

# P800 (PAYE) tax calculations 2014/15 – what to do

**Employees and pensioners have tax taken off them throughout the year via Pay As You Earn (PAYE). In most cases, this means you pay the correct tax by the end of the year; but not always. This guide explains what to do if HMRC send you a tax calculation (a 'P800') for 2014/15.**

If you are an employee, your employer takes tax off your pay throughout the tax year via Pay As You Earn (PAYE). In most cases, this means you pay the correct tax by the end of the year; but not always.

You should always check your tax, even if you think everything should be straightforward.

HM Revenue & Customs (HMRC) now send out P800s every year and most are automatically computer-generated. In many cases, too much or too little tax is paid simply because of the way the PAYE system works and no-one is 'at fault'. But sometimes there will have been an error and this guide aims to help you to understand the difference.

Below we explain what happens if you do not pay enough tax, and in particular, what to do if HMRC send you a tax calculation (a P800) for a tax year.

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## Why have I received a P800 calculation?

HMRC send out P800 calculations every year, most of which are generated automatically by their computer systems. This process is by no means perfect, but it is a normal part of the PAYE calendar.

You do not necessarily get a P800 tax calculation each year. If you fill in a tax return each year, you should not receive a P800 calculation, as you are within the self assessment system– HMRC expect any overpayment or underpayment to be dealt with by the completion of a tax return. If you are an employee or a pensioner and you do not complete a tax return, you might receive a P800 calculation.

HMRC normally only send you a P800 calculation if they think that you have paid too much or too little tax during the tax year. You should always check the P800 calculation carefully, before accepting a refund or paying any tax demand. Sometimes HMRC get their numbers wrong: for example, they may include income twice or miss out income.

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### **What situations can cause me not to pay enough tax?**

PAYE usually collects the right amount of tax where you have a stable employment that lasts a complete tax year. If your tax affairs are more complicated than this in the tax year, the PAYE system might not be able to collect the right amount of tax during the year.

You might not pay the right amount of tax, if, for example, you:

- have more than one job, or pension, or are in receipt of a taxable state benefit or some other untaxed income;
- change jobs or retire;
- are widowed or lose a civil partner;
- get extra benefits or expenses payments from your employer on top of your cash wages;
- need to claim extra allowances or expenses against your tax;
- leave the UK or arrive in the UK from overseas.

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### **What if I do not get a P800 calculation?**

First of all, you should ask yourself whether you think you may not have paid the correct amount of tax.

You could check this by for example, [checking your coding notice](#). You might have overpaid or underpaid tax, but HMRC might not have all the relevant information to enable them to get your tax right. Remember that HMRC's calculation is only as good as the income and tax information they have. You could also use [HMRC's tax checker tool](#) to check your tax liability.

If you think you have paid the wrong amount of tax, but you have not received a P800 calculation, you should [contact HMRC](#). It may be that HMRC do not have the correct address for you on their records.

If HMRC do not have an up-to-date address for you, they might have sent your P800 calculation to an old address. If you think this might have happened, you should [contact HMRC](#). They will probably arrange to reissue the P800 calculation (and refund cheque if you were due a refund).

**It is important to make sure that HMRC have an up to date address for you at all times.**

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## **What if I get a P800 calculation but I am supposed to be completing a tax return?**

If you normally complete a tax return, but you receive a P800 calculation, do not worry – this is probably just an administration error by HMRC. You may wish to inform HMRC of the error, but then prepare and submit your tax return as normal. If, as a result of the P800 calculation, you received a refund, you need to include the amount in the tax return as a provisionally received refund, using box 1 of page TR6 if you complete a paper tax return.

It is important to remember that the P800 calculation may not include all your income. As your overall tax liability can only be known once your income from all sources is added together, the calculation based on your tax return will displace the P800 calculation.

If you need to complete a tax return for the first time, you need to register for self assessment by 5 October following the tax year in question. As HMRC start issuing P800 calculations from the June following the tax year in question, you may receive one before you have registered for self assessment. You should not assume that HMRC have looked at your tax affairs, just because you receive a P800 calculation. For more information on self assessment, look at our section '[do I need to complete a tax return?](#)'.

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## **How do I check my P800 calculation?**

HMRC send notes with the P800 calculation to help you check it. Points to look out for are:

### ***Estimated figures***

HMRC might have used estimated figures on the calculation, but not made it clear that they are estimated. Compare all figures to your own records – for example, P60s and P45s from employers and pension payers, P11Ds, and bank and building society statements showing interest and tax deducted. Pay particular attention to any figures shown for taxable [state benefits](#) such as Employment & Support Allowance and Jobseekers Allowance.

HMRC sometimes also agree to tax small amounts of income you get 'gross', that is, without tax taken off, through your PAYE code, without you having to fill in a tax return each year. Examples might be rental income or some types of savings interest. HMRC will probably have used an estimate of the income to work out your PAYE code for the year and may have

used the same figure in the P800 calculation. Check the amount that HMRC have used is still correct and tell them if it needs changing or if it is no longer relevant – for example, if you have stopped getting that type of income.

### ***Combined figures***

HMRC might add together more than one source of income in a single line on the calculation. If, for example, you have more than one job or pension, you might have to add up figures from multiple P60s to arrive at the amounts shown as 'PAYE income' and 'tax deducted'. This figure may also include some taxable benefits such as contribution-based job seekers allowance, for example.

### ***Spot what might be missing***

This can be tricky, as it is easier to check what is on the form than to work out what is not there. But HMRC might not know about some things that could affect your tax calculation. For instance, you should tell HMRC if you have made pension contributions or Gift Aid donations, particularly if either:

- you were born before 6 April 1948 and your 2014/15 income was more than £27,000 – so your P800 calculation shows your age-related personal allowance has been reduced; or
- you are a higher rate taxpayer – that is, your calculation shows some tax due at 40%.

If you are in receipt of a taxable state benefit, the Department for Work and Pensions (DWP) should tell HMRC about it. But the DWP do not operate PAYE on taxable state benefits in the same way as employers or pension providers, so you may not have paid the right tax overall by the end of the tax year. You should check that the taxable amount of state benefit for the year is included in your P800 tax calculation.

If you are not sure whether or not your benefits are taxable, check in our website's ['state benefits section'](#).

Take particular care if you have received employment and support allowance because:

- the contribution-based version of the benefit is taxable, but
- the income-related version is not taxable.

You may also have received a refund of tax included in the amount you receive from the DWP in respect of ESA if your claim stopped during the year or was ongoing at 5 April 2015. You should be able to check this using the P60 or P45 that was issued to you by DWP.

### ***Can you claim any deductions or expenses?***

HMRC might not know about certain amounts you are entitled to claim as a deduction from your wages. Some common claims are for [using your own car for business travel](#) and [other employment expenses](#).

### ***Can you claim any other allowances?***

You might be entitled to more allowances than HMRC have included on the calculation. For example:

- you might have become entitled to the [blind person's allowance](#) – which you do not have to be completely blind to claim;
- your spouse or civil partner might have become entitled to the blind person's allowance and they can transfer it to you if they do not have enough taxable income to set it against;
- you might be entitled to a higher [age-related personal allowance – for tax years up to 2014/15, these were available if you were born before 6 April 1948, though from 6 April 2015 they are only available if you were born before 6 April 1938](#);
- you might have got married or registered a civil partnership and become entitled to [married couple's allowance](#) – but this only applies if one or both of you was born before 6 April 1935;
- you might be entitled to a personal allowance as a non-resident of the UK. This should appear automatically on your P800 calculation if you are an [EEA national](#), but if you are not an EEA national, you may still be entitled to a personal allowance under the terms of a [double taxation agreement](#).

### ***Have you been given allowances which you are no longer entitled to?***

Equally, you might have lost entitlement to one or more of the above allowances, so your tax calculation could be wrong if HMRC have not taken account of this fact.

The same could apply if you had an extra allowance included in your PAYE code, for example, certain expenses that were deductible against your employment income, but are no longer allowable because you have stopped work or changed jobs.

### ***What rate of tax am I paying?***

Most people on low to average earnings pay tax at the basic rate of 20%. But if you are on a low income and have some bank or building society interest, you may be entitled to pay tax at a [reduced rate](#) on some or all of that interest. If you receive a P800 for 2014/15, a reduced rate of 10% may apply to your savings interest up to a maximum of £2,880; for 2015/16, a 0% rate may apply to your savings interest up to a maximum of £5,000. Entitlement to this rate depends on your other income.

### ***Did you have an extra pay day in the tax year?***

Sometimes, if your employer pays you weekly, they may pay you 53 times in the year instead of the standard 52 weeks. If this happens to you, they may also give you an extra week's worth of tax free allowances to set against the income, so you might not pay enough tax in the year. On your P60 the 'week 53 indicator' should be ticked. This is not a mistake by your employer: the PAYE system operates in that way.

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## What do I do if I am due a refund?

If your P800 calculation shows that you are due a refund, HMRC should send you a cheque separately, at about the same time.

Before you bank the cheque, make sure the repayment is correct, because:

- The P800 calculation is only an estimate, produced by HMRC's computer. So the calculation is only as good as the data held on the computer.
- HMRC might have got something wrong, so the repayment could be too much or not enough.
- If HMRC repay you too much and you do not tell them, they could charge you a penalty, if they think you were careless in not spotting the over-repayment.

### ***Are you owed tax of less than £10 or do you need to make a claim for other tax relief from HMRC?***

If you are due a repayment of less than £10, HMRC only repay it to you if you submit a claim – their computer does not automatically issue it. You might not get a calculation, because according to HMRC's computer, you are not due one.

But you might be entitled to some extra allowances or reliefs, that HMRC have not given you. In that case, you need to write to HMRC claiming your repayment.

Example letters to help with tax repayments can be found in the '[example letters and guides section](#)' below.

### ***Earlier years' repayments***

If HMRC thought you were due tax back for the years 2011/12, 2012/13 or 2013/14 they have probably already sent it to you. But if not, it might be worth checking whether you are due anything back, particularly if you have discovered you have not claimed enough allowances or other tax reliefs in 2014/15 and the same applied to earlier years.

There are [example letters](#) below, which, adjusted for the relevant tax year(s), might help you to claim a repayment.

Repayment claims have time limits, so do not delay. But do be careful – if it turns out that you have not paid enough tax in previous years, HMRC might be obliged to collect it if you prompt them to review your situation. So get your facts straight first.

Time limits for claiming repayments are:

**Tax year 2011/12** (year ended 5 April 2012) – **you must claim by 5 April 2016**

**Tax year 2012/13** (year ended 5 April 2013) – **you must claim by 5 April 2017**

**Tax year 2013/14** (year ended 5 April 2014) – **you must claim by 5 April 2018**

## **Tax year 2014/15 (year ended 5 April 2015) – you must claim by 5 April 2019**

In cases of 'official error', HMRC might agree to issue repayments for years prior to 2011/12 under their 'Extra-statutory Concession B41'. For more information on this concession, including example letters, go to the LITRG website page ['how do I claim back tax I have overpaid through PAYE on wages or pensions?'](#).

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### **What do I do if I owe some tax?**

If your P800 calculation shows that you owe tax, you usually have to pay this tax to HMRC. If that is the case, you might have options as to how you pay it back – for example, spreading it over a period of more than one year.

First, it is important to check that the figures on the calculation are correct.

If you agree with the P800 calculation, you should try to understand why you did not pay enough tax. This is important in working out whether you fall into one of the limited categories in which you can argue that you should not have to pay the bill.

#### ***Questions to ask:***

*Did my employer or pension provider make a mistake?*

It is possible that the underpayment has arisen due to your [employer or pension payer](#) not operating PAYE correctly. For example, they may not have applied the tax code that HMRC sent to them. If this is the case, HMRC should first seek the tax from the employer or pension payer, not from you.

For example, you start a new job and give your new employer your form P45. However they do not use the code that is shown on the P45 or take into account your year-to-date pay and tax details – they just put you on a standard 1000L code (standard code for 2014/15). This means that you will be given the benefit of extra personal allowances and not pay enough tax, leading to an underpayment for the tax year.

*Did HMRC make a mistake or fail to use information to get my tax right?*

The underpayment might have arisen because HMRC failed to make timely use of information about you, which they had in their possession. In such cases, if it was reasonable for you to think your tax affairs were in order, you can consider asking HMRC to write off, that is, not to charge you, the tax under their [Extra-Statutory Concession A19 \(ESC A19\)](#).

ESC A19 usually only applies to underpayments for tax years ending more than 12 months ago – for example, you cannot normally use ESC A19 to ask for tax owing for 2014/15 to be written off if HMRC are advising you of the underpayment in, say, June 2015.

For example, you had a company car in 2011/12 and your employer sent form P11D to HMRC in July 2012. HMRC made no attempt to tax the company car benefit through your tax code. In 2015 HMRC send you a tax calculation, attempting to collect the unpaid tax from 2011/12. ESC A19 says that HMRC should have done something with the information they received by the end of the tax year after the tax year of receipt. HMRC received the form P11D in 2012/13. This means that they should have tried to collect the tax before 5 April 2014.

However, if HMRC have persistently got something wrong year after year, they do have the power to write the tax off for all years up to and including 2014/15. So if you underpaid tax in earlier tax years, and an underpayment in 2014/15 occurred for the same reasons, ESC A19 might apply – this depends on your individual circumstances.

**\*Important note\*** about making payments towards the tax bill if you are claiming ESC A19.

If you are claiming that ESC A19 applies, HMRC might still ask you to start paying towards the tax they say you owe before your case is resolved. If this happens, make it clear that you have not yet agreed that you owe it and ask them to wait until your ESC A19 complaint has been answered before you start making payments.

If HMRC are insistent that you pay something, do not repay the tax in full, as HMRC will then argue that ESC A19 cannot apply as there are no arrears of tax. If you agree to start making payments towards it, make it clear that these are only 'on account' and you expect them to be repaid to you if your claim is eventually agreed.

We suggest you get this agreement with HMRC in writing to protect yourself in the event of a future query. At the very least, if the agreement is made over the telephone, write down the date and time of the call, the name of the person you spoke to and what was said on the call.

*Was I misinformed by HMRC?*

HMRC set themselves high standards and if they fail in maintaining those standards they may write off the tax, but be aware that this is only likely to be in a few cases.

If you are not entirely happy that HMRC have done everything correctly, then you should read our ['misleading HMRC information and complaints guide'](#).

***But what if you do have to pay the underpaid tax?***

If, after considering the above, you decide you are not within one of the limited circumstances that enable you to challenge your underpayment, or if you have made such a challenge and found you can take your case no further, you will have to agree with HMRC how you will pay the tax.

We set out the considerations below:

### *How will HMRC collect the underpayment?*

This depends on whether you are in self assessment or not. If you receive form P800, you are not in self assessment.

If your form P800 for 2014/15 shows you owe less than £3,000 tax, then HMRC will try to collect the tax underpayment from your future employment income rather than collecting it in a lump sum. Based on your current employment, they will estimate whether you are likely to have sufficient income from which tax can be deducted under PAYE in 2016/17, bearing in mind that tax deductions must not take more than 50% of your wages. HMRC will try to collect the underpayment in one tax year. They will not collect it through the 2015/16 code, as the 2014/15 reconciliation only happens in the 2015/16 tax year and there is not time to adjust that year's code.

If HMRC cannot collect the tax through your PAYE code, because you have left the UK or are not working, for example, they will contact you about arranging payment.

If, instead, you are in self assessment (that is you send in a self assessment tax return for 2014/15), then you would normally pay any tax due by 31 January 2016, unless:

- The tax due is less than £3,000 AND
- It could be collected through your code number for 2016/17 AND
- You lodge your tax return by 31 October 2015 (on paper) or by 31 December 2015 (if lodging online) AND
- You do not check box 2 on page 6 of the tax return.

In this case, HMRC will normally attempt to collect the underpayment through PAYE, but you must check that this is happening (by checking any code numbers issued) or you may be penalised for not making payment by 31 January 2016.

If you earn over £30,000, HMRC might try to collect more than £3,000 via your PAYE code. This works on a graduated scale so a maximum of £17,000 may be collected via your code, but this maximum is only reached for those on significantly higher incomes.

### *What if I cannot afford to repay the tax?*

If collection of the underpayment via your PAYE code or payment directly to HMRC will be difficult for you financially, contact HMRC as soon as possible to negotiate. You may be able to arrange to have the tax coded over a longer period or to pay in instalments. There may well be an interest charge if you spread the payments.

The longest that HMRC are likely to spread the repayments over, either via your PAYE code or by instalments, is three years. The actual agreement you can make with them is likely to depend on your circumstances and how much you can afford to pay.

If paying back the tax is likely to cause you extreme hardship, do make this clear to HMRC when you contact them. For example, this might apply if you are on means-tested benefits with no savings and cannot foresee ever being able to repay the tax. You may have to

provide some evidence of your circumstances, but HMRC might then agree to put off collecting the tax for a period or to write it off altogether.

#### *What if I am on means-tested benefits?*

If you are on a low income, it is quite possible that the extra tax you are paying will affect your entitlement to means-tested benefits. You should contact JobCentre Plus, The Pension Service and/or your local authority to advise them of your reduced income due to the tax you are paying and ask how it affects your entitlement. Alternatively you can seek a benefits review from [Citizens Advice](#) or use one of benefits calculators referred to on [GOV.UK](#).

For example, if you are a low-income pensioner, and you find that extra tax repayments will cause you financial hardship, you should investigate whether you are entitled to claim [pension credit](#) – or extra pension credit, for existing claimants – as entitlement to this benefit is calculated on your after-tax income.

Note, however, that paying more income tax does not make any difference to your tax credits entitlement.

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#### **What if I receive a calculation for an earlier tax year?**

HMRC are still issuing, in a dwindling number of cases, P800 calculations for earlier years.

If the P800 calculation shows that you have not paid enough tax, check the year carefully. Apart from in cases of taxpayer neglect or fraud, HMRC are not permitted to assess tax that fell due more than four tax years previously. Therefore, since 6 April 2015, HMRC have not been able to go back further than 2011/12 unless the loss of tax was brought about by careless or deliberate action on your part. So any calculation for the year to 5 April 2011 or earlier is now likely to be out of time and you should not have to pay any tax shown as due.

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#### **Example letters and guides**

There are two versions:

##### ***a. pdf files – can be read and printed***

1. [LITRG example letters to HMRC regarding tax repayments, 2014/15](#)
2. [LITRG employer or pension payer error guide, 2014/15](#)
3. [LITRG guide to Extra-statutory Concession A19, 2014/15](#)
4. [LITRG guide to complaining about misleading information from HMRC, 2014/15](#)
5. [Example letters regarding tax underpayments – adjustments and explanation requests, 2014/15](#)

***b. Rich text format files – these are Word files for you to edit and use the example letters, for your personal use only, once downloaded***

1. [LITRG example letters to HMRC regarding tax repayments, 2014/15](#)
2. [LITRG employer or pension payer error guide 2014/15](#)
3. [LITRG guide to Extra-statutory Concession A19, 2014/15](#)
4. [LITRG guide to complaining about misleading information from HMRC, 2014/15](#)
5. [Example letters regarding tax underpayments – adjustments and explanation requests, 2014/15](#)

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## **Where can I find more guidance and help?**

### ***How do I contact HMRC?***

You need to contact HMRC if:

- you think your P800 calculation is wrong – you must let HMRC know if you think they have repaid you too much;
- you need to claim extra tax reliefs or allowances;
- you need to ask for a full explanation if you do not understand the calculation.

You can telephone [HMRC's Taxes Helpline](#). When telephoning, have the P800 calculation to hand, as HMRC might ask you to confirm your National Insurance number and answer some other questions before discussing it with you.

Always keep a record of:

- the date and time of your call;
- the name of the person that you spoke to; and
- a note of what you said and what HMRC said to you.

If you prefer, you can write to HMRC at the postal address on the calculation. HMRC might also ask you to write to them to claim extra reliefs or allowances. You can find the address to write to on the [GOV.UK website](#).

Whenever you write to HMRC:

- include your National Insurance number and the HMRC reference taken from the P800;
- include your full name and address;
- either:
  - explain what you think is wrong and why;
  - explain what additional reliefs or allowances you think you are entitled to; or
  - ask what figures you require an explanation of;
- sign and date the letter in ink;
- keep a copy of the letter and any supporting information you send with it;

- clearly state if any enclosed documentation is original and you wish it to be returned to you;
- obtain proof of postage.

### ***Other sources of help***

You can seek independent advice from a tax adviser – use the find a tax adviser tool on the [Chartered Institute of Taxation's website](#). You should consider seeking such help if you think you have discovered a problem that means you have not been paying enough tax and that could mean you face a tax bill and penalties.

If you are on a low income and cannot afford to pay for advice, there are two charities which could offer guidance on how to check the figures and explain how the calculations work. In some circumstances, they might also be able to help you to resolve queries directly with HMRC.

[Tax Help for Older People](#) is a charity offering free tax advice to older people, broadly, aged 60 or over, with a gross income of £20,000 or less per year.

[TaxAid](#) helps low-income taxpayers, gross income of £20,000 or less per year, who cannot afford to pay a professional tax adviser.

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