

Financial Assistance Scheme

The Financial Assistance Scheme (FAS) is administered by the Pension Protection Fund



FAS payments for a past period and their impact on income tax

If you have received a payment from FAS which includes payments for a past period your tax position may have been affected. Most people will not be affected. This note tells you what steps you can take if you think you may have paid too much income tax.

It is important to note that tax reassessments can result in refunds or tax bills depending on your individual total taxable income.

How a FAS payment may affect the amount of income tax you have paid

The income tax you pay is worked out based on all the taxable income you receive in each tax year. If FAS makes a payment to you which includes payments that relate to previous tax years, as a result you may have paid the wrong amount of income tax.

You need to consider your personal circumstances and decide whether you wish to take any further action. More information about income tax can be found overleaf.

What you can do

The majority of people will not have paid too much tax but if you are concerned that you may have done then you can:

- **contact the FAS Operations Team on 0845 604 4585 (full contact details are at the bottom of this leaflet) and request a breakdown of your FAS payment including the period to which it relates; then**
- **send the breakdown with a standard letter provided by FAS to Her Majesty's Revenue and Customs (HMRC) requesting a tax reassessment.**

Help and advice

As tax is a complex area we recommend you seek advice before taking any action.

A brief guide to tax and the FAS can be found overleaf. Further help and advice on taxation issues is available from HMRC, the Government Department responsible for income tax. You can find the contact details for your local tax office in the phone directory or by clicking on **contact us** on the HMRC website at www.hmrc.gov.uk, where the 'find a tax office' facility will give you the number to call. If you telephone HMRC you should say that you are calling about the Financial Assistance Scheme.

The Pensions Advisory Service (TPAS) is an independent non-profit organisation that provides free information, advice and guidance on the whole spectrum of pensions, including state, company, personal and stakeholder schemes. The TPAS helpline number is **0845 601 2923** and its website is at www.pensionsadvisoryservice.org.uk.

For the very latest information please check the Financial Assistance Scheme section of the Pension Protection Fund website at:

www.pensionprotectionfund.org.uk

Or write to us at:
FAS Operations Team
Financial Assistance Scheme
PO Box 234, Mowden Hall
Darlington DL1 9GL

Telephone:
0845 601 4585

Financial Assistance Scheme

FAS payments for a past period and their impact on income tax continued

How has my FAS payment been taxed?

FAS payments, like payments of pension income, are strictly taxable in the tax year to which they relate and should be assessed for tax using the tax rates and allowances that applied for the relevant year.

However, tax is deducted from FAS payments under the Pay As You Earn (PAYE) system before they are paid to you. Your FAS payments, including any payments relating to an earlier year, have been taxed using your PAYE tax code for the current year if we are aware of it, or at the Basic Rate if not. This means that tax has been deducted using the tax rates and allowances for this tax year even though some of the payment may relate to previous years.

As a result, you may have paid too much or too little tax on your FAS payments this year. There are a number of possible outcomes and you need to consider your personal circumstances and decide whether you need to take any further action.

How do I know if I have paid too much tax and may be eligible for a refund?

Your tax position for any year depends on your total taxable income. You may have paid too much tax if you were not liable to tax or only paid tax at the starting rate of 10 per cent in any previous year for which you receive a FAS payment. You may also have paid too much tax if any FAS payments relating to previous years are taxed at the higher rate of income tax (40 per cent) when you previously only paid tax at the basic rate. If you have always paid tax at the basic rate and your FAS payment is taxed using code BR (Basic Rate) you do not need to do anything. If you are unsure what rate of tax you paid in previous tax years you can find out by asking your local tax office.

If you think you may have overpaid tax on your FAS payment you can, as overleaf, provide your local tax office with a breakdown of your FAS payment including the period to which it relates and ask them to assess your tax for the relevant past period at the end of the current tax year.

How to find your local tax office

Details may be available on previous correspondence or you can call the HMRC number in your local phone book. Alternatively, visit the HMRC website at www.hmrc.gov.uk and click on **contact us** to find out the number to call.

If you telephone HMRC you should say that you are calling about the Financial Assistance Scheme.

If you receive any state benefits or tax credits

If you are receiving FAS payments, or if your payments have increased, you should tell the office that pays any state benefits you receive. If you receive tax credits you should contact the Tax Credits Helpline and let them know – the number is **0845 300 3900** (8am-8pm seven days a week).

