

# Collection of Student Loans for Self Assessment (SA) customers

This factsheet gives information on the collection of Student Loans for Self Assessment (SA) customers

## What are Student Loans?

Student Loans are part of the Government's financial support package for students in higher education in the UK. There are different types of finance available but this factsheet covers one particular type of Student Loan known as an Income Contingent Repayment (ICR) Student Loan.

Since April 2000, HM Revenue & Customs (HMRC) has been responsible for collecting repayments of ICR Student Loans where the borrower is within the UK tax system and is no longer in higher education. Workers from overseas who have studied in their own country are not part of this scheme. (The Student Loans Company (SLC) is directly responsible for collecting the loans of borrowers outside the UK tax system.)

## The Student Loans Company (SLC)

The SLC is responsible for paying out the loans and keeping details of the borrowers' accounts, including:

- adding interest
- sending yearly statements
- answering any questions from borrowers.

The SLC repayment website has more detailed information about all of these subjects including a statement illustration. Go to [www.studentloanrepayment.co.uk](http://www.studentloanrepayment.co.uk)

## How the loan repayments are collected

Repayments are only collected from the April after you finish or leave your higher education course, but only when your income is over a certain level or threshold. This is why these loans are known as Income Contingent Repayment (ICR) Student Loans. The SLC will tell HMRC when you are due to start and stop repaying a Student Loan.

## The income threshold

Since April 2005 there has been an annual threshold of £15,000. If you earn less than this you don't have to make any repayments. If you are employed, the threshold is divided into amounts of £1,250 per month, or £288 per week. Student Loan repayments are collected at a rate of 9% on any employment income over these limits. The income figure used by employers to calculate Student Loan deductions is the same as is used to calculate National Insurance contributions (NICs).

## How do I work out my Student Loan repayments under Self Assessment (SA)?

Start by including all of your relevant income in your annual return. This will include all self-employed profits, any employment income and any unearned income providing the unearned income is more than £2,000.

If the sum of all your relevant income is over the annual threshold of £15,000, Student Loan repayments will be due at a rate of 9% on anything over this amount and will be included in your SA tax bill.

### If you are an SA customer but not an employee

If you are not an employee and you complete an annual tax return you will be asked to confirm your Student Loan status. Student Loan repayments are then worked out as described above along with any tax and NICs. Student Loan repayments under SA are due to be paid by 31 January following the year of assessment. This means that they will be included in your 31 January balancing payment each year. They are not included in the SA payment-on-account figures calculated during the year.

## Help and guidance

Help and guidance is available from the following sources.

### The Internet

Go to [www.hmrc.gov.uk/students/tma-repaying-student-loans.shtml](http://www.hmrc.gov.uk/students/tma-repaying-student-loans.shtml)

### SLC website

For borrower enquiries about:

- the administration of a loan
- loan terms
- interest, or
- statements

go to

[www.studentloanrepayment.co.uk](http://www.studentloanrepayment.co.uk)

### By phone

#### Student Loans Company (SLC)

If you have questions about your Student Loan account phone the SLC on **0845 0738 891**

#### HMRC

If you have questions about your tax return you should phone your HMRC office. The office contact details depend on an individual's circumstances. You can find all of our helplines and opening hours online. Go to [www.hmrc.gov.uk](http://www.hmrc.gov.uk) and select *Contact us*.

## Student Loan factsheets and Employer Helpbooks

- CSLQG *Student Loans - a quick guide*. Go to [www.hmrc.gov.uk/employers/collection-sl.pdf](http://www.hmrc.gov.uk/employers/collection-sl.pdf)
- CSL2 *The Collection of Student Loans*. Go to [www.hmrc.gov.uk/leaflets/csl2.pdf](http://www.hmrc.gov.uk/leaflets/csl2.pdf)
- Employer Helpbook E17 *An employer's guide to the collection of Student Loans*. Go to [www.hmrc.gov.uk/helpsheets/e17.pdf](http://www.hmrc.gov.uk/helpsheets/e17.pdf)

*Please turn over*

### If you are an SA customer with Pay As You Earn (PAYE) income

If you are an employee and you also complete an annual tax return, as well as confirming your Student Loan status you will have to enter the amounts of any Student Loan deductions already made by your employer or employers. By doing so, you will get full credit for any amounts already deducted from your earnings.

### Your SA Student Loan calculation

Your SA Student Loan calculation will always be based on all the relevant income in a tax return. Although the calculation will give credit for any and all deductions made by an employer, you may still be asked to pay an additional Student Loan amount when you come to pay your annual balancing payment under SA.

### Why you might need to pay more in this way

Additional liability under SA can arise for the following reasons.

- You have more than one employment (at the same time) in a year. This can affect your calculation because the annual threshold figure (or part of it) is applied by each and every employer when making Student Loan deductions.
- All of your relevant earnings were not taken into account by an employer. This is because an employer can only deduct Student Loan deductions from the figure they calculate from the earnings they pay to you. The employer will be unaware of any other relevant income or earnings.
- You have other income, for example self-employed profits or unearned income over £2,000.

Credit for PAYE employer deductions will always be given to you in the SA calculation of amounts due, providing you enter those sums when you complete your annual tax return.

### The importance of keeping payslips and forms P60

You should always keep **all** of your payslips from all employments during the year. This is especially important if you have had more than one employer in the year. An employer will only give you a P60 if you are working for them on 5 April each year and it will only show the Student Loan deductions from that employment.

---

## How unearned income affects your SA calculation of Student Loan repayments

Unearned income is only taken into account in calculating your SA Student Loan repayments if your total unearned income is over £2,000. If this is the case, the total amount (including the initial £2,000) is included in the SA Student Loan calculation. If your unearned income is not over £2,000 it is disregarded.

---

## How does the SLC get to know about my SA Student Loan repayments?

After we receive a correct and complete tax return, your final SA balancing payment is calculated for payment on or before 31 January each year. We then pass the Student Loan amounts to the SLC who credit the amount to your Student Loan account.

---

## Voluntary payments

You can choose to make voluntary payments direct to the SLC at any time. Voluntary payments will shorten the overall length of your loan and reduce the interest charged as a result. However, there are some things a voluntary payment **will not do**. A voluntary payment does not reduce the amount of any Student Loan repayments that are based on your income and deducted by your employer, or calculated through the SA process described above.

You cannot choose to make voluntary payments instead of, or in place of, the repayment methods described above. Voluntary payments will always be in addition to any amounts that we collect.

---

## Your rights and obligations

To find out what you can expect from us and what we expect from you go to [www.hmrc.gov.uk/charter](http://www.hmrc.gov.uk/charter) and have a look at *Your Charter*.

---

## Managing the Student Loan account and adding interest

The SLC is responsible for maintaining all aspects of your Student Loan account, including the calculation and addition of interest. Whilst we only send details of your repayments at the end of each tax year, the SLC apply the repayment amounts deducted by your employer in equal instalments over the whole year and calculate interest accordingly. SA repayments are treated as paid on 31 January. For more information about interest calculations contact the SLC. You can find their phone number on page 1 of this factsheet.

---

## Overpayments

There are situations which can unavoidably result in an overpayment of your Student Loan.

- **If you are an SA borrower** and you are in the final year of repaying your Student Loan, the SA calculation at 31 January could be greater than your overall balance. If this happens the SLC will tell us and the excess will be credited to your SA statement so that you only pay what you need to clear your account.
- **If you are an employee** who receives a large one-off salary or bonus payment, it will be subject to the 9% Student Loan deduction and it could clear your entire Student Loan debt. If this happens, any amount overpaid will be repaid to you.

---

## Check your SLC statement to help minimise the chances of overpaying

There are things that you can do to help to minimise any overpayment of your Student Loan. This is particularly important as you near the end of your loan. Your annual SLC statement will help you monitor the level of deductions being made and you should be able to anticipate when your loan is likely to be paid off.

---

## What to do if you think the amount of Student Loan repayment is too much

The amount of Student Loan repayment included in your end-of-year balancing payment cannot be reduced. But, if you think that the amount is too much you can contact us by phone or in writing and ask for a specified amount to be suspended from collection and informally stood over (an informal standover) pending confirmation of the amount required by the SLC. However, if any of that amount is then found to be payable it will attract interest and possibly a surcharge. The interest will be backdated to 31 January when the original payment was first due.

---

## What help does the SLC offer?

In the last 23 months of repayment, if you repay through PAYE or a combination of PAYE and SA you can ask to go on to a Direct Debit repayment arrangement. This means that you won't over repay your Student Loan. The SLC aim to contact suitable borrowers shortly before this time to offer and arrange this option.

When a borrower enters into this type of arrangement, we will tell the employer to stop making deductions from pay.

If you would like to know more about this option or have any other questions about repaying your loan, you should contact the SLC. You can also find more information online. Go to [www.studentloanrepayment.co.uk](http://www.studentloanrepayment.co.uk)

---

## Forms and guidance in Braille, large print and audio

We have a range of services for people with disabilities, including Braille, audio and large print. Most of our forms and guidance are also available in large print. Please contact us on any of our phone helplines shown on page 1 if you need these services.

These notes are for guidance only and reflect the position at the time of writing. They do not affect any right of appeal. Customer Information Team  
July 2011 © Crown copyright 2011