### What it means for employers:

As we move to the new system, **employers and pension providers could receive more tax codes**, but the way they are received does not change.

Regular PAYE RTI submissions will continue unaffected, however, it is **critical that you submit accurate data on time using the normal process shown below.**

### What employers need to do:

- Apply next tax codes before the next payroll is run
- Check you have the correct National Insurance Numbers
- Send FPS files on or before pay day
- Submit EPS monthly file by 19th of the next tax month.

Should you receive any tax related queries from your employees please use the employee section in this help pack and direct them to their online Personal Tax Account (further information below).

### Additional Support available

We have developed an employers YouTube video to explain the changes found at our 'HMRCgov.uk' account.

A series of webinars have also been developed which give step by step explanations of the change to support employers

We are publishing regular updates on gov.uk in April and May with full guidance updated to reflect the changes from June.

We are providing regular updates in the HMRC Employer and Agent Bulletin.



Regular PAYE RTI submissions will continue unaffected, however, it is critical that you submit accurate data on time

# Employees

## Improvements to the Pay As You Earn (PAYE) tax system

Fewer unexpected bills at the end of the year.

### What's changing?

PAYE, or Pay As You Earn, is the way tax is deducted from your pay or pension.

Until now, if your income changed, you often had to wait until the end of the tax year before you found out if you were due a refund or needed to pay any extra tax due. From the end of summer HMRC will use real time information from employers and changes you make in your Personal Tax Account to update your tax code (which is how they decide what tax you need to pay).

### What are the benefits?

These changes mean you are **more likely to pay the right amount of tax on your income as you earn it**. This new system will offer far more certainty and **avoid you getting an unexpected tax bill** or being owed tax.

### What do you need to do?

**Most people have no action to take.** Your pay and tax will continue as normal. However, if your circumstances change you will receive a tax code notice explaining the change and what to do next.

If we make in year adjustments to your tax, you can contact us if you need additional support or if changes to your tax code cause you any difficulty. The easiest way to do this is by using your Personal Tax Account to seek help and support.



You are more likely to pay the right amount of tax on your income as you earn it

# Your Personal Tax Account

Personal Tax Accounts give you a personalised picture of your tax affairs, along with prompts, advice and support. By going into your account you can check your details easily. You can also make updates should your financial circumstances change and help us ensure you are paying the right amount of tax.

You can use your account to get instant access to your information and to manage many aspects of your tax including:

- Claim a tax refund
- Claim tax relief on expenses
- Check Income Tax for the current year and previous year
- Check your tax code
- Check your State Pension forecast
- See your National Insurance record
- Manage Tax Credits and Child Benefit
- Notify a change of address
- Apply for Marriage Allowance
- Track the progress of forms and opt to go paperless



To access your Personal Tax Account, go to [www.gov.uk/personaltaxaccount](http://www.gov.uk/personaltaxaccount)

## How to access your account

To access your Personal Tax Account, go to [www.gov.uk/personaltaxaccount](http://www.gov.uk/personaltaxaccount) and sign in using your Government Gateway ID and password.

If you do not already have a Government Gateway account then you can set one up straight away. You will need your NI number, a telephone number, and details of either your P60, payslip, or passport so that we can confirm you are who you say you are.

You will only need these supporting documents the first time you log into your account. Once you have set up your ID and password you will use this information, plus an access code, to get into your account. A new access code will be sent to your phone each time you log in.

## Other support available for you

Our YouTube videos guide people through the service and may help if you're struggling to access your account. You can find these by searching YouTube for our 'HMRCgov.uk' account.

A series of webinars have also been developed which give step by step explanations of how to log into the Personal Tax Account and how to complete certain transactions. Webinars can be found by searching for 'webinars' on GOV.UK.

We also provide webchat services for customers whilst they are online. Webchat is a personalised service with tax experts who can provide advice and guidance about tax matters, as well as how to navigate and use the online service.

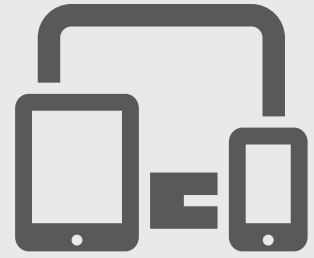
## Benefits of using online service



**All your HMRC  
information in  
one place**



**Available at  
a time that  
suits you**



**Access from  
any device**



**Simple, secure  
and personalised**



**Go paperless**



**Advice and  
support through  
webchat**

# Questions and feedback

## Thank you for your help

If you have any questions and comments about the information in this booklet, or promoting the Personal Tax Account to your employees, please contact us at: [personaltaxaccount.feedback@hmrc.gsi.gov.uk](mailto:personaltaxaccount.feedback@hmrc.gsi.gov.uk)





# HM Revenue & Customs

Issued by  
HM Revenue & Customs  
April 2017 © Crown Copyright 2017