

## What is my Coding Notice and how does it work?

Your Coding Notice is issued to you, your employer or your pension payer by the Revenue Service. It is issued annually, or when you change your job or occupation. The Coding Notice tells your employer (or pension provider) how much tax-free allowance you have and what rate of contributions should be paid. They then deduct tax based on this information on the rest of your income every time they pay you.

**Note** The calculation of social security contribution payments is not affected by allowances.

### Part 1 – Your part of the Coding Notice

The information in Part 1 sets out the details of all your allowances and the income you receive which does not have tax deducted at source. It shows the allowance you are entitled to before tax is deducted, as well as details of your employers/pension payers.

**States of Guernsey Revenue Service**  
Employees Tax Instalment Scheme

**Coding Notice Part 1**

MR A N OTHER  
P O BOX 37  
ST PETER PORT  
GY1 3AZ

Tax No. 1B 01234  
Social Security No. GY987654  
Year: 2022  
Date of issue: 08NOV21

For more information about your coding notice scan this QR code for a guide from our website. If your mobile does not have a QR reader you can download one free from the relevant App Store.

Allowances		Amounts to be deducted	
Personal	12175	Bank Interest Gsy	2
Mortgage Interest	3250		
Bank Int Exemption	2		
<b>Total Allowances</b>	<b>15427</b>	<b>Total Deductions</b>	<b>2</b>
Less Total Deductions	2		
<b>Net Allowances</b>	<b>15425</b>		

Weekly Allowances 297      Monthly Allowances 1285

**IF ANY OF THE ABOVE DETAILS ARE INCORRECT YOU MUST NOTIFY THIS OFFICE**

Employment / Pension Codings	Payroll No.	Weekly	Monthly
STATES OF GUERNSEY		297	1285

**IF YOUR CURRENT EMPLOYER(S) / PENSION PAYER(S) ARE NOT SHOWN YOU MUST NOTIFY THIS OFFICE**

States of Guernsey, PO Box 37, St Peter Port, Guernsey, GY1 3AZ  
Tel: 01481 225700 E-Mail: revenueservice@gov.gg Website: www.gov.gg

Your name and address.  
Please advise of any changes

\*Your Social Security number

Net allowances divided by 52 (weeks)

Name(s) of current employers/pension payers

\*Your personal tax reference number

This is the year to which the coding relates

Income not taxed at source

Net allowances divided by 12 (months)

This is not the weekly/monthly tax deduction, it is the tax-free allowance

**\*Remember to quote these reference numbers in any correspondence and/or when telephoning**

### **What is meant by 'Allowances' and 'Amounts to be Deducted'?**

The 'Allowances' box shows your Personal Allowance and any other allowances you are entitled to. This could include mortgage interest, or retirement annuity contributions. You can read more about allowances by visiting [www.gov.gg/revenue-service/tax-rates-and-allowances](http://www.gov.gg/revenue-service/tax-rates-and-allowances)

The 'Amounts to be Deducted' box will show annual income which does not have tax deducted at source. This may include bank interest, rental income, old age pensions etc.

The total of all items in the 'Amounts to be Deducted' box is deducted from the total the 'Allowances', to show the 'Net Allowances'. This is then divided by 12 and 52 to give a monthly and weekly allowance respectively.

If the total of the 'Amounts to be Deducted' exceed the 'Allowances', the weekly or monthly allowance will be '0' and tax will be deducted at 20% on all your income.

### **When do I receive Part 1 of my Coding Notice?**

If you are employed or receiving an occupational pension, a Coding Notice will be sent to you in November each year. Your copy is issued before the employer's copy to give you the opportunity to make any changes or updates. The copy for your employer will be sent directly to them before the start of the new year.

If the final budget for the following year has not yet been approved by the States when your copy is issued, any changes in the Personal Allowance rate will be updated before a copy is sent to your employer/pension payer, so the allowance they will use to calculate what tax is to be deducted will be correct. You don't have to contact us.

### **What should I do when I receive Part 1 of my Coding Notice in the post?**

You should check it thoroughly and keep it for your records.


If you think any of the figures in the 'Allowances' or 'Amounts to be Deducted' boxes are inaccurate, missing or should be removed, please let us know.

For example, if you have a mortgage on a property, which is your Principle Private Residence (PPR), you may be entitled to claim mortgage interest relief. However, if this is not included in your coding notice you will have too much tax deducted. For example, if you pay £5,000 mortgage interest you could overpay tax by £1,000.

You should also check that all your employers/pension payers are listed and that you are happy with how your allowances have been divided between them. You will need to complete a Division of Allowance form should you need to amend this detail – link provided below in section, *How do I keep my Coding Notice up to date?*

## **PART 2 – Your employer/pension payer’s part**

The Revenue Service send your employer/pension payer Part 2. It states your name and tax reference and weekly and monthly allowances. It does not include any of your personal details. See the example below.

 <b>States of Guernsey</b> Revenue Service Employees Tax Instalment Scheme		<div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 0 auto;"> <b>Coding Notice Part 2</b> </div>	
STATES OF GUERNSEY SIR CHARLES FROSSARD HOUSE P O BOX 43 LE CHARROTERIE ST PETER PORT GUERNSEY, GY1 1FH		Year:	2022
		Date of Issue:	08NOV21
Tax No:	10.1234	Weekly Coding:	297
Social Security No.	GY987654	Monthly Coding:	1285
Name Of Employee:	MR A N OTHER		
Payroll No:			
<small>The coding is the amount which should be deducted from Gross Pay before calculating tax.          Where the coding is '0', tax should be deducted at the Standard Rate (20%) from Gross Pay.</small>			
<small>States of Guernsey, PO Box 37, St Peter Port, Guernsey, GY1 3AZ          Tel: 01481 225700 E-Mail: <a href="mailto:revenueservice@gov.gg">revenueservice@gov.gg</a> Website: <a href="http://www.gov.gg">www.gov.gg</a></small>			

## **How does my employer/pension payer use the weekly or monthly allowance figure to calculate the tax to deduct?**

This is best demonstrated by example:

Gross monthly pay	£4,000
Monthly allowance	- <u>£1,285</u>
Taxable pay	£2,715 x 20% = £543.00 tax

If you pay into an employer’s approved pension scheme (superannuation):

Gross monthly pay	£4,000
Superannuation	- £ 250
Monthly allowance	- <u>£1,285</u>
Taxable pay	£2,465 x 20% = £493.00 tax

The amount you contribute to an employer's approved pension scheme doesn't show as an 'Allowance' on your Coding Notice, because it is deducted from your salary by your employer before they deduct tax, as shown in the example above.

### **My circumstances have changed – do I need to advise the Revenue Service?**

When Coding Notices are issued, they are done so based on your known current individual circumstances, therefore you may find that your Coding Notice arrives and it is no longer accurate. Mortgage interest and amounts to be deducted, such as bank interest, are also difficult to estimate. It is important to keep your Coding Notice up to date and you should advise the Revenue Service of any significant changes to your circumstances.

Changes that you should notify the Revenue Service of include:

- Changes in employment, including additional jobs
- When you are going to start receiving a personal or occupational pension
- When you start to receive an old age pension
- A new mortgage, major changes in the amount of interest paid, or when a mortgage is paid off
- Marriage or separation
- If you start, increase or cease to pay into a Retirement Annuity Trust Scheme or personal pension
- Major changes to investment income
- If you have a Charge of Child Allowance and you commence to co-habit with a partner
- If you have a Dependent Relative Allowance and your child ceases higher education

This is not an exhaustive list, so if you are unsure whether your circumstances will affect your tax liability please contact us.

### **How do I keep my Coding Notice up to date?**

- Complete a Division of Allowances form, available under [www.gov.gg/tax](http://www.gov.gg/tax) under 'Other tax forms' and return it to us
- Go to [www.gov.gg/notifychangeemployer](http://www.gov.gg/notifychangeemployer)
- Email [checkmycoding@gov.gg](mailto:checkmycoding@gov.gg)

So your query can be dealt with promptly, please remember to quote your tax reference number on all correspondence, or have it ready if you phone or call in to see us.

**Please remember – it is your responsibility to keep your Coding Notice up to date**