

# BTPS

## Have you been taxed more than you expected?



If your Payslip shows a higher amount of tax deducted than you were expecting, it may be because the standard Personal Allowance has been frozen at last year's level. This may especially impact those receiving the State Pension.

Your Personal Allowance is the amount of total annual income you are entitled to earn before you start paying Income Tax.

We've set out some information in this document that may help you understand why you may be paying more tax than last year and where to go for help if you need it.

### About the standard Personal Allowance

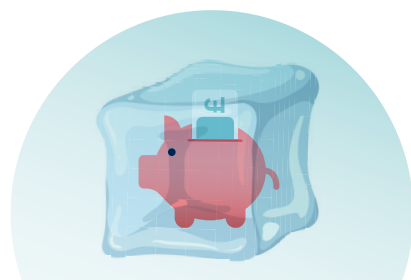
For the 2024/25 tax year, the **standard** Personal Allowance has been held at £12,570. If it applies to you, it means you can earn income (including pension income) of up to £12,570 per year before you have to pay Income Tax.

Any inflationary pension increases from your workplace pension and State Pension will increase your pension income and, therefore, use up more of your tax-free Personal Allowance. For example, the full new State Pension will rise by 8.5% from 6 April 2024, increasing from £10,600 to £11,492 per year.

### Impact of freezing the Personal Allowance

If you receive the full new State Pension, you will only have **£1,078** (£12,570 less £11,492) of your standard Personal Allowance remaining for other taxable income, including your BTPS pension. So that means more of your BTPS pension may be taxed compared to before.

HMRC often, but not always, take this into account when issuing PAYE codes so that the right amount of tax is collected over the year. For some, this may be why the increase in Income Tax looks disproportionate to the increase in your BTPS pension. For others, it may be why you appear to be paying tax for the first time.



2024/25 tax year

**£12,570**

Personal Allowance frozen



If you receive the full new State Pension, you'll have

**£1,078**

Personal Allowance remaining

## Timing of tax code changes

If you have just retired, stopped work or had some other change in circumstances, it may be that HMRC have yet to notify us of a change in your tax code. Any tax code instructions received from HMRC after our payroll cut-off date (usually mid-month), would be applied for the following month's payment.

## It's not the same for everyone

Your eligibility for a Personal Allowance might depend on your tax residence status and/or nationality and the amount may be more or less than the standard figure due to a number of other factors. Different rates of Income Tax apply, depending on where you live (Scottish rates/thresholds currently differ from the rest of the UK), the type of income and how much it is.

### Where to go for help

We can only deduct the allowances that HMRC tells us to, and we are unable to change your tax code unless instructed to do so by HMRC.

So, if you do have any questions about your tax code, or individual tax deductions, you will need to speak to HMRC direct, as we are unable to speak to them on your behalf.

You can also find help from the government's free to use pensions service, MoneyHelper. Here are the contact details for both organisations:



#### HMRC

From the UK tel: **0300 200 3300**

From overseas tel: **+44 135 535 9022**

You can set up a personal tax account with HMRC and check your own tax details.

You'll need a Government Gateway online account first. Find out more at [gov.uk/personal-tax-account](https://gov.uk/personal-tax-account)



#### MoneyHelper

You can access more information on tax and pensions from MoneyHelper, which is a free to use service, backed by government.

You can visit [moneyhelper.org.uk](https://moneyhelper.org.uk) or contact them by phone on **0800 011 3797** (Monday to Friday 9am to 5pm excluding bank holidays), or **+44 20 7932 5780** from overseas.



### Important legal information

Please note that the Scheme cannot provide you with advice on your tax position and this is for information purposes only. The tax collected under PAYE may not perfectly match your final tax liability. So, you may still need to contact HMRC or file a tax return to pay (or obtain a refund of) the difference.

The BTPS Rules and legislation are subject to change from time to time (including interpretation of legislation in light of new Court decisions). Relevant legislation and the way in which it affects your benefits (including the tax payable on your benefits) might change in future and may depend on your personal tax position.

This document aims to provide general information about your BTPS benefits. In the event of any conflict between this document and the BTPS Rules or legislation, the BTPS Rules and legislation take precedence.