The freedom of contracting with the security of employment and the benefits you'd expect from a large employer

## Orange Genie

**Contractor Management Outsourcing** 

Guide to UK Taxation

INVESTORS IN PEOPLE We invest in people Gold









Umbrella Accredited Member



## 2022-23 Tax Year - Important information for employees

The UK operates a Pay as You Earn (PAYE) system for individuals employed by UK companies. As we employ our umbrella contractors, we calculate and collect the relevant deductions from each salary payment we make to you. Details of those amounts are submitted to HMRC via Real Time Information (RTI)

The UK tax year runs from Apil 6th to April 5th the following year.

As an employee, it is not compulsory for you to have to complete a tax return but you may have other reasons to have to submit.

This guide will give you a basic overview of the details relevant to your employment with us.



#### **Income Tax**

Income Tax is deducted from the gross pay/salary we pay to you.

#### 2022/23 Income Tax Deductions:

Income tax band	Income tax rate
£0 - £37,700	20%
£37,701 - £150,000	40%

#### Personal Tax Allowance

Not all of your salary is subject to income tax. Most employees in the UK receive a personal tax-free allowance that is used to calculate overall tax throughout the year.

The standard personal allowance for 2022/23 is £12,570.00. The tax code you are given by HMRC will dictate your personal allowance (see the section below on obtaining a personal allowance)

Your personal tax allowance is divided across the tax year according to your pay frequency. Each time you are paid, that proportion of your salary will not be subject to tax.

For the tax year 2022/23 the standard tax-free allowance is £242.00 per week. If this is your first job in the UK, this tax-free allowance is backdated to the beginning of the current tax year, so you may find that you pay little or no income tax on your initial salary payments.

If you are planning to undertake work via more than one agency, it's advisable that you try to use one umbrella company to employ you for all your assignments to ensure the most efficient use of your personal allowance.

#### How to obtain a personal allowance

When you join a new employer, you should either submit your P45 document from your previous employer, that will include your earnings and tax details so far in the tax year, or if you don't have a P45, complete a starter declaration form. You can do this as part of our online registration when you first join.

Completing the starter declaration will provide you with a temporary tax code before HMRC inform us of your actual code in due course.



#### **Employee National Insurance**

You pay National Insurance contributions to build up your entitlement to certain state benefits.

As an employee, you pay Class 1 National Insurance contributions.

#### The rates are:

- You pay 13.25% of the amount you earn between £190 £967
- You also pay 3.25% on any amount over £967

#### The Health and Social Care Levy

From tax year 2022/23 included in the rates above, there a 1.25% increase on Employer's and Employee's National Insurance relating to the Health and Social Care Levy.

In tax year 2023/24 and beyond, the increase of 1.25% will be removed from National Insurance contributions and instead be calculated and shown separately.

### How to Obtain a National Insurance Number

You will need to phone Job Centre Plus 0845 600 0643 or apply online at www.gov.uk/apply-national-insurance-number.

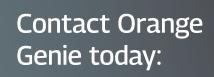
They will send you an application form to complete and return to them. The standard turnaround for you to receive a National Insurance number is 7-10 working days. You should ensure you provide your National Insurance number to us when you join or as soon as you have it.

#### 2022 National Living/Minimum Wage

From April 2022 the minimum National Minimum Wage rates are as shown below.

Wage Band	Rate from 01/04/2022
Age 23 and over (National	£9.50
Living Wage)	
Age 21 to 22	£9.18
Age 18 to 20	£6.83
Under 18	£4.81





01296 468 483 info@orangegenie.com

# Orange Genie

Contractor Management Outsourcing

INVESTORS IN PEOPLE
We invest in people Gold





