

# The Collection of Student Loans

This factsheet gives information for employers and employees to help answer common Student Loan queries

## 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.)

In most cases, the employer of the borrower collects the Student Loan repayments through the Pay As You Earn (PAYE) scheme. However, there are different rules for borrowers who submit returns through the Self Assessment (SA) system. For more information on the collection of Student Loans for SA customers, see page 2 of this factsheet or go to [www.hmrc.gov.uk/leaflets/csl1.pdf](http://www.hmrc.gov.uk/leaflets/csl1.pdf)

Employers play a vital role in helping us collect student loan repayments which in turn helps the SLC maintain and administer the loans. However, we know that employees often ask their employers for information which isn't always easy to find. We have produced this factsheet to help both employers and employees find answers to the most common queries.

## 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 borrowers finish or leave their higher education course
- when their income exceeds a certain level or threshold.

Since April 2005 the annual threshold has been £15,000. For employees paid:

- monthly, the threshold is £1,250 per month
- weekly, the threshold is £288 per week.

Repayments of Student Loans are collected at the rate of 9% of income over these thresholds.

## How this works with Pay As You Earn (PAYE)

The SLC tells us when a borrower is due to start repaying a Student Loan.

We will tell an employer when to start and stop making Student Loan deductions. Student Loan amounts are not cumulative and the employer will calculate the amounts on a week-by-week or month-by-month basis. Employers are not permitted to start, stop or vary deductions at an employee's request. If an employee does not agree with an employer's actions they should contact their HMRC office. Go to [www.hmrc.gov.uk](http://www.hmrc.gov.uk) and click on *Contact us*.

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## Help and guidance

Help and guidance is available from the following sources.

### The Internet

#### Employers

Go to [www.businesslink.gov.uk/studentloandeductions](http://www.businesslink.gov.uk/studentloandeductions)

#### Employees

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

#### Employer Helplines

If you have been an employer for:

- less than three years, phone **0845 60 70 143**
- more than three years, phone **0845 714 3143**.

These helplines are for employers only.

#### Employee helplines

Employees who have questions about their individual Student Loan tax affairs should phone their 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 *The collection of Student Loans*. Go to [www.hmrc.gov.uk/employers/collection-sl.pdf](http://www.hmrc.gov.uk/employers/collection-sl.pdf)
- CSL1 *Collection of Student Loans for SA customers*. Go to [www.hmrc.gov.uk/leaflets/csl1.pdf](http://www.hmrc.gov.uk/leaflets/csl1.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)

If the borrower has more than one job, each employer will independently apply one annual threshold to work out deductions. Individual employers will not be aware of any other earnings or Student Loan deductions. But, if the borrower has more than one job with the same employer, and both sets of income are combined for National Insurance contributions (NICs) purposes, the employer will only apply one threshold limit.

### Record keeping

The **employer** must:

- record the deductions made
- pay over the amounts deducted to HMRC
- give their employees payslips or some other written evidence showing the Student Loan deductions made.

On, or just after, each 5 April an employer must give their employees a form P60 which must show the total of any Student Loan deductions made by that employer in that employment.

The **employee** should keep all of their payslips and forms P60. This is especially important if they have had more than one job in the year as a P60 won't show the Student Loan deductions made by a previous employer. The employee will also need these if they contact the SLC to discuss their loan repayments.

Payslips and forms P60 are very important for a number of reasons, especially as the borrower nears the end of their loan. They can be useful in working out when the repayments should stop by helping the borrower to get an up-to-date balance of the loan. In turn, this can help prevent overpayments to the loan.

For more information about this the borrower should contact the SLC direct.

Or, they can use the online calculator on the SLC website to work out the remaining balance. Go to [www.studentloanrepayment.co.uk](http://www.studentloanrepayment.co.uk) and select *How to Use Your Online Account*.

If you need to complete an annual SA tax return, having your P60 and payslip documents will make sure that you receive credit for any and all deductions made from your earnings.

### Changes in employment employee

If you are an employee and you have had more than one employment in the year, remember you can't simply rely on your P60 alone as evidence of your Student Loan deductions. You must also keep your payslips from all previous employers so that you can arrive at the correct total for the year. A P60 will only show deductions from the employer who issued it.

### employer

Normally, when an employee changes employment part way through the year, they are given a form P45 by the previous employer. This will tell the new employer if they should make Student Loan deductions. If they don't have a P45, the **new** employer should give the employee a form P46 to complete. Or, an employer may get the required P46 information by email or on headed stationery as long as they keep a record of where it came from. If the new employee is already in the process of repaying a Student Loan they should make an entry in box 5 on the P46, or otherwise tell their employer. This then acts as the employer's authority to start making Student Loan deductions.

If you would like more detailed information about an employer's responsibilities you can look at 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)

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## Self Assessment (SA) borrowers

Borrowers who are employees, and who also make returns under the SA system may have to make additional student loan repayments when they pay their annual balancing payment. This is in addition to the deductions already made by their employer.

Borrowers who are not employees but who make SA returns each year will have their Student Loan repayments collected through SA, along with tax and NICs.

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## 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*.

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## Voluntary payments

Borrowers can also make voluntary payments direct to the SLC at any time. Voluntary payments will always be in addition to any repayments that we collect. Borrowers should contact the SLC if they want to know more about this option.

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## Student Loan repayments when working abroad

Our website has a frequently asked questions section which covers scenarios where a Student Loan borrower goes to work abroad. Go to [www.hmrc.gov.uk/employers/faq-sl-abroad.htm](http://www.hmrc.gov.uk/employers/faq-sl-abroad.htm)

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## Accessing information about a borrower's Student Loan account

Whilst employers deduct Student Loan repayments from pay, they can't access any information about a borrower's SLC Student Loan account. The SLC loan is confidential and details are not shared with the employer or with us.

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## Managing the Student Loan account and working out interest

The SLC is responsible for maintaining all aspects of a borrower's Student Loan account including working out and adding interest. Borrowers should contact the SLC direct if they want to know more about this.

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## Overpayments

There are a number of situations which can unavoidably result in an overpayment of a borrower's Student Loan. For example, if the borrower receives a large one-off salary or bonus payment it will be subject to the 9% Student Loan deduction. It is possible that this deduction could clear the entire Student Loan debt. An employer will be unaware of this and in these circumstances the borrower should contact the SLC direct. Providing the SLC can identify and confirm the circumstances they will repay the amount involved.

In the last 23 months of repayment, PAYE Student Loan borrowers can opt out of PAYE Student Loan deductions and set up a Direct Debit arrangement. By doing so the borrower will not overpay. The SLC will try to contact borrowers shortly before this time to offer and arrange this option.

Where a borrower enters into this type of arrangement, we will send a form SL2 *Stop Notice* to the employer who will stop making deductions from pay.

If borrowers would like to know more about the Direct Debit arrangement and how it will work in practice they should contact the SLC.

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## Hardship

If a borrower feels that the loan repayments are causing them hardship they should contact the SLC.

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## Helping borrowers keep track of their Student Loan repayments

By monitoring deductions and keeping forms P60 and payslips, borrowers can help to minimise overpaying their Student Loan. This is important as the loan comes to an end. The SLC has guidance and tools to help borrowers including an online calculator to help borrowers work out their loan balance and determine when a loan is likely to be paid off. Go to [www.studentloanrepayment.co.uk](http://www.studentloanrepayment.co.uk)

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## Employers - what to do if you make a mistake

If you find that you have made a mistake you should phone the Employer Helpline. You can find the Employer Helpline numbers on page 1 of this factsheet.

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## 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  
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