



## PAYE with two jobs

If you have more than one job as an employee, you need to check that your PAYE code is correct for each job. This is because the system is designed to treat one job as your main employment and your personal allowances will be given in full. The other jobs are treated as secondary and are taxed in full (at 20%). The same principle applies if you have more than one pension (or both an employment and pension).

But this system does *not always mean that you pay the right amount of tax*. This may be either due to a failure in the PAYE processes by employee, employer or HMRC or because of complications with your personal circumstances.

### Your personal allowance is being allocated against one job but you have more than one job

- If HMRC are not aware that you have two employments, you may have been given the standard tax code for both jobs, and so be getting two tax free personal allowances (one against each income). This would happen, for example, if you have two jobs and both jobs have a 1185L code in 2018/19. You will not then have paid enough tax
- If you have two jobs and your total taxable income from employment (after deducting your personal allowance) is greater than £34,500 in 2018/19, then you will be a higher rate taxpayer. This means that deducting tax at basic rate (a BR code) on any second employments at the basic rate may not be enough. You would need to contact HMRC, to issue the correct codes.
- To avoid these situations, you should check that you have not been given your tax free pay in the PAYE code for both jobs. Also, make sure the tax office know about the second job (or pension). If you don't make sure the situation is correct, it could take some time before HMRC spots the error and sends you a bill – by which time a large tax underpayment could have built up.

### You are earning less than your tax free personal allowance in your main job

If you have two jobs, but neither with income as large as your personal allowance (£11,850 in 2018/19), then simply giving all your tax free pay to one job will not work. This is because giving your tax free personal allowance in full against one job will leave some of your tax free allowance unused. You will then pay too much tax if a BR code is used for your second employment/pension.

There are two possible solutions to this problem:

- 1) You may ask your tax office to divide your personal allowance between two jobs. Only do this if your income from each job is predictable and stable. You also need to review the position regularly to ensure that the split continues to be appropriate. To do this you will need to decide how to split your allowance (£11,850 in 2018/19) and ring HM Revenue & Customs on 0300 200 3300. They will ask some security questions to verify you are who you say you are (National Insurance number, address, date of birth) and then ask how you wish to divide your code.
- 2) You may wait until the end of the tax year and ask HMRC for a refund. Alternatively you can wait for HMRC to carry out their tax year-end reconciliation of employers returns, after which you should be sent a tax calculation and a repayment after the end of the tax year. If you are asked to send in the P60 forms from all your jobs to HMRC, make sure that you take copies of the P60s for your records.