



Tax:

A LITRG guide for the Armed Forces



Low Incomes
Tax Reform
Group

A voice for the unrepresented



About us and this guide

This Guide was written by the Low Incomes Tax Reform Group (LITRG; www.litrg.org.uk), an initiative of the Chartered Institute of Taxation. We try to give a voice to those who do not have a paid adviser. Everything we do is aimed at improving the tax and benefits experience of disabled people and carers, students, migrants, pensioners and workers who want to check their own tax position.



We do not offer an advice service to the general public, but our website is full of helpful information. We are able to offer email guidance to members of the armed forces, their families and advisers via the 'Contact us' form available at www.litrg.org.uk/contact-us. You can find out more about this help service on page 52.

You can find contact details of other organisations who can give you advice or may be able to help you further throughout this guide and some other useful contact details are on page 44.

Some of the information in this guide may be new to you and is quite technical in nature. We have tried to simplify things as much as possible. To help you, we have included a list of important words and phrases at the back of the guide that explains some of the terms used in the guide. Words that are highlighted in green and underlined are explained in the list. If you click on these on screen, they should take you to the relevant meaning in the list.

To return to the text you were looking at:



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Introduction

Who is this Guide for?



If you are a serving member of any of the armed forces, a reservist or you were previously a member of these services but have now left then you may find this guide useful. If you are a family member of a current or past member of the armed forces or an adviser, you may also find this guide useful.

The guide may also be helpful for those employed by the services in an administrative or civilian role.

The guide is written specifically for British forces, who are paid by the Ministry of Defence (MoD); this includes Gurkhas and any Commonwealth citizens paid by the MoD.

What the Guide covers

The UK tax system can be complicated. This guide is designed to help you understand tax on:

- any payments received from the MoD;
- any other **income** you receive, including pensions; and
- any **profits** you make on selling **assets** such as shares or property.

It will help you and your family members make sure you are paying the correct amount of tax. It also provides you with information on how to claim any deductions or refunds that might be due to you. By following our guidance, you will be able to claim these deductions or refunds yourself.

We also try and cover other areas of tax that might be useful including inheritance tax and capital gains tax (if you sell a property you don't live in).

We also give you some basic information about tax credits and **state benefits**.

This guide explains the main things you might need to know.

Some important words and phrases in this guide are highlighted in green and underlined. We explain them on page 47.

Telephone numbers are given where they are available. '**Textphone**' and '**text relay**' numbers are for people who have difficulty hearing or speaking – they are not for sending mobile telephone SMS text messages to.

The Guide does not cover foreign taxes or benefit systems.

First things first – understanding the UK tax system



You are taxed as an individual in the UK, but there are sometimes special rules for [married couples](#) and [civil partners](#).

While you are resident in the UK you pay [income tax](#) on any taxable [income](#) you receive. You can read more about [residence](#) on our website at www.litr.org.uk/tax-guides/armed-forces-and-tax/residence-and-domicile-issues and in the section on residence and domicile (see page 8).

[HM Revenue and Customs](#) are the government department that collect most taxes. You might hear people refer to HM Revenue and Customs as ‘HMRC’, ‘the Revenue’, or ‘the inland revenue’.

Most taxes are worked out for a [tax year](#). In the UK, the tax year runs from 6 April to the following 5 April, so the 2017/18 tax year begins on 6 April 2017 and ends on 5 April 2018.

HMRC also collect [National Insurance contributions](#) – UK social security contributions. You might hear people refer to National Insurance contributions as ‘NI’ or ‘NIC’. Paying UK National Insurance contributions might help you to claim money ([state benefits](#)) from the government. They also go towards getting a state pension when you are older.

As far as income from employment is concerned, income tax is collected as far as possible by the [Pay As You Earn](#) (PAYE) system – that means your employer takes tax from your earnings and pays it over to HMRC on your behalf. You can read more about the PAYE system on page 18.

It is a good idea to keep HMRC up to date with your contact and correspondence details. You can advise them of a change of address in many different ways. You can find details on GOV.UK: www.gov.uk/government/organisations/hm-revenue-customs/contact/income-tax-enquiries-for-individuals-pensioners-and-employees.

You also pay National Insurance contributions (NIC) on your employment income and self-employment income. Again, your employer will collect the NIC from your pay using PAYE and send this to HMRC on your behalf. [Self-employed](#) individuals need to pay any NIC due separately. You can read more about NIC in the section on National Insurance contributions on page 15.

Income is either taxable or non-taxable. For other types of taxable income, some have tax already taken from them, for example many occupational pensions, while others have no tax deductions. If you receive taxable income without tax deducted at source, you will need to tell HMRC about it and arrange to pay any tax due to HMRC directly, through your PAYE tax code or through the [self assessment](#) system.

From 6 April 2016 you may not have to pay income tax on some of your savings income. You can read more about this on our website at www.litrg.org.uk/tax-guides/other-tax-issues/savings-and-tax

At the end of each tax year, HMRC check that the correct amount of income tax has been paid. This is done by you completing a [tax return](#) or HMRC issuing you a [tax calculation \(form P800\)](#). You can read more about this on our website at www.litrg.org.uk/tax-guides/employed/what-if-i-do-not-pay-enough-tax.

As well as showing your total income, these documents show any [personal allowances](#) that you are entitled to and that reduce the amount of your taxable income. Finally, your taxable income is subject to tax at the relevant rates to give an overall income tax liability for the year – and that is compared to the tax you have already paid. We explain how this works on page 11.

Personal allowances



Most people living and working in the UK can get [personal allowances](#) for tax purposes. All past and serving members of the armed forces are entitled to the personal allowance, even if not resident in the UK. Your personal allowance is the amount of [income](#) you can have before you have to pay [income tax](#).

If you are not resident in the UK, for example you are the partner of someone serving in the armed forces, but are not resident in the UK, then you may not get the personal allowance unless you satisfy certain conditions. You can

find out more on our website at www.litrg.org.uk/tax-guides/armed-forces-and-tax/residence-and-domicile-issues/residence-and-domicile-spouses-and.

For the 2017/18 [tax year](#), the basic personal allowance is £11,500. If you qualify for the [blind person's allowance](#) (see below), your personal allowance will be higher. You pay income tax on income above your personal allowance. The more income you have, the higher the amount of income tax you pay. Once your income exceeds £100,000, your personal allowance is reduced.

[Married couples](#) or [civil partners](#) may be entitled to other allowances and you can find further details on our website at www.litrg.org.uk/tax-guides/tax-basics/what-tax-allowances-am-i-entitled.

There is an additional personal allowance for those who are severely sight-impaired. You can read about blind person's allowance on our website at www.litrg.org.uk/tax-guides/tax-basics/what-tax-allowances-am-i-entitled#toc-what-is-blind-person-s-allowance.

Residence and domicile

Your tax **residence** status is important in deciding whether or not you need to pay UK tax and **National Insurance contributions**. If you are tax resident in the UK you will pay UK taxes on your worldwide **income** and **gains** provided you are also **domiciled** in the UK.

If you are not tax resident in the UK, the general rule is that you are liable to UK tax on your UK income.

In the UK there is a Statutory Residence Test (SRT) that determines where you are resident for the purposes of UK taxation. You can read more about this in the 'Migrants and tax' section of our website at www.litr.org.uk/tax-guides/migrants-and-tax/residence-and-domicile/what-residence.

There are special rules that apply to serving personnel in the armed forces, which might affect the tax you pay.

If you are domiciled in another country, even though you are resident in the UK you may not have to pay UK taxes on income and gains that are kept overseas. You can read more about this in the 'Migrants and tax' section of our website at www.litr.org.uk/tax-guides/migrants-and-tax/residence-and-domicile/how-are-foreign-income-and-gains-taxed. This is a complex area and you may wish to take professional advice.

Overseas postings



If you are posted overseas, you may need to determine your **residence** status.

You should not assume that you are non-UK resident, simply because you are posted overseas – you need to spend a significant amount of time outside the UK to become non-UK resident. Remember that if you leave the UK, you may become resident in another country and be liable to pay taxes there.

Your pay from the armed forces, with one exception noted below, remains taxable in the UK, regardless of where you are resident for tax purposes. Any other **income** you receive may be treated differently. Thus you may need to use the SRT to determine your tax residence status so that you can find out if any other income or **gains** are taxable in the UK. Remember income and gains other than those from the armed forces may also be taxable in the country where you are resident, although normally you would not pay tax on the same income or gains twice. This is as a result of double taxation relief. You can read more about this in the 'Migrants and tax' section of our website at www.litr.org.uk/tax-guides/migrants-and-tax/residence-and-domicile/what-double-taxation-agreement.



The one exception to service pay being taxable in the UK is that if you were recruited abroad and are serving overseas, it is possible that your service pay may not be liable to UK taxes. You can read more about this on our website at www.litrg.org.uk/tax-guides/armed-forces-and-tax/residence-and-domicile-issues/residence-and-domicile-armed-forces.

If you become non-UK resident, your armed forces pension remains fully liable to UK taxes and will continue to have PAYE deducted at source unless

the pension is exempt from tax as described on page 16.

Normally you will continue to pay UK [National Insurance contributions](#) when you are posted overseas with the armed forces. You can read more about this on our website at www.litrg.org.uk/tax-guides/armed-forces-and-tax/how-pay-taxed/working-overseas.

If you [rent](#) out property in the UK, including your home, while you are tax resident outside the UK, any [profit](#) from the rent remains liable to UK [income tax](#). You can find out more about renting out property on our website at www.litrg.org.uk/tax-guides/other-tax-issues/property-income.

Spouses and civil partners

If you accompany your spouse or partner overseas then you need to apply the SRT to your own situation and consider your [residence](#) status: it is possible for you to be tax resident in a different country to your spouse or partner. Once you have established where you are tax resident you will know whether your [income](#) and [gains](#) are taxable in the UK. Remember that income and gains may be taxable in your country of residence. You can read more about this on our website at www.litrg.org.uk/tax-guides/armed-forces-and-tax/residence-and-domicile-issues/residence-and-domicile-spouses-and#toc-what-tax-do-i-pay-if-i-am-living-or-working-abroad-.

If you are not employed by the armed forces, but earning money overseas, you may have to pay [National Insurance contributions](#) overseas. You can read more about this on our website at www.litrg.org.uk/tax-guides/armed-forces-and-tax/residence-and-domicile-issues/residence-and-domicile-spouses-and#toc-what-national-insurance-contributions-do-i-pay-if-i-am-living-or-working-abroad-.

Income from working

This section covers **income** from both employment and self-employment. Sometimes it is not easy to decide whether you are employed or **self-employed** and we provide some guidance on this as well as on other tricky areas.

Employment or self-employment

When working in the UK it is important to know if you are:

- an employee (where you work for someone, such as the Ministry of Defence (MoD)) or
- **self-employed** (where you run your own business).

You can be both at the same time if you are both employed but also run a business of your own. Remember if you are currently employed by the MoD you may need permission before you take up a second employment or start running a business while you are still employed by them.

You need to know whether you are an employee or self-employed so that you understand how and when you pay your **income tax** and **National Insurance contributions**. This is important – if your status is wrong, you may pay the wrong amount of tax and National Insurance contributions. This could lead to problems with **HM Revenue & Customs**. The self-employed also have to report their own **income** to HM Revenue & Customs.

Whether you are an employee or self-employed is not a matter of choice – it depends on the facts. So be careful if:

- you are offered work and given a choice of being an employee or self-employed; or
- someone you are going to work for tells you that you are self-employed.

This may happen because employers have many obligations towards employees that they do not have for the self-employed: this means that it is better for them if you are self-employed. If either of these things happen to you, make sure you understand for yourself whether you are an employee or self-employed, or get advice. You can read more about this on our website: www.litr.org.uk/tax-guides/employed/am-i-employed-self-employed-both-or-neither.

HM Revenue & Customs provide a tool to help you decide whether you are an employee or self-employed: www.gov.uk/guidance/check-employment-status-for-tax.

Employment income

You have to pay **income tax** and **National Insurance contributions** (NIC) on your wages (or salary). Your employer takes off the amount of tax from your **income** that it is told to by your tax code. You can read about tax codes on our website at www.litrg.org.uk/tax-guides/employed/how-do-i-check-my-coding-notice. In addition your employer takes NIC from your pay. The method of deducting tax from your pay is known as '**Pay as You Earn**' or **PAYE**. You can read more about this system in the section 'How tax is paid' (see page 18).



PAYE is designed to deduct approximately the correct amount of tax from your income on an annual basis. Normally it only collects tax on your employment income, but it can collect tax on other types of income by restricting the amount of tax-free **personal allowances** that are set against your pay. You can read more about this on our website at www.litrg.org.uk/tax-guides/employed/how-do-i-check-my-coding-notice#toc-what-makes-up-a-tax-code-.

PAYE is also designed to collect tax on any taxable benefits provided to you by your employer – for example, a company car. Your employer tells **HMRC** about these benefits on a form P11D – you should get a copy from your employer by 5 July following the end of the relevant **tax year**. The tax due on these benefits is collected by restricting your personal

allowances as described above. Alternatively your employer may include an amount of benefits with your normal wages – this is called **payrolling benefits**. If your employer is using this method they will give you a statement of the benefits they have included in your pay by 1 June following the end of the tax year.

Sometimes PAYE does not deduct the correct amount of tax. If you are in **self assessment**, this is corrected when you send in your **tax return**. Alternatively, if you are not in self assessment you are sent a **P800 tax calculation**. You need to check this carefully. If you are due a repayment of tax, you should receive this automatically, but if you are due to pay over more tax, you will be given a choice of how to pay. You can read more about this on our website at www.litrg.org.uk/tax-guides/employed/what-if-i-do-not-pay-enough-tax.

Expenses you can claim

If you are employed, you can claim tax relief on expenses that are necessary for you to perform your duties. This is a very restrictive test and does not normally include, for example, the costs of travelling from home to your workplace (see below for an exception for armed services personnel). It might include professional subscriptions, for example, that are not paid or reimbursed by your employer. You can read more about this on our website at www.litrg.org.uk/tax-guides/employed/employment-benefits-and-expenses#toc-what-are-employment-expenses-. You can claim these expenses on your **tax return**, if you need to complete one, or by completing form P87. You can read more about this and where to find the form in the section 'Claiming a tax refund' that starts on page 24.

Matters specific to the armed forces



It is important to understand that some allowances paid to you by the Ministry of Defence (MoD) are not taxable, while others are. In addition, MoD has made special arrangements with [HMRC](#) so that you do not have to pay the tax due on certain payments; MoD pays the tax instead. This results in you having to pay less tax and it makes your tax much easier to deal with.

We have included a chart on page 50 that shows the main payments that you will have to pay tax on if you receive them. These payments are shown separately on your payslip, and are taxed using the [PAYE](#) system.

Most expenses you incur as a result of your employment with the armed services are covered by allowances paid to you, but some of your travel expenses might entitle you to extra tax relief. This is often the case where you are paid Motor Mileage Allowance (MMA) as it is paid at a rate different from that allowed by HMRC. You can read more about this in the section 'Claiming a tax refund' that starts on page 24.

Self-employment

If you are [self-employed](#), you have few rights and protections under employment law. Sometimes you can be classed as self-employed for tax purposes, but as a 'worker' for employment law purposes (the same category that [agency](#) workers fall into) meaning that you may get more rights and protections than you think.

Self-employed people have to pay their own [income tax](#) and [National Insurance contributions](#). When you become self-employed, you need to:

- tell [HM Revenue & Customs](#) as soon as possible;
- keep records of your [income](#) and expenses (see page 42 for more information on record keeping);
- fill in a [tax return](#) each year; and
- pay your income tax and National Insurance contributions direct to HM Revenue & Customs.

Find out more about how self-employed people pay tax and how to register your self-employment with HMRC in the [self assessment](#) section on page 21.

Depending on the level of your turnover (sales), you may also need to register for Value Added Tax (VAT). You can read more about this in the section 'Other tax issues' that starts on page 37.

Being self-employed as well as employed

There is more information on self-employment and employment [income](#) in the sections above. Where you are both [self-employed](#) and employed, [HMRC](#) will most likely allocate [personal allowances](#) against your employment or pension income, meaning that you will pay [income tax](#) on all your self-employment [profits](#).

Agency work

Where an [agency](#) finds work for you, they usually pay you too.

The agency should deduct [income tax](#) and [National Insurance contributions](#) from your pay. But you still need to check your income tax, to make sure you are not paying too much or too little (see the 'Employment income' section on page 11).

Construction work

Are you a construction worker – for example a builder, carpenter, plasterer or electrician in the UK? If so, you may be either an employee or [self-employed](#) (see the section on 'Employment or self-employment' on page 10).

If you are self-employed, a special tax scheme for construction workers applies to you, called the Construction Industry Scheme. This means that the contractor you work for deducts [income tax](#) from your [income](#).



If you register for [self assessment](#) and the Construction Industry Scheme, the contractor will deduct tax at the rate of 20%. But if you do not register for the Construction Industry Scheme, the contractor will deduct tax at the rate of 30%. In either case you may be due a refund, because of your trading expenses and the [personal allowance](#).

Even if you have tax taken off your earnings before you get them, if you are a self-employed construction worker in the UK, you must do two things:

- Register as self-employed with [HM Revenue & Customs](#) (see section on self assessment on page 21); and
- Register with HM Revenue & Customs for the Construction Industry Scheme.

HM Revenue & Customs will ask you to complete self assessment [tax returns](#).

HM Revenue & Customs' Construction Industry Scheme Helpline is **0300 200 3210** ([textphone 0300 200 3219](#)) ([text relay 18001 0300 200 3210](#)).

Find out more about the Construction Industry Scheme on the GOV.UK website: www.gov.uk/what-you-must-do-as-a-cis-subcontractor.

Pension contributions

Armed forces personnel

Most serving personnel, including reservists, are members of one of the Armed Forces Pension Schemes. You can read more about these on GOV.UK: www.gov.uk/government/publications/armed-forces-and-reserve-forces-pension-schemes-guidance-booklets. These are schemes to which you pay no contributions, but from which you receive benefits (pension) at a future date.

It is possible to pay your own contributions to these schemes in order to receive additional benefits and you should contact Veterans UK at www.gov.uk/government/organisations/veterans-uk, who administer the armed forces pension schemes, if you wish to do this. The contributions you make yourself will receive [income tax](#) relief. You can read more about this on our website at www.litr.org.uk/tax-guides/armed-forces-and-tax/how-pay-taxed/contributions-pension-schemes.

Other employment or self-employment

If you have another employment or self-employment you can pay pension contributions in relation to that other activity in order to get a pension in the future. Subject to certain limits, you will obtain tax relief on those contributions. You can find more details on our website at www.litr.org.uk/tax-guides/tax-basics/do-i-have-join-pension-scheme.

National Insurance contributions

As well as [income tax](#), you have to pay [National Insurance contributions](#) (NIC) on your earnings. Some National Insurance contributions count towards [state benefits](#) you might receive in the future – for example, the state retirement pension or help if you are ill and cannot work. Information on some state benefits is given in a later section of this guide, see page 33.



You start paying National Insurance contributions at age 16 and stop paying them when you reach [pension age](#) although you do not pay NIC on any pension [income](#) you receive.

If you are an employee, your employer takes National Insurance contributions off your wages and pays them to [HM Revenue & Customs](#). Your employer also has to pay some additional National Insurance contributions called ‘secondary’ or ‘employer’ contributions.

If you are [self-employed](#), you might have to pay two kinds of National Insurance contributions:

- A fixed weekly amount – [Class 2](#); and
- An amount calculated with your [self assessment tax return](#), based on your [profits](#) – [Class 4](#).

If you do not pay National Insurance contributions, for example because you cannot work due to illness or if you are a carer, you might be given National Insurance credits. These credits mean that your National Insurance contributions are covered for the time you cannot pay them yourself. Find out more about National Insurance credits on the GOV.UK website: www.gov.uk/national-insurance-credits.

There is an overall maximum amount of National Insurance contributions that you should pay in a tax year: any excess above that amount is repaid to you. If it is clear at the start of a tax year that you will exceed that maximum you can apply to stop paying (‘defer’) some contributions. The most common reason for this will be if you have two jobs – for example, if you have a full-time job but are also a reservist. In this case it is possible you would pay maximum National Insurance contributions in your full-time job and so be able to pay no contributions on your reservist earnings. You can read more about deferring National Insurance contributions on GOV.UK: www.gov.uk/defer-national-insurance.

If you accompany your spouse or civil partner on an overseas tour of duty with the armed forces after 6 April 2010, you are entitled to National Insurance Class 1 credits. You apply for these by completing form MODCA1: www.gov.uk/government/publications/national-insurance-application-for-national-insurance-credits-modca1. There is a time limit for claiming these. If you have missed the time limit or you accompanied your spouse or civil partner on an overseas tour of duty at any time since 6 April 1975, you can claim National Insurance Class 3 credits by completing the form found on GOV.UK at www.gov.uk/government/publications/national-insurance-credits-for-partners-of-armed-forces-personnel-overseas-after-6-april-1975.

Pensions you receive

No **National Insurance contributions** are payable on any pension **income** you receive. But the pension income you receive may be taxable.

State pension

The Government pays the state pension to those who have built up sufficient **National Insurance contributions** over their working life. The state pension is taxable, but it is paid with no **income tax** taken off before you get it. So that a large tax bill does not arise in connection with this, **HMRC** normally restrict your **personal allowances** in your **Coding Notice** (see page 18), if possible, to collect the tax due on your state pension along with the tax due on your other employment and pension **incomes**. You can read more about the state pension on our website at www.litr.org.uk/tax-guides/tax-basics/do-i-have-join-pension-scheme#toc-what-is-the-state-pension-.



Armed forces pensions

Pensions that are exempt from tax (in other words no tax is due on them)

Some armed forces pensions are not taxable, including:

- Any of these that are received due to wounds or disability sustained during service. Where only part of the pension is due to such wound or disability, the Secretary of State will have certified what proportion of the pension is taxable. However, if you left the services in circumstances which qualified you for both a disablement pension and a service pension then the combined pension should be exempt;
- Any pension or allowance paid due to death in the armed forces;
- Pensions paid for bravery; and
- Any lump sums paid under the Early Departure Scheme. If you also receive a regular **income** payment under this scheme, then that income is taxable but no **NIC** is payable.

Awards made with regard to ill-health

A lump sum paid with regard to ill-health is exempt from **income tax** while a regular income paid instead of other benefits is liable to income tax.

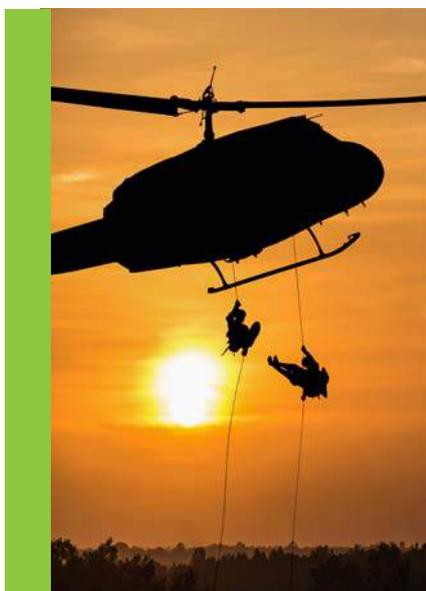
Pensions that are not exempt from tax

Normal service pensions are fully taxable. In addition, a disability pension awarded for a cause not attributable to service remains taxable. For deaths occurring on or after 6 April 2005, pensions paid to a dependant are taxable.

When are armed forces pensions paid?

This depends on a number of factors such as which pension scheme you were a member of, whether or not you served your full term and your rank. In some cases it is possible to retire 'early' and draw a reduced pension. Part of the pension may be taken as a tax-free lump sum. There are special rules for pensions paid as a result of ill-health or disablement. You can read more about armed forces pensions on GOV.UK: www.gov.uk/search?q=armed+forces+pension and at Veterans UK at www.gov.uk/guidance/pensions-and-compensation-for-veterans.

Other pensions



You can normally draw any other pension from age 55, again with an option to take part of your pension savings as a lump sum, with the rest of the income being taxable when it is paid to you. You can read more about pensions on the website of The Pensions Advisory Service: www.pensionsadvisoryservice.org.uk.

You may wish to take independent financial advice in relation to your pension savings.

How tax is paid

The basic principles

There are two ways to pay **income tax** in the UK.

- It is deducted from your **income** before you get it

If you are an employee, for example with the Ministry of Defence, then your employer deducts tax under the **Pay As You Earn** system. Your employer takes tax out of your pay before you get it, and pays the tax on your behalf to **HM Revenue & Customs**.

Find out more in the section on Pay As You Earn below.

As well as Pay As You Earn for employees, there are other times that tax is taken from your income before you get it. For example, if you have an account with a UK bank or building society, you might get interest on the money in it. This is called 'savings income' for UK tax. Depending on your total income, you might have to pay tax on that interest.

Before 6 April 2016, banks and building societies used to deduct tax and pay it to HM Revenue and Customs. From 6 April 2016, banks and building societies no longer deduct tax from interest. You might still have to pay tax on it.

You can find more information at www.litr.org.uk/tax-guides/other-tax-issues/savings-and-tax

- You pay your tax direct to HM Revenue & Customs

If you are **self-employed**, you have to work out how much tax you have to pay, and pay this tax to HM Revenue & Customs yourself.

In addition, if you have other income or **gains** that have not had UK tax deducted from them, or you need to pay tax at a higher rate than has been taken off, you may need to pay the extra tax due direct to HM Revenue & Customs. Find out more in the section on **self assessment** on page 21.

The Pay As You Earn (PAYE) system

When you work for a UK employer, your employer takes **income tax** off your wages before paying you, under a system called **Pay As You Earn** (often shortened to 'PAYE').



Usually, your employer will take the correct tax off your pay during the **tax year**. But sometimes it does not work out exactly, especially if:

- You have more than one job at the same time;
- You change jobs often;
- You start to receive a pension; or
- You start or stop working part way through a tax year.



Your employer or pension provider must use the tax code sent them by **HMRC** to calculate the tax you pay for any pay period. You should get a copy of this '**coding notice**'. It is therefore very important that you check your coding notice when you receive it and that you contact HMRC if you think it is wrong or you need help in understanding it. You should also check that the code being used by your employer is the same as that on your coding notice. Your payslip shows the tax code being used.

To help you, here is a typical payslip. It shows:

- 1** Personal information, including: name, **National Insurance number** and **Pay As You Earn** code.
- 2** Payments for the pay period, including: **salary**, wages, bonuses and overtime.
- 3** Deductions for the pay period, including: **income tax**, **National Insurance contributions** and pension contributions (if any).
- 4** Amounts earned and deductions taken off for the tax year to date, including the current pay period.
- 5** Net pay for the pay period. This is the amount you should actually receive for the pay period. It is your payments (**2**) minus deductions (**3**).

1	Mr A Smith NI Number: AB123456C Tax Code: 1150L		Pay by: BACS	Date: 25 Aug 17	
	Description	Rate (£)	Hours	Amount (£)	This year (£)
	Wages	10.00	100.00	1,000.00	5,000.00
	Overtime	2 12.00	10.00	120.00	400.00
			TOTAL	1,120.00	5,400.00
	Tax			32.40	122.00
	National Insurance	3		52.80	240.00
				85.20	362.00
			NET PAY	1,034.80	5
	Employer's NIC this period:	60.72	Tax District:	Centre 1	
	Employer's NIC Year to Date:	276.00	Tax Reference:	961/111111	

On our website we show a more complex payslip of someone employed in the armed forces. You can see this at www.litr.org.uk/tax-guides/armed-forces-and-tax/how-pay-taxed/understanding-your-payslip.

Pay As You Earn is supposed to give you your **personal allowances** using the coding system. But sometimes things go wrong and you might pay the wrong amount of tax.

For example, if you have more than one job, or one job and a taxable pension (other than the state pension) you should have two codes which will probably be:

- One code which is a number followed by the letter 'L' (for example, 1150L). This tells the employer to give you the personal allowance of £11,500 spread evenly over the year; and
- Another code which will be a 'BR' code if you are a basic rate taxpayer; D0 if you are a 40% taxpayer and D1 if you pay tax at the 45% rate. This will ensure that the correct amount of tax is taken from the pay you get for your second job (or pension).



If both codes are 1150L, this means that you have been given your personal allowances by both employers and you will probably not have paid enough tax at the end of the tax year. As from 6 April 2016, Scottish taxpayers have a code number that starts with the letter 'S'. You can find out more about how to check your coding notice on our website at www.litr.org.uk/tax-guides/employed/how-do-i-check-my-coding-notice. You can read more about Scottish taxpayers on our website at www.litr.org.uk/tax-guides/tax-basics/what-scottish-rate-income-tax/do-i-have-pay-scottish-income-tax

As you can see, the PAYE system operates most effectively when there is one source of employment **income**. When there is a second source, HMRC need to decide which the 'main' source is (generally the one that gives most income). That main source normally has the personal allowance set against it with the other source being taxed in full, at a flat rate. This can be at basic rate or a higher rate. In certain circumstances it is appropriate to ask HMRC to allocate your personal allowance differently. You can find out more on our website at: www.litr.org.uk/tax-guides/employed/how-do-i-check-my-coding-notice.

After the end of the tax year (5 April) your employer or pension provider will give you a form P60, which shows your total pay for the year, and the income tax and **National Insurance contributions** you have paid.

If the right tax has not been taken off your wages in the tax year, you might:

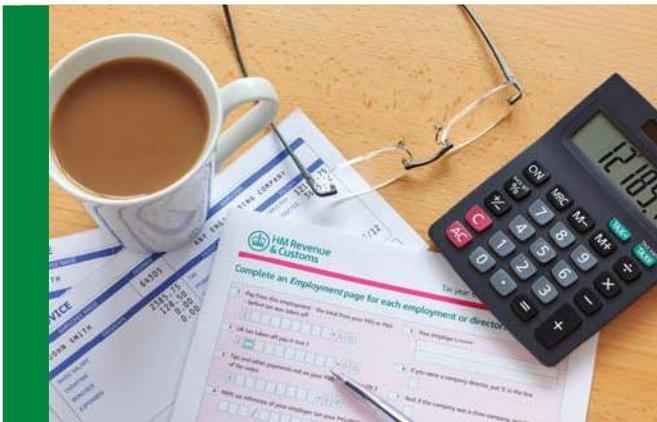
- Get a letter (a PAYE calculation, form **P800**) from HM Revenue & Customs asking you to pay more tax;
- Get a letter (a PAYE calculation, form P800) from HM Revenue & Customs that says you have paid too much tax and get a refund by cheque; or
- Be asked to complete a **self assessment tax return** form.

You can find out more about PAYE tax calculations, forms P800, on our website at www.litr.org.uk/tax-guides/employed/what-if-i-do-not-pay-enough-tax.

When you leave a job, your employer should give you a form P45. This has 3 parts. You should keep Part 1A. What you do with Parts 2 and 3 depends on what you do next:

- Give them to your new employer when you get a new job;
- Give them to your pension provider if you start to receive a pension;
- Give them to Jobcentre Plus (Jobs and Benefits Office in Northern Ireland) if you claim certain **state benefits**;
- Send them off to HM Revenue & Customs to claim a tax refund if you do not have a job, you are not being paid a pension, you are not claiming state benefits and you might not be working for a while. See HM Revenue & Customs form P50: www.gov.uk/government/publications/income-tax-claiming-tax-back-when-you-have-stopped-working-p50;
- Send them off to HM Revenue & Customs to claim a tax refund if you are leaving the UK. See HM Revenue & Customs form P85: www.gov.uk/government/publications/income-tax-leaving-the-uk-getting-your-tax-right-p85.

Self assessment

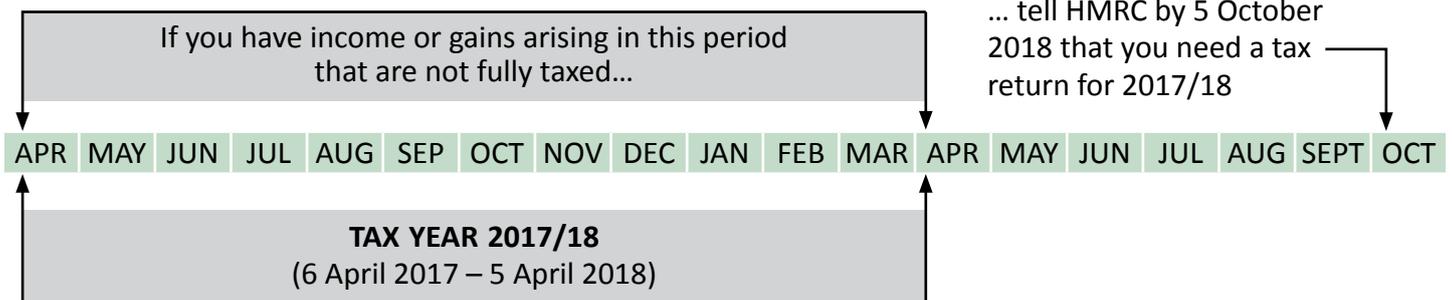


If the **income tax** you owe cannot be taken from your pay or other **income**, you need to fill in a **tax return**. This is called **self assessment**.

Self assessment means that you complete a tax return, either on paper or online, after the end of the **tax year**. If you owe tax, you pay it to **HM Revenue & Customs**. If HM Revenue & Customs owe you tax, you get a refund.

Anything you own or earn in the UK **or in another country** could affect your UK tax. Tell HM Revenue & Customs if you think you have

any income which has not had any or enough tax taken off already or if you have made a **capital gain**. You must tell HM Revenue & Customs by 5 October after the end of the tax year.



If you are **self-employed** the easiest way to tell HM Revenue & Customs is to telephone the Newly Self-Employed Helpline on **0300 200 3500** (**textphone 0300 200 3519**) (**text relay 18001 0300 200 3500**) or you can fill in form CWF1, available on GOV.UK at www.gov.uk/log-in-file-self-assessment-tax-return/register-if-youre-self-employed.

To tell HM Revenue & Customs that you need a tax return for any other reason, either:

- Use form SA1. Complete the form, print it and post it to the address on the form. Keep a copy. www.gov.uk/government/publications/self-assessment-register-for-self-assessment-and-get-a-tax-return-sa1 or
- Telephone the Self Assessment Helpline on **0300 200 3310** (textphone **0300 200 3319**) (text relay **18001 0300 200 3310**). Keep a note of the telephone call.

Once you have registered, HM Revenue & Customs may ask you to complete a tax return each year. You must do so for each year you are asked and send them back to HM Revenue & Customs. You must include all of your taxable income and capital gains on the form.

You should tell HM Revenue & Customs when you have ceased self-employment, otherwise they will just assume your self-employment is ongoing and will continue to issue you tax returns to complete. You will need to fill in a tax return for the year your self-employment ends – the date that you stopped being self-employed should be shown on the tax return.

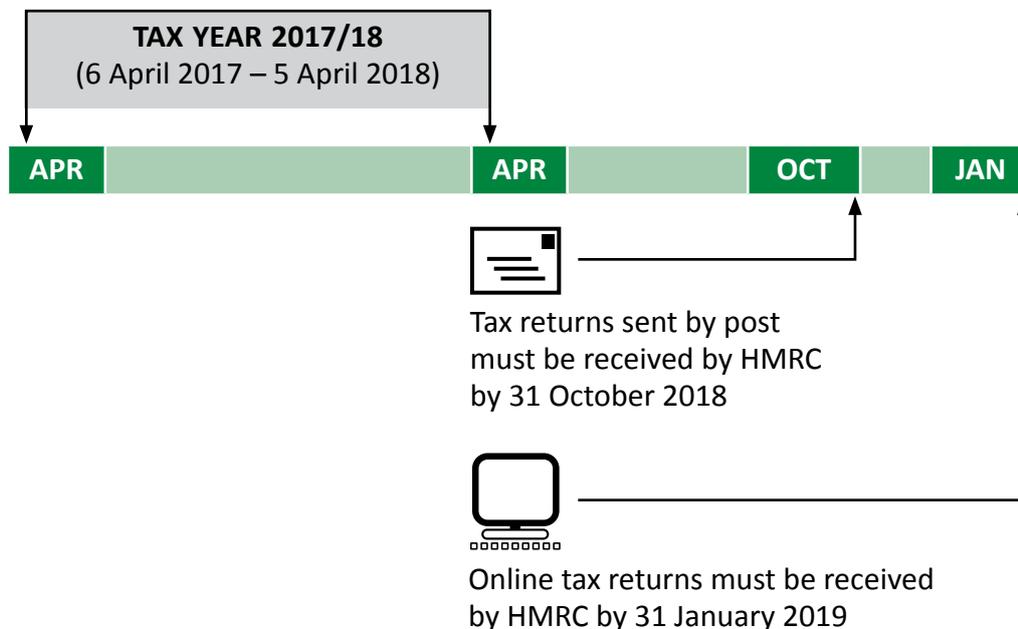
If you are still required to complete a tax return for other reasons, HM Revenue & Customs will continue to issue these. Failing to file your tax returns can result in substantial penalties even if no tax is due.

There are many important dates in the self assessment system. You must act by those dates otherwise you will be charged a **penalty** on top of your tax. Even if you do not have any tax to pay you could still be charged a penalty.

For example, self assessment tax returns usually must be sent to HM Revenue & Customs:

- By 31 October after the end of the tax year if you are completing it on paper; or
- By 31 January after the end of the tax year if you are completing it online.

You usually have to pay any tax that you owe to HM Revenue & Customs by 31 January following the end of the tax year in question. From your second year of self assessment, HM Revenue & Customs may ask you to pay some tax in advance towards your next tax bill. These advance payments are called 'payments on account'.



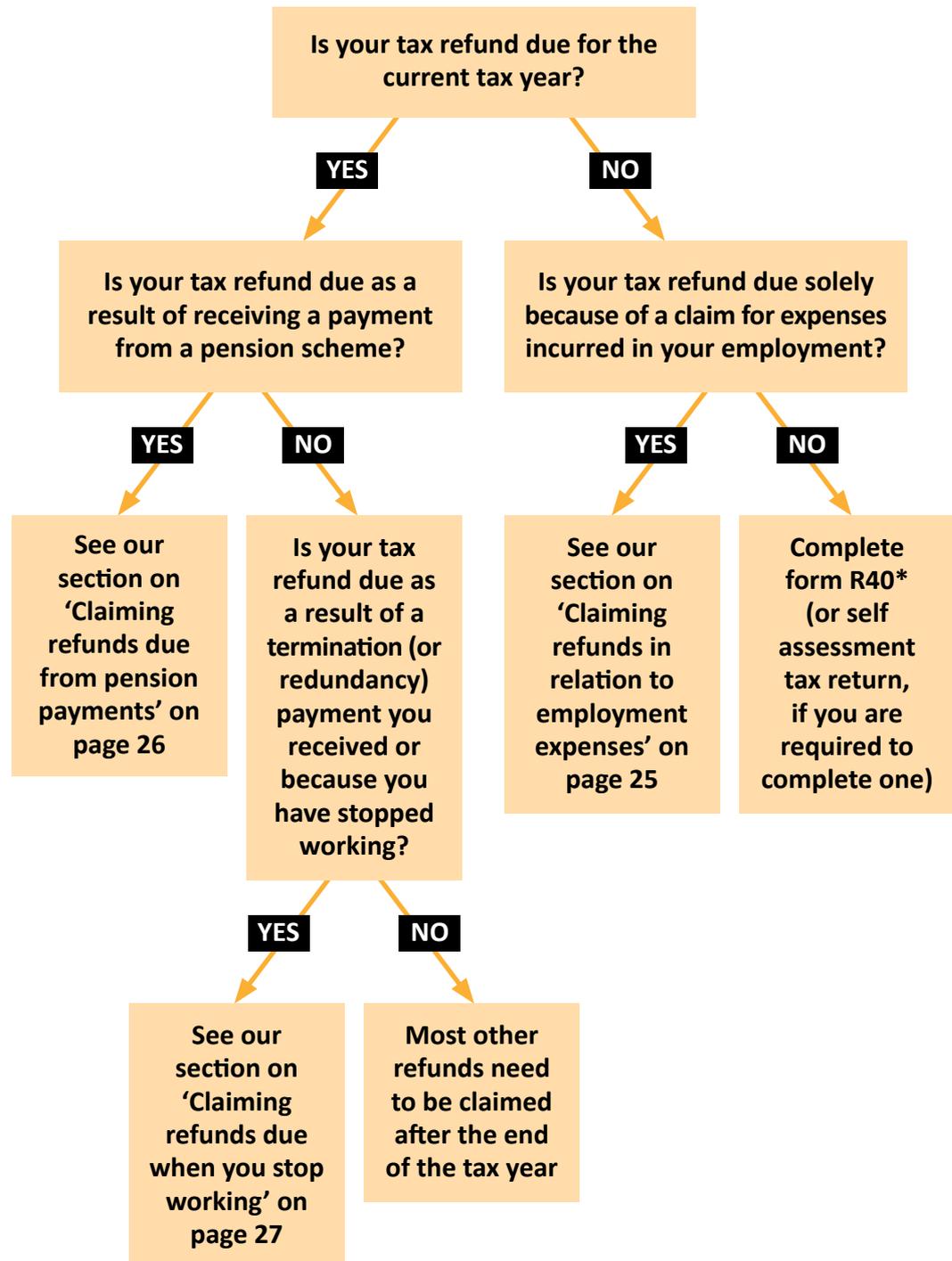
A self assessment tax return is made up of core pages, plus extra sections that depend on your circumstances. You might have problems filling in your self assessment tax return online if you are not resident in the UK, for example because you are on a long tour of duty overseas. This is because HM Revenue & Customs' system does not allow you to complete pages relating to your **residence** online. In this case you would have to file your tax return on paper by 31 October after the tax year, or find another provider, who may often charge you, to allow the residence pages to be completed online. Often HM Revenue & Customs send a letter asking you to complete a self assessment tax return and they do not automatically send you the form. So if you want to complete the form on paper, you will have to ask HM Revenue & Customs for it together with any extra pages you need or print the pages from GOV.UK – www.gov.uk/self-assessment-forms-and-helplets.



You can find out more about self assessment on our website at www.litr.org.uk/tax-guides/self-employment/what-dates-are-important-self-employment.

Claiming a tax refund

If you overpay tax and you complete a [tax return](#), [HM Revenue & Customs](#) will send you a repayment once they have processed your tax return. If you are not within [self assessment](#), you can still claim a refund of overpaid tax. The way you make your claim depends on different factors that we summarise in the flowchart below.



*www.gov.uk/government/publications/income-tax-claim-for-repayment-of-tax-deducted-from-savings-and-investments-r40

It is important to make your claim as soon as possible, but certainly within four years of the end of the relevant **tax year**. For example, any claims for the current tax year (2017/18) should be made by 5 April 2022 at the latest. Normally making a claim is very straightforward and we show you how to do this in this section.

There are 'tax refund companies' that can make such claims on your behalf. Be careful because you have to pay for this service and sometimes the cost is more than the refund you receive. You can read more about the possible dangers on our website at www.litr.org.uk/tax-guides/tax-basics/how-do-i-claim-tax-back/using-tax-refund-companies.



It is very important that you keep proper records so that you can show these to HMRC if they ask for them.

Claiming refunds in relation to employment expenses

Our section 'Income from working' (see page 11) tells you which expenses you may be able to claim. If you are (or have been) employed in the armed forces, the most common expenses that you might be able to claim relate to Motor Mileage Allowances (MMA). There are three categories of journeys to consider:

- Home to Duty Travel (HDT);
- Get You Home Travel (GYH(T)); and
- Other business journeys.

Normally you cannot make a further claim for tax relief with regard to MMA for Home to Duty Travel or Get You Home Travel. But if you have been assigned to a temporary workplace, you may be able to make a claim provided you have kept a copy of the relevant Assignment Order (AO). You can read more about this on our website at www.litr.org.uk/tax-guides/armed-forces-and-tax/how-pay-taxed/allowances-and-expenses-paid-you.

For other business journeys (and any journeys in relation to HDT or GYH(T) where you have a copy of the relevant AO), if you were paid MMA, you can make a repayment claim based on the difference between what you have already been paid and what **HMRC** allow. You should complete form P87 that is found at www.gov.uk/government/publications/income-tax-tax-relief-for-expenses-of-employment-p87 and send it to HMRC. You do not need to perform calculations yourself. You need to enter on the form only the total number of business miles and the amount you have been reimbursed. The amount you are due to claim is then calculated.

Remember that the amount claimed is then subject to tax relief: you do not receive the amount claimed, but you get tax relief on that sum. For example, if you received MMA of £500, but the maximum claim is for £950, form P87 allows you to claim tax relief on the extra £450. If you are a basic rate taxpayer that means you will receive a tax refund of £90 (£450 x 20%).

If necessary you can claim for more than one year at a time, but you will need to complete a separate form P87 for each **tax year**.

Laundry expenses



If you are in the armed forces, normally you are given an allowance for laundry expenses directly through payroll, so you should only make a claim if your actual costs were higher than the allowance (Royal Navy £80; others £100) AND you have receipts that show the costs you have incurred. Any allowances due for years up to 5 April 2014 have already been processed by HMRC through payroll provided you were employed by the armed forces at March 2014.

Claiming refunds due from pension payments

If you are taking a regular **income** from your pension scheme, please see the section 'Claiming refunds due when you stop working' on page 27.

Since April 2015 it has been possible to take large payments from your pension scheme instead of taking a regular income. You can read more about this on our website at www.litr.org.uk/tax-guides/pensioners-and-tax/what-tax-position-when-i-take-money-my-pension-flexibly. If you do this, 25% of the lump sum is tax-free while the balance is likely to be taxed at the basic rate of **income tax** (20%). If you have not used all of your **personal allowance**, this may mean you have had more tax deducted than was necessary.

The way you get a tax refund depends on the type of pension scheme that you have taken money from:

- If the lump sum was taken from a defined benefit ('final salary') scheme, there are two possibilities. You may have taken a lump sum of up to 25% of the fund, with the balance paying you a pension for life. In this case no tax will have been deducted from the lump sum so no refund will be due. Alternatively, if you have taken a 'trivial commutation' that has used up all of your rights under that scheme, then you should complete form P53 that can be found at www.gov.uk/government/publications/income-tax-repayment-claim-when-small-pension-taken-as-a-lump-sum-p53 to claim your refund (unless you normally complete a **self assessment tax return** in which case you claim the refund when you file your tax return).

- If the lump sum was taken from a defined contribution scheme, you can claim your refund by:
 - completing form P50Z if you have no other income in the year and this payment used up all your pension pot www.gov.uk/government/publications/income-tax-claim-for-repayment-of-tax-when-youve-stopped-working-and-flexibly-accessed-your-pension; or
 - completing form P53Z if you have other taxable income in the year and this payment used up all your pension pot www.gov.uk/government/publications/income-tax-repayment-claim-when-small-pension-taken-as-a-lump-sum-p53; or
 - completing form P55 if the payments did not use up your whole pension pot and you are not taking regular payments from the pension pot www.gov.uk/government/publications/flexibly-accessed-pension-payment-repayment-claim-tax-year-p55.

Note that if you intend taking more money from your pension before the end of the tax year, you should not make a tax refund claim now, but wait until after the end of the tax year.

Claiming refunds due when you stop working

You can stop working in four circumstances that might result in [income tax](#) repayments becoming due:



- you are made redundant;
- you stop working and receive no pension [income](#) or [state benefits](#);
- you stop working and start to receive pension income; or
- you stop working and claim state benefits.

You are made redundant

In these circumstances, you are likely to receive a redundancy (or termination) payment from your employer. Normally any redundancy payments up to £30,000 are exempt from both income tax and [National Insurance contributions](#). Any extra amount is subject to tax and possibly National Insurance. You may find that you have paid too much tax. You can read more about this on our website at www.litr.org.uk/tax-guides/employed/what-tax-do-i-pay-redundancy-payments. If this is your situation you can phone [HMRC](#) and ask for a refund.

You stop working and receive no pension income or state benefits

In this situation it is likely that you will not have used your full [personal allowance](#). If you are sure you are not going to work again before the end of the [tax year](#), you can claim a refund by completing form P50, www.gov.uk/government/publications/income-tax-claiming-tax-back-when-you-have-stopped-working-p50.

You stop working and start to receive pension income

When you start to receive a pension from the pension scheme of the employer you have just left, your income tax position should normally be straightforward as your employer will pass details of your income up to the date you retired direct to the pension company. Instead, if you begin to receive regular pension income from another pension scheme, you should pass them a copy of your form P45, if it is available. In these circumstances any tax refund due should be processed through the [PAYE](#) system.

If you begin to receive irregular pension income, you should look at the section 'Claiming refunds due from pension payments' on page 26.



Note that the [state pension](#) is taxable, but no tax is deducted from it before it is paid to you. Normally the tax due on the state pension is collected by altering the tax code applied against any other pension or employment income you receive. It is possible, though, that if the state pension is the only income you receive after retirement, you may be due a tax refund and you should complete form P50, www.gov.uk/government/publications/income-tax-claiming-tax-back-when-you-have-stopped-working-p50.

You stop working and claim state benefits

Some state benefits, such as Jobseekers Allowance and contributions based Employment and Support Allowance are taxable whereas some are not taxable. You can check whether the benefits you are receiving are taxable on our website at www.litr.org.uk/tax-guides/tax-credits-and-benefits/state-benefits.

This is an important distinction because if you are receiving taxable state benefits any tax refund due may not be made until after the end of the tax year. If you start to work again, though, before the end of the tax year, you should be able to receive your refund through the PAYE system.

Tax issues if you are disabled or injured

If you are disabled or injured, tax is not likely to be the first thing you think about, but there are some important tax provisions that should help you keep more of your money. Some of these rules apply to all disabled people while some apply only to those injured or disabled as a result of being in the armed forces.

Matters specific to those injured or disabled as a result of being in the armed forces

You will find lots of information on the website of Veterans UK at www.gov.uk/government/organisations/veterans-uk. In the section 'Pensions you receive' (see page 16), you can read about pensions you receive from the armed forces, some of which may be wholly exempt from [income tax](#).

Any payments you receive under the Armed Forces Compensation Scheme or Criminal Injuries Compensation (Overseas) Scheme are also tax-free.

Other disability issues



It is likely you will be entitled to certain [state benefits](#). You can check your entitlement on one of the calculators on GOV.UK – www.gov.uk/benefits-calculators. It is important to make any claims as early as possible since payments may only be backdated for a short period of time, if at all.

If you have been seriously injured while serving in the forces you may receive the Armed Forces Independence Payment that is tax-free.

If you require the services of a carer, they may be able to claim carer's allowance. You can read more about this on GOV.UK at www.gov.uk/carers-allowance. There is also information about carers in our website section on 'Disabled people and carers' at

www.litrg.org.uk/tax-guides/disabled-people-carers and information on employing a carer in our Disability Tax Guide at www.disabilitytaxguide.org.uk.

The Access to Work scheme gives grants to help disabled people or people with a health or mental health condition to start working or stay in work, including self-employment. You can find out more about this on our website at www.litrg.org.uk/tax-guides/disabled-people-and-carers/help-employees#toc-what-is-the-access-to-work-scheme-.

Assistance for people with specific disabilities

If you are severely sight impaired you are entitled to an additional allowance to set against your income – the **blind person's allowance**. It is £2,320 for 2017/18. If you cannot use all the allowance yourself you can transfer the excess to your spouse or civil partner.

If you have mobility issues, you may be able to buy or lease a car that has been specially adapted for you, free of VAT. You can read more about this on GOV.UK at www.gov.uk/government/publications/vat-notice-1002-adapted-motor-vehicles-for-disabled-people-and-charities.

A number of other aids are also VAT-free or, if you are aged over 60 but not disabled, some goods and services may be available with a reduced VAT charge of 5%. You can read more about this on our website at www.litr.org.uk/tax-guides/disabled-people-and-carers/vat-reliefs-disabled-and-older-people#toc-what-if-i-am-aged-over-60-but-not-disabled-.

Renting out your home

If you own your home (or another property), but do not live in it because you live somewhere else, for example in service accommodation, you may choose to **rent** it out to someone else. If you do, normally any **profit** that you make from this rental **income** will be taxable and you need to tell **HM Revenue & Customs** about it. You are able to set various expenses against the income that you receive, for example mortgage interest payments (but not the capital repayment element). For more information you can visit our website at: www.litr.org.uk/tax-guides/other-tax-issues/property-income.

Renting out your home, or leaving it unoccupied for long periods of time, may have tax implications for you when you sell the property. You can find out more in our section on **capital gains tax** on page 32.

Instead, if you rent out a room in your home, while you are living there, you may not have to pay **income tax** on your profit. If you get income of up to £7,500 (£4,250 for 2015/16 and earlier years) in a **tax year** from renting out a room in your home, before taking off your costs, you will not have to pay tax on it. This is called rent-a-room relief. If you share income with someone else from renting out a room, you can only get income of £3,750 (£2,125 for 2015/16 and earlier tax years) in a tax year before paying income tax.

Find out more about rent-a-room relief from GOV.UK: www.gov.uk/rent-room-in-your-home.



Capital Gains Tax

Capital Gains Tax (CGT) is a tax that is charged on the **profit** (or 'gain') arising on the disposal of any **asset** owned by you – for example shares in a company or a property. The disposal could be by sale, gift or exchange.

There is an annual exemption of £11,300 for 2017/18 – meaning that any gains that fall within that limit are totally exempt from CGT. Gains in excess of that are charged to tax at the rate of 10% or 20%, depending on your other **income**. There is also a special reduced rate of 10% for the disposal of some business assets. In addition, any sales of residential property that are liable to capital gains tax are charged at a higher rate of either 18% or 28%, depending on your other income. You can read more about capital gains tax on our website at www.litrg.org.uk/tax-guides/other-tax-issues/capital-gains-tax.

Normally the sale of your home is free from CGT, but this might not be the case if you have not always lived in it. You can read more about this on our website at www.litrg.org.uk/tax-guides/armed-forces-and-tax/other-tax-issues/capital-gains-tax-armed-services/capital-gains-tax. You should also look at the section below on selling a residential property in the UK while you are overseas.

Although CGT is normally only charged when you are resident in the UK there are two exceptions:

- You dispose of an asset when you are temporarily non-UK resident or
- You sell a residential property that is situated in the UK.

Disposing of an asset when you are temporarily non-UK resident

If you have been resident in the UK, become non-UK resident but then return to the UK within five years, you may have to pay CGT on any **gains** arising on **assets** disposed of while you were non-UK resident. You can read more about this on our website at www.litrg.org.uk/tax-guides/armed-forces-and-tax/other-tax-issues/capital-gains-tax-armed-services/capital-gains-ta-0.

Disposing of a UK residential property while you are non-UK resident

From April 2015, if you dispose of a UK residential property, you might have to pay UK CGT, even if you have not been resident in the UK for many years. You can read about this on our website at www.litrg.org.uk/tax-guides/armed-forces-and-tax/other-tax-issues/capital-gains-tax-armed-services/capital-gains-tax#toc-i-am-not-resident-in-the-uk-do-i-still-pay-capital-gains-tax-when-i-sell-my-home-in-the-uk.

Tax credits and state benefits

You might be able to claim [state benefits](#) if you have a low [income](#) or have children. [HM Revenue & Customs](#) not only collect tax; they also pay child benefit (see below) and tax credits (see page 34).

Whether you can claim some state benefits depends on your [National Insurance contribution](#) record, your income and your [residence](#) status. Your residence status for state benefits may be different from your tax residence status because the tests are different. The rules are different for each state benefit, so just because you are entitled to one, it does not mean you can claim the others. So, it is important to check the rules, or get advice, before you claim.

You have to pay [income tax](#) on some state benefits (called 'taxable benefits'). You do not have to pay tax on some other state benefits (called 'tax-free benefits'). You can see a full list of benefits and whether they are taxable or tax-free on our website: www.litr.org.uk/tax-guides/tax-credits-and-benefits/state-benefits.

Child benefit and guardian's allowance



If you are bringing up a child in the UK, you can claim child benefit – you do not have to be the child's parent. Sometimes it is possible to claim child benefit for children who live in another country, for example, if you are posted overseas and prior to that you were living in or posted to the UK.

Child benefit is a tax-free benefit (although since 7 January 2013, if you have [income](#) over £50,000, you may have to pay a tax charge, the High Income Child Benefit Charge, which effectively reduces the amount of child benefit that you receive). You can claim child benefit if you are responsible for a child under 16, or if a young person (up to the age of 20) you are responsible for is in certain types of full-time non-advanced education or approved training.

The High Income Child Benefit Charge applies where you, or your partner who lives with you, have income over £50,000 and

- you or they receive child benefit or
- someone else gets child benefit for a child living with you, but they contribute at least the amount of the child benefit towards the child's upkeep.

The amount of child benefit you get is not affected by whether you have paid **National Insurance contributions**. You can claim it even if you are not working. Claims can be backdated for up to three months.

Find out more about child benefit from **HM Revenue & Customs**: Helpline – **0300 200 3100** (**textphone: 0300 200 3103**) (**text relay: 18001 0300 200 3100**). If you are calling from abroad the number is **+44 161 210 3086**. Website: www.gov.uk/browse/benefits/child.

Guardian's allowance is a tax-free payment (paid in addition to child benefit) for people who are bringing up children whose parents have died. In certain circumstances you may qualify for guardian's allowance where only one parent has died. You can find out more about guardian's allowance on the GOV.UK website: www.gov.uk/guardians-allowance.

You may be able to claim a type of child benefit if you are posted to Germany, but we cannot advise further on this.

Tax credits

There are two tax credits – child tax credit and working tax credit. Both are tax-free. You can claim one of them or both of them if you are entitled to them. Normally you need to be resident in the UK to make a claim, but if you are posted overseas you will still be able to claim, provided you were resident in the UK before your posting (or first posting) overseas.

If you are in a **married couple** or in a civil partnership, or if you are living with a partner as husband and wife or **civil partner**, you must make a joint claim. You can read more about this on our sister website, revenuebenefits at: www.revenuebenefits.org.uk/tax-credits/guidance/how-do-tax-credits-work/understanding-living-together.

Claims for tax credit can normally be backdated for up to 31 days, so you should claim as soon as possible.



You can claim child tax credit if you are responsible for a child under 16, or if a young person (up to the age of 20) you are responsible for is in certain types of full-time non-advanced education or approved training. You do not need to be working to claim child tax credit and it is paid in addition to child benefit. From 6 April 2017, a child element will continue to be included for children born before that date, but will not be included for any third or subsequent children born on or after that date, unless certain exceptions apply. The 2-child limit

does not apply to the disability elements or to the childcare element of working tax credit. There is more information about this on our website at: www.litr.org.uk/tax-guides/tax-credits-and-benefits/tax-credits/what-child-tax-credit/2-child-limit-policy. The amount of child tax credit depends on your household **income**. There are extra amounts for children who are disabled. Certain allowances paid to armed forces personnel do not count as income for

these purposes. These include all of the tax-free allowances such as council tax relief, continuity of education allowance, get you home travel, home to duty travel and operational allowance. You can see a full list of non-taxable allowances on our website at www.litr.org.uk/sites/default/files/files/3.1-NT-or-PSA-JSP-752-alphabetical-FINAL-2017.pdf.

In addition, the Armed Forces Independence Payment does not count towards income for tax credits purposes.

You can claim working tax credit if you work and receive a low income. The amount of working tax credit you receive depends on your income and also on your partner's income if it is a joint claim. To get it there are restrictions both on age and the minimum number of hours to be worked each week. Find out more about tax credits from [HM Revenue & Customs: www.gov.uk/browse/benefits/tax-credits](http://www.gov.uk/browse/benefits/tax-credits).

Other state benefits



The **state benefits** system is complicated and we cannot cover every benefit in this short guide.

Apart from child benefit, guardian's allowance and tax credits, most other state benefits are paid by the Department for Work and Pensions (DWP) or your local authority. In Northern Ireland most benefits are dealt with by the Department for Social Development (Department for Communities) and Land and Property Services.

Tax credits and some other means-tested benefits are being replaced by Universal Credit. This new state benefit has been introduced in some areas already and is gradually being rolled out across the country over the next few years. You can find out more about Universal Credit on GOV.UK: www.gov.uk/universal-credit.

In areas where the Universal Credit full (digital) service is available, most people cannot make a new claim for tax credits unless they have reached state pension age or, until October 2018, if they have three or more children. You can find out the up-to-date position for your postcode area by using our postcode tool at: <http://universalcreditinfo.net>.

State benefits may be available if you have a disability that affects your mobility or you need help with your personal care, are on a low **income** and need help with your **rent** and **council tax**. You may also be able to get help with the costs of having a baby, prescriptions, glasses and other costs.

Some state benefits are taxable. If you get a form P60U or form P45U from the Department for Work and Pensions or JobcentrePlus, you should keep it safe, as you may need it in the future.

You can find out more about entitlement to other state benefits in Great Britain on the main Government website: www.gov.uk/browse/benefits.

In Northern Ireland you can find out more about benefits on: www.nidirect.gov.uk/information-and-services/money-tax-and-benefits/benefits-and-financial-support.

Bereavement and tax

Dealing with the loss of a loved one is not easy. As well as the emotional turmoil there are many practical matters to be taken care of. Here we summarise some of the tax issues and signpost you to places where you can get more information.

The deceased's tax affairs

HM Revenue & Customs need to finalise the deceased's tax affairs to date of death. They will obtain most of the information from third parties, for example the Ministry of Defence (or other employer) or banks, but may need extra information that they will request from either the next of kin or whoever they have been told will deal with the estate. You can read more about dealing with the deceased's tax affairs and their estate on our website at www.litrg.org.uk/tax-guides/bereavement-and-tax.

Pension funds held by the deceased



The deceased may have been receiving pensions or have been a member of different pension schemes, although no pensions were being paid. Depending on the type of pension scheme, it is possible that some benefits may now be paid from the scheme to the deceased's dependants or estate. You can read more about this on our website at www.litrg.org.uk/tax-guides/armed-forces-and-tax/inheritance-tax-those-serving-or-who-have-served-armed-forces-1. For details of armed forces pensions you can visit Veterans UK at www.gov.uk/government/organisations/veterans-uk.

Inheritance tax (IHT)

Inheritance tax is charged on the value of an individual's estate (belongings) at date of death subject to certain allowances and exceptions. It is important to note that any **assets** that pass to a bereaved spouse or **civil partner** do not create a charge to IHT provided that the surviving spouse or civil partner is **domiciled** in the UK.

Be careful if you are living with someone, but are not married or in a civil partnership – this exemption from IHT does not apply.

You can read more about inheritance tax on our website at www.litrg.org.uk/tax-guides/armed-forces-and-tax/inheritance-tax-those-serving-or-who-have-served-armed-forces.

Other tax issues

Council tax, VAT and disability aids

Council Tax

Where a member of the forces lives in service accommodation, but maintains a second home in England, Scotland or Wales, they are entitled to a 50% reduction on the **council tax** they pay on that property. It must be clear that the service accommodation is the main home. Note that this reduction ceases as soon as you are posted overseas.

In order to provide some relief for council tax, where you are deployed on specified operations, council tax relief is payable by the Ministry of Defence for each day of deployment. Generally this should cover the council tax due while away from home. This relief is not payable where you normally live in service accommodation – in other words you do not have a home in Great Britain on which you are paying council tax.

Value Added Tax (VAT)

VAT is a sales tax that is added to the end cost of various goods and services.

If you are disabled, you are able to buy certain disability aids at a reduced rate of VAT. Further details may be found on our website at www.litr.org.uk/tax-guides/disabled-people-and-carers/vat-reliefs-disabled-and-older-people.

If you are **self-employed**, you might need to register for VAT and charge VAT to your customers, then pay it to **HM Revenue & Customs**. As a very rough guide, if your sales (the **income** from your customers for goods and services) are:

- Over £85,000 in the last 12 months; or
- Expected to exceed the annual threshold of £85,000 in the next month, just looking at that month alone



Then you might need to register and submit VAT returns online.

The GOV.UK website has further information on registering for VAT: www.gov.uk/vat-registration.

Example 1:

If you run a small shop, your sales will be made up of the money you charge for each item you sell. If you started your business in January 2017 and have shop sales of £7,500 every month, when you reach the end of December 2017 and look back over the previous 12 months, you will see that your sales reach £90,000 in total. This is over £85,000 in the last 12 months, and so you have to register for VAT.

2017 Sales												Total
£7500	£7500	£7500	£7500	£7500	£7500	£7500	£7500	£7500	£7500	£7500	£7500	£90,000
JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC	

You now need to register for VAT as your gross sales for 2017 were over £85,000

Example 2:

As in Example 1, if you have a small shop (for example, a newsagents) and started your business in January 2017 but only have shop sales of £4,000 every month, when you reach the end of December 2017 and look back over the last 12 months, you will see that your sales reach £48,000 and so you do not need to register for VAT.

2017 Sales												Total
£4000	£4000	£4000	£4000	£4000	£4000	£4000	£4000	£4000	£4000	£4000	£4000	£48,000
JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC	

You do not need to register for VAT as your gross sales for 2017 were under £85,000

However, if you start selling a new item (for example you get a licence to start selling alcohol) that you think will do very well in January 2018 and your sales for that month alone will be around £87,000 then you must register for VAT.

2017 Sales												Total	2018
£4000	£4000	£4000	£4000	£4000	£4000	£4000	£4000	£4000	£4000	£4000	£4000	£48,000	£87,000
JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC		JAN

You should register for VAT now as you believe your sales in the following month are likely to be more than £85,000

Estimated sales

When things go wrong with your tax affairs

Within the tax system there are important dates, often called deadlines. If you do not meet these deadlines, for example:

- The date by which you must tell [HM Revenue & Customs](#) if you have any [income](#) or [gains](#) that have not been taxed already; or
- The date by which you must send in your [self assessment tax return](#)

you might get a [penalty](#). This must be paid on top of any tax that you might owe HM Revenue & Customs. Be aware that there is a very tough penalty regime for tax returns that are filed late – even if you have no tax to pay or are due a refund.



HM Revenue & Customs can give you a penalty if your tax return is inaccurate or if you give them inaccurate information.

HM Revenue & Customs can also ask you questions about your tax or information that you have given to them. These are called [compliance checks](#). If you do not do as they ask, you might have to pay a penalty. But you do have rights and you should get help if you receive a letter asking you for information.

Find out more about compliance checks and enquiries on our website: www.litr.org.uk/tax-guides/tax-basics/when-things-go-wrong/enquiries.

Be careful of requests which pretend to be from HM Revenue & Customs. HM Revenue & Customs never send notifications of a tax refund by email, or ask you to disclose personal or payment information by email.

If HM Revenue & Customs make a decision about your tax or have sent you a penalty and you think it is wrong, check if you can challenge that decision. This is called an '[appeal](#)' and usually you must appeal within 30 days. If you appeal, HM Revenue & Customs will look at the decision again.

If you cannot agree with HM Revenue & Customs, you can appeal to an [independent tribunal](#). A tribunal means that people outside HM Revenue & Customs look at your case and decide whether HM Revenue & Customs made the right decision.

If you think you have been treated badly by HM Revenue & Customs, you can [complain](#).

Find out more about tax complaints and appeals on our website: www.litr.org.uk/tax-guides/tax-basics/Enquiries-penalties-appeals-complaints-debt.

HM Revenue & Customs have guidelines that they should follow when dealing with you called 'Your Charter'. This Charter sets out your rights and responsibilities. Find out more at www.gov.uk/government/publications/your-charter.

If you owe money to HM Revenue & Customs and cannot afford to pay, it is important to talk to HM Revenue & Customs about your tax debt. Your situation may not be as bad as you think, but you should act quickly. If you do nothing at all you could face legal action. GOV.UK has guidance on what to do: www.gov.uk/difficulties-paying-hmrc.

There are two charities that may be able to help you free of charge if you are on a low income:

- TaxAid, www.taxaid.org.uk and
- Tax Help for Older People, www.taxvol.org.uk.

Other things it may be useful for you to know about

This final section tells you how to find out more about the subjects in this guide:

- Advice on how to contact [HM Revenue & Customs](#)
- Keeping records for tax and tax credits
- Internet sites for further information
- Organisations that might be able to help you further



Advice on how to contact HM Revenue & Customs (HMRC)

We have included contact details for different parts of [HM Revenue & Customs](#) throughout this guide. If there is no contact information listed you should contact the following general numbers:

<u>Income Tax:</u>	0300 200 3300 (textphone: 0300 200 3319) (text relay: 18001 0300 200 3300). If you are calling from abroad the number is +44 135 535 9022 .
National Insurance:	0300 200 3500 (textphone: 0300 200 3519) (text relay: 18001 0300 200 3500). If you are calling from abroad the number is +44 191 203 7010 .
Tax credits:	0345 300 3900 (textphone: 0345 300 3909) (text relay: 18001 0345 300 3900). If you are calling from abroad the number is +44 2890 538 192 .
Child benefit:	0300 200 3100 (textphone: 0300 200 3103) (text relay: 18001 0300 200 3100). If you are calling from abroad the number is +44 161 210 3086 .

HM Revenue & Customs have services for people who need additional help. If you are deaf, do not hear well or have difficulty speaking, you can contact HM Revenue & Customs by text relay or textphone.

If you are blind or cannot see well, you can ask for written materials in other formats like Braille or large print.

If English is not your first language, HM Revenue & Customs will let a friend or family member translate for you. If this is not possible, HM Revenue & Customs have access to a language translation service. You should tell HM Revenue & Customs when you telephone them that you need help.

If you cannot deal with HM Revenue & Customs by telephone, you can ask for a home visit.

Details of these additional services can be found on the GOV.UK website:

www.gov.uk/dealing-hmrc-additional-needs.

If you do contact HM Revenue & Customs in person or by telephone, keep a note of the conversation. Write down:

- The name of the person you speak to;
- The time and date of the meeting or telephone call; and
- The advice you receive.

If you write to HM Revenue & Customs, keep a copy of your letter and proof of postage (ask for a receipt at the Post Office) and any reply you receive. This might be important if there is a problem later on.

Keeping records



If you pay tax in the UK or you have to give **HM Revenue & Customs** information about your **income** on a **tax return**, you must by law keep certain records relating to your tax. If you do not, you might be charged a **penalty**. Even if the law does not require you to keep these records, it is often a good idea to keep records and important documents.

You might find it useful to keep a folder with letters and important documents along with records of phone calls you have made.

The records and documents you need to keep depend on your situation. For example, the records and documents you need to keep if you are employed by someone are different to what you need to keep if you are **self-employed**.

You can find out more about what records to keep on the GOV.UK website using the following links:

- A general guide to record keeping:
www.gov.uk/government/publications/keeping-records-for-your-tax-return-rk-bk1
- Record keeping for the self-employed:
www.gov.uk/self-employed-records
- record keeping for Capital Gains Tax:
www.gov.uk/capital-gains-tax/records
- record keeping for tax credits:
www.gov.uk/claim-tax-credits/what-counts-as-income

- record keeping for employees and directors:
www.gov.uk/keeping-your-pay-tax-records.

Elsewhere in this guide (page 25) we note that you should keep copies of any Assignment Orders that you wish to use to make claims for additional tax relief on travel expenses.

Internet sites for further information

Age UK

www.ageuk.org.uk

Age UK is an organisation that provides help and information for older people.

Citizens Advice

www.citizensadvice.org.uk

Citizens Advice Offices (called 'Bureaux') give advice free of charge.

GOV.UK

www.gov.uk

This is a website that provides UK government information and advice. It brings together public information in one place. It has information about [state benefits](#) and tax as well as other issues you might face. It covers the whole of the UK, although you may find NI Direct (www.nidirect.gov.uk) useful if you live in Northern Ireland and the Scottish Government website (www.gov.scot) useful if you live in Scotland.

HM Revenue & Customs

www.gov.uk/government/organisations/hm-revenue-customs

[HM Revenue & Customs](#) (HMRC) are the part of the government that deals with tax, [National Insurance contributions](#), working tax credit, child tax credit and child benefit.

Low Incomes Tax Reform Group

www.litr.org.uk

The Low Incomes Tax Reform Group (LITRG) is part of the Chartered Institute of Taxation and provides information about the tax and tax credit systems. It has a whole section of information for the armed forces and their families, regardless of [income](#) levels.

NI direct

www.nidirect.gov.uk

This website is the equivalent of GOV.UK in Northern Ireland. It is the official government website for Northern Ireland. It gives information about important services including tax and state benefits.

The Scottish Government

www.gov.scot

This is the official government website for Scotland. It gives information about important services for which the devolved government for Scotland is responsible. If you live in Scotland, GOV.UK provides information about tax and state benefits.

Organisations that might be able to help you further

ABF The Soldiers Charity

www.soldierscharity.org

This organisation provides support to serving and retired soldiers and their families.

Army Families Federation

www.aff.org.uk

This organisation is the independent voice of Army families and works hard to improve the quality of life for Army families around the world – on any aspect that is affected by the Army lifestyle.

AFF is independent of the Army and offers confidential advice.

Careers Transition Partnership

www.ctp.org.uk

This organisation is the official provider of armed forces resettlement services.

MoneyForce

www.moneyforce.org.uk

MoneyForce is the official home of money guidance for the UK Armed Forces community, including active servicepeople, veterans, reservists and families.

Naval Families Federation

www.nff.org.uk

This organisation offers Royal Naval and Royal Marines' families an independent voice and representation, also providing support and guidance on the issues affecting daily life that occur due to being part of a Naval Service family.



RAF Families Federation

www.raf-ff.org.uk

This organisation is funded by the RAF but sits outside the Chain of Command as an independent organisation. It represents all RAF personnel, whether Regular, Reserve, single, married or in a partnership, together with their families.

Royal Air Force Benevolent Fund

www.rafbf.org

This organisation provides support to the RAF family, including veterans.

Royal British Legion

www.britishlegion.org.uk

This organisation provides support for all serving members of the armed forces together with reservists and their families as well as veterans and their families.



The Royal Naval Benevolent Trust

www.rnbt.org.uk

This organisation provides support to serving and former Royal Naval ratings and Royal Marines other ranks, as well as to their partners and families.

TaxAid

www.taxaid.org.uk

TaxAid helps people on a modest or low **income** to comply with their tax obligations.

Tax Help for Older People

www.taxvol.org.uk

This organisation assists those over the age of 60, on modest or low incomes, to comply with their tax obligations.

Womens Royal Naval Service Benevolent Trust

www.wrnsbt.org.uk

This organisation provides support to former Wrens or female serving members of the Royal Navy who joined the Service between 1st September 1939 and 1st November 1993. They can provide links to organisations for females who joined the service before then.

For those with disabilities

To obtain a copy of this leaflet in large print please use the Contact facility at www.litr.org.uk/contact-us.

Important words and phrases

Agency	An agency is a business that helps people find work. The work is normally temporary. Sometimes agencies introduce people who are looking for work to employers. If an agency hires you and pays you to work, they are deemed to be your employer for tax purposes and you are an agency worker.
Appeal	An appeal is how you object to or dispute a government decision. Government departments' decisions are not always right. If you think that a decision about your tax, tax credits or other state benefits is wrong, you may be able to 'appeal' that decision.
Assets	Assets are things that you own, for example paintings, houses and shares in a company.
Blind person's allowance	This is a special allowance that blind people or people with very poor eyesight can claim on top of their personal allowance . If you are eligible for it, you might be able to earn extra income before paying income tax . If you are certified severely sight impaired and are on a local authority register in England or Wales, or if you live in Scotland or Northern Ireland and are unable to perform any work for which eyesight is essential, you can claim the blind person's allowance.
Capital gain	A profit or ' gain ' made on the disposal of an asset .
Civil partners	Civil partners are two people of the same sex who live together in a relationship similar to marriage. They form a civil partnership when they legally register their partnership in front of witnesses.
Class 2 (contributions)	These are a type of National insurance contribution paid by people who are self-employed . They are a fixed weekly amount.
Class 4 (contributions)	These are another type of National Insurance contribution paid by people who are self-employed. The amount you pay depends on the taxable profits of your business.
Coding Notice	A coding notice is a letter which tells you what your tax code is and how it has been worked out. It is important you check to make sure it is right otherwise you may pay too much or too little tax. You should get help if you cannot understand your coding notice,
Complain	If you are not happy about how an organisation has treated you or dealt with your case, you can complain.
Compliance check	This means HM Revenue & Customs want to ask you questions about information or forms you have sent in such as a tax return or tax credits claim.

(continued)

Council tax	Council tax is the local property tax in England, Scotland and Wales. You pay it to your local council, and they use it to provide services. In Northern Ireland you pay rates instead of council tax.
Domicile	Domicile is a general legal concept describing the country where you consider your 'roots' are or the country where you have your permanent home. Your place of domicile depends on a number of things like your family history and your long-term plans. You can be domiciled in a different country to that in which you are tax resident.
Gains	Gains are profits you make when you dispose of assets, usually by selling them, but also when you give them away.
HM Revenue & Customs	HM Revenue & Customs (HMRC) are the part of the government that deals with tax, National Insurance contributions, working tax credit, child tax credit and child benefit.
Income	Income is money you get, for example from work you do or from interest on savings.
Income tax	Income tax is tax that you pay on most types of income .
Independent tribunal	An independent Tribunal is a group of people who look at appeal cases. They will look at your case if you are not happy with a decision about your tax or state benefits.
Married couples	Married couples are two people who have got married, by giving notice and having either a religious or civil ceremony in front of witnesses.
National Insurance contributions	You pay National Insurance contributions to HM Revenue & Customs if you are aged 16 or over, and you are an employee or self-employed. The contributions build up your entitlement to state benefits. You stop paying contributions once you reach state pension age .
National Insurance number	Your National Insurance number is your personal reference number for the whole UK system of National Insurance and state benefits. This number ensures the National Insurance contributions you pay are noted on your record with HM Revenue & Customs.
P800 Tax calculation	HM Revenue & Customs send out P800 tax calculations each year. They send them to people who are not within self assessment and who have either paid too little or too much tax during the tax year .
Pay As You Earn	This is a system of collecting and paying income tax and National Insurance contributions. If you are an employee, your employer deducts income tax and National Insurance contributions from your income, and pays them to HM Revenue & Customs for you.
Payrolling benefits	This is a system of collecting income tax on benefits provided to you by your employer. Each pay period your employer includes an extra amount of taxable income through payroll. You are not paid that extra amount in cash – it is based on the value of benefits provided to you. By 1 June following the end of the tax year your employer will provide you with a statement showing the benefits included in payroll in this way.

(continued)

Penalty	A penalty is a fine you might have to pay because you have broken a rule.
Pension age	This is the age at which you can claim your state pension. Find out when you will reach state pension age using the calculator on GOV.UK: www.gov.uk/state-pension-age .
Personal allowance	This is the amount of income you can have each tax year before having to pay income tax.
Profit	Profit is the amount of money you make in a business.
Rent	Rent is the money that you pay to another person or company (called a landlord) for use of a property. Or it could be the income you get if someone else pays you to live in a room in your house, for example.
Residence	A Statutory Residence Test took effect from 6 April 2013. Where you are resident for tax purposes partly depends on the number of days you spend there. To decide your residence position, you must follow the Statutory Residence Test.
Salary	Your salary is the regular payment of your wages from an employer. Your salary might include items other than just money. For example your employer might also pay for private medical insurance, accommodation for you or other things which have a value.
Self assessment	This is the system for giving details of your income and gains to HM Revenue & Customs. It involves completing tax returns.
Self-employed	If you set up your own business and take responsibility for its success or failure, you might be self-employed.
State benefits	State benefits are paid by the UK government to people who meet certain conditions, for example people with children or people of state pension age.
Tax return	If you are within self assessment, you have to complete a tax return every year to tell HM Revenue & Customs about your income and gains. You can also claim allowances and reliefs. People have to complete a tax return if their tax affairs are complicated, for example, because they are self-employed or they receive foreign income.
Tax year	The tax year is from 6 April in one year to the following 5 April. You might see the tax year written as '2017/18 tax year' or just '2017/18'. This means 6 April 2017 to 5 April 2018.
Textphone	A textphone (or Minicom) can be used by people with hearing difficulties. It is similar to a normal telephone but has a keyboard and display that allows you to type and read conversations.
Text relay	Text relay is a service that allows textphone users to contact people who are using a standard telephone. It does this by using a 'relay assistant' that converts type to talk and talk to type.

Appendix 1:

Payments made to members of the armed forces that are taxable

This table shows taxable allowances you might receive in your employment with the armed forces, indicating whether that tax is collected via payroll from you or by including them in your **PAYE** tax code. **Other allowances received are either not taxable or the tax is paid by MoD on your behalf.**

While we believe this information is correct, you should check the current position on JSP752 – www.gov.uk/government/publications/tri-service-regulations-for-expenses-and-allowances-jsp-752.

Chapter – JSP752	Abbreviation	Name of Allowance	How tax due from Service Personnel collected Payroll	How tax due from Service Personnel collected PAYE code
10	CCA	Campaign Continuity Allowance	✓	
8	CCDA & CCAG	Civilian Clothing Daily Allowance and Civilian Clothing Annual Grant	✓	
10	EDA (DEEP)	Experimental Diving Allowance (DEEP)	✓	
10	ETA	Experimental Test Allowance	✓	
10	HDA	Herrick Drawdown Allowance	✓	
2	LSAP FHTB	Long Service Advance of Pay – loans to 31 March 2014 Forces Help to Buy scheme – loans from 1 April 2014 (JSP 464 Chapter 12)		✓
5	LSA LSA (OTR)	Longer Separation Allowance & Longer Separation Allowance (On The Road)	✓	
10	MEA	Mine Countermeasures Vessels Environmental Allowance	✓	

(continued)

Chapter – JSP752	Abbreviation	Name of Allowance	How tax due from Service Personnel collected Payroll	How tax due from Service Personnel collected PAYE code
6	NIRS	Northern Ireland Resident's Supplement	✓	
6	OLSA	Overseas Loan Service Allowance (was Loan Service Pay)	✓	
10	PTSIA	Part Time Service Instructors Allowance	✓	
6	RRA(L)	Recruitment & Retention Allowance (London)	✓	
4		Sports Travel – including MMA	Tax status currently under review	
3	PAR	Subsistence Private Arrangements Rate	✓	
9	BLAS	The Defence Basic Languages Award Scheme	✓	
9	DOLAS	The Defence Operational Languages Award	✓	
10	ULA	Unpleasant Living Allowance	✓	
10	ULA(O)	Unpleasant Living Allowance (Operational)	✓	
10	UWA	Unpleasant Work Allowance	✓	

Help service

Contact us if you have any questions or comments

As part of the project Tax: a LITRG guide for the Armed Forces, funded by HMRC, we are running an email help service to support users of this guide. Until 30 April 2016 this service was funded by HMRC but we continue to provide the email help service after that date.

You can access the help service by completing the 'Contact us' form found at www.litrg.org.uk/contact-us.

The help service is staffed by LITRG technical officers and provides additional guidance and help on tax and National Insurance issues covered by the guide.

What will the help service do?

- Help people understand their obligations to HMRC
- Signpost people to relevant parts of the LITRG website which will answer their questions
- Help website users understand the circumstances when they may be able to make a claim for additional tax relief
- Signpost those users towards the correct forms required to make the claim
- Help people understand their rights in respect of HMRC (for example with regards to penalties)
- Signpost people to appropriate advice services that are beyond the scope of our help service.

What will the help service not do?

- Provide telephone support
- Prepare tax forms
- Offer advice on matters, for example pensions, beyond what is included on the website
- Deal with ongoing casework such as complaints and appeals.



This guide has been produced by the Low Incomes Tax Reform Group, part of the Chartered Institute of Taxation. It is intended to provide general information only and does not constitute advice.

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