



Information for Employers

The Welsh rates of Income Tax will come into effect from 6 April 2019 – the 2019 to 2020 tax year onwards.

How the changes will affect you

Identifying Welsh Taxpayer Employees

Employers will not be responsible for identifying Welsh taxpayers, this will be done by HMRC.

HMRC will tell you which tax code is appropriate to apply to an employee in advance of the introduction of the Welsh rates of income tax. Tax codes for Welsh taxpayers will be prefixed with a 'C'.

If the employee has been identified as a Welsh taxpayer it will be because they:

- are resident in the UK for tax purposes
- have had a main place of residence in Wales for more of the year than in any other part of the UK

Changes for Employers

You'll need to use payroll software or operate a set of tax tables to perform a tax calculation for those employees who are Welsh taxpayers. There'll not be any change to how you report or make payments for income tax to HMRC other than to apply the appropriate Welsh tax code to Welsh employees for all pay frequencies. Personal allowances will remain the same as in the rest of the UK. Tax bands will remain the same as in England and Northern Ireland

Codes for New Employees

Follow the existing rules for new starters. HMRC will update the guidance to reflect the need for an Employer to use a default position unless an employee can supply a P45. HMRC will advise you of the appropriate code to apply after you have reported details of new employees to them (for example, after you have included them on the first FPS you make after they join).

National Insurance

The Welsh rates of Income tax have no connection to the deduction of National Insurance contributions you pay for your employees.

What are Welsh rates of Income Tax?

The Welsh rates of Income Tax were introduced in the Wales Act 2014 to give the Welsh Government greater control over a proportion of the Welsh budget and how the money is collected and allocated.

If your employees have been identified as Welsh taxpayers they will be subject to the Welsh rates of Income tax on their earnings and, depending at which level the Welsh Government decide to set the rate, they may pay a different rate of tax overall. A proportion of your employee's income tax paid will directly fund the Welsh Government and the remainder will fund the UK Government.

HMRC has written to all its customers resident in Wales. If your employees pay tax through PAYE, HMRC will tell you whether to treat them as a Welsh taxpayer. The Welsh rates will apply to all non-savings, non-dividend income.

Find out more at:
www.gov.uk/welsh-income-tax
www.gov.wales/welsh taxes

When will the Welsh rates of Income Tax start?



Welsh rates of Income Tax will start on 6 April 2019

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Notifying HMRC of address changes

It's the employee's responsibility (not the employers) to notify HMRC of a change of address. However, if you have employees moving from Wales to another part of the UK or vice versa, you should advise employees to contact HMRC to change their residential address and notify the date of the move. This will ensure HMRC can determine the employee's Welsh taxpayer status.

Employees can notify HMRC at: www.gov.uk/tell-hmrc-change-of-details

Any change to tax codes will then be communicated to you under existing processes.

Until you're notified of a change you should continue to operate the code you hold.

Where to go to find out more information

The full definition of a Welsh taxpayer can be found in the Wales Act at: www.legislation.gov.uk/ukpga/2014/29/part/2/crossheading/welsh-rates-of-income-tax

More detailed guidance is available at: www.gov.uk/hmrc-internal-manuals/welsh-taxpayer-technical-guidance

If after reading this guidance an employee disputes their tax status they should contact HMRC.

You can find more information about how a tax code is worked out at: www.gov.uk/tax-codes

Contact us

Telephone the Employer Helpline: 0300 200 3200

For customers who are deaf or hearing or speech impaired:
Textphone: 0300 200 3212

Opening times:

Monday to Friday: 8am to 8pm

Saturday: 8am to 4pm

Closed Sundays, Christmas Day, Boxing Day and New Year's Day

For more information about call charges, go to www.gov.uk/call-charges

If you're an employee looking for advice about your own tax affairs, go to GOV.UK and search for Income Tax: general enquiries.