

# WHAT IS MY CODING NOTICE AND HOW DOES IT WORK?

Your Coding Notice is issued to you by the Income Tax Office, annually or if you change your job throughout the year, to your employer or pension payer, which will tell them of the allowance to give before deducting tax at 20%, each week or month when they pay you.

## PART 1 – YOUR PART OF THE CODING NOTICE

Your copy sets out 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**  
Income Tax  
Employees Tax Instalment Scheme

**Coding Notice Part 1**

Tax No. **10.1234**

Year: **2016**

Date of Issue: **19SEP16**

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	9675	Pensions Gsy	2500
Mortgage Interest	9299	Property Gsy	1500
Bank Int Exemption	50	Bank Interest Gsy	310
<b>Total Allowances</b>	<b>19024</b>	<b>Total Deductions</b>	<b>4310</b>
Less Total Deductions	4310		
<b>Net Allowances</b>	<b>14714</b>		

Weekly Allowances	<b>283</b>	Monthly Allowances	<b>1226</b>
-------------------	------------	--------------------	-------------

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

Employment / Pension Codings	Weekly	Monthly
STATES OF GUERNSEY	283	1226

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

States of Guernsey Income Tax. PO Box 37, 2 Cornet Street, St. Peter Port, Guernsey, GY1 3AZ.  
Tel: +44 (0)1481 740123 Fax: +44 (0)1481 713911 E-Mail: taxenquiries@gov.gg Web Site: www.gov.gg/tax

Your personal tax reference number. **Remember to quote this in any correspondence or when telephoning**

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

Your name and address. Please advise of any changes

Net allowances divided by 52 (weeks)

Name(s) of current employers/pension payers

### **WHAT IS MEANT BY 'ALLOWANCES' AND 'AMOUNTS TO BE DEDUCTED'?**

The 'allowances' box shows your personal allowance and will show you any allowances which you are entitled to. This could include mortgage interest, or retirement annuity contributions.

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 and state old age pensions.

The 'amounts to be deducted' is deducted from the 'allowances', to show the net allowances which is then divided to give a monthly allowance and weekly allowance.

If the 'amounts to be deducted' exceed the 'allowances', the weekly or monthly allowance will be '0' and tax will be deducted at 20%. An interim assessment may be issued to you collect tax on any of your income not taxed at source and should be paid in by 30 June and 31 December.

### **WHEN DO I RECEIVE PART 1 OF MY CODING?**

If you are employed or receiving an occupational pension a coding notice will be sent to you in October/November each year. Your copy is issued before the employers 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 allowances 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 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 contact us.

For example, if in the allowances box your mortgage interest is £8,800, but your mortgage interest figure should be updated to £4,800 (£400 x 12). If you don't update this figure it would mean that you have had too many allowances – in this example you will have had £4,000 too much for the year and you could underpay by £800.

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.

## **PART 2 – YOUR EMPLOYER/PENSION PAYER’S PART**

An A5 size sheet, which is sent to your employer/pension payer, stating your name and tax reference and weekly and monthly allowances. It does not include any of your personal details, as shown below.

 <b>STATES OF GUERNSEY INCOME TAX</b> TREASURY AND RESOURCES DEPARTMENT 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: 2011  Date of Issue: 07FEB11	
Tax No: 10.1234  Name Of Employee: A N OTHER		Coding: Weekly: 270 Monthly: 1170	
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>States of Guernsey Income Tax, PO Box 37, 2 Cornet Street, St. Peter Port, Guernsey, GY1 3AZ.          Tel: +44 (0)1481 713911 Fax: +44 (0)1481 713911 E-mail: enquiries@tax.gov.gg Web Site: www.gov.gg/tax</small>			

## **HOW DOES MY EMPLOYER/PENSION PAYER USE THE WEEKLY OR MONTHLY ALLOWANCE FIGURE TO CALCULATE THE TAX?**

This is best demonstrated by example:

Gross monthly pay	£2,500
Monthly allowance	- <u>£1,170</u>
Taxable pay	£1,330 x 20% = £266.00 tax

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

Gross monthly pay	£2,500
Superannuation	- £ 120
Monthly allowance	- <u>£1,170</u>
Taxable pay	£1,210 x 20% = £242.00 tax

The amount you contribute to an employer's approved pension scheme doesn't show as an 'allowance' on your coding, because it is deducted from your salary by your employer before they deduct tax, as above.

### **MY CIRCUMSTANCES HAVE CHANGED – DO I NEED TO ADVISE THE INCOME TAX OFFICE?**

When coding notices are issued they are done so based on your individual circumstances, therefore it is not always possible to be accurate when issuing your coding notice. Mortgage interest and amounts to be deducted, such as bank interest, are difficult to estimate. It is important to keep your coding notice up to date but it is not always necessary to advise us of any minor changes to your circumstances unless you particularly wish to do so.

Changes that you should notify to the Income Tax Office include:

- Changes in employment, including additional jobs.
- When you commence to receive a personal or occupational pension.
- When you start to receive a state 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 please contact us.

### **HOW DO I KEEP MY CODING NOTICE UP TO DATE?**

You can inform us of any changes by:

- Writing to:

States of Guernsey Income Tax  
PO Box 37  
St Peter Port  
Guernsey  
GY1 3AZ

- Sending an e-mail to [taxenquiries@gov.gg](mailto:taxenquiries@gov.gg)
- Phoning us on 724711, between the hours of 9.00am and 4.00pm, and speaking to your Assessor.
- Calling in to see us in person, between the hours of 9.00am and 4.00pm.

So your query can be dealt with promptly, please remember to quote your tax 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**