



Pay as you earn (PAYE) What you need to know

Your residential school appointment fee is paid direct to your bank/building society and you can use the staff engagement form to give us your bank/building society details and your national insurance number. This guide should help you understand the HM Revenue & Customs Pay As You Earn (PAYE) system.

PAYE is the system used by employers and pension providers to deduct tax from your wages or pension. All residential school appointment fees are subject to PAYE deductions. If you are appointed to a school being held in the UK but are resident overseas, tax deductions are normally made at source whether or not it is due in respect of your earnings from the Open University. If you are appointed to a school outside the UK and are resident overseas, tax deductions are not normally made. Travel and subsistence expenses are not subject to tax deductions.

What should I do if I think I am not liable for PAYE deductions?

If this is your first regular job since leaving full-time education or if you are a student and are working solely during holiday periods (summer, Easter, or Christmas) you may be exempt from PAYE deductions or eligible for reduced deductions. If you are in these categories, you should complete Form P46 which is available from either residential schools team or HM Revenue & Customs.

Form P46 is used by the Open University to tell HM Revenue & Customs that your employment with us has started and what initial tax code is being used. It is your responsibility to ensure your completed Form P46 is submitted to us in good time before you start your appointment. If it is submitted after you have started your appointment, an emergency tax code will be used and you are likely to have PAYE deducted from your appointment fee. Although it is possible to reclaim this later, it can take some time.

How do I submit Form P46?

Form P46 is available from either residential schools team or HM Revenue & Customs. Complete section one of the form and make sure to sign it. You can return your completed form to residential schools team. Please make sure you do this in good time before you start your appointment. We can then ensure you are placed on the correct tax code for your circumstances.

You may also need to complete a staff engagement form if you have not held a residential school or associate lecturer appointment with the University since last April, you have asked the University for a Form P45 since last April, or your bank/building society details have changed since your last University appointment. If you are in one of these categories, please submit Form P46 together with your staff engagement form. Please complete your form carefully as incorrect details can delay payment and payment will be withheld if you fail to give a valid national insurance number.

Can I use Form P38?

Students working solely during holiday periods could previously submit Form P38 to avoid PAYE deductions. Although this form is still used in some cases, for residential schools appointments you should use Form P46.

What can I do if PAYE deductions have been made?

All residential school appointment fees are subject to PAYE deductions. Even if you have submitted Form P46 your circumstances may mean you are eligible only for reduced deductions rather than full exemption. If PAYE deductions have been made because you did not submit Form P46 in good time before starting your appointment, you will need to request Form P45 from residential schools team. Please note you can only request this after the final day of your appointment. On receipt of Form P45 you should contact:

HM Revenue & Customs Milton Keynes
299 Silbury Boulevard
Witan Gate West
MILTON KEYNES
MK9 1NG

HM Revenue & Customs can arrange for PAYE deductions to be repaid. However, this can take some time – submitting Form P46 before starting your appointment can save you a lot of time and effort.

Further Advice

Please contact Residential Schools Team:

- by phone +44(0)1908 653 235
- by email residential-school-jobs@open.ac.uk

You may also like to visit the HM Revenue & Customs website for further information about PAYE or for additional contact details: www.hmrc.gov.uk