

0.1 CalculateTaxCredit

NAME

Function **AdjustTaxCode**

(UK)

Pre-processing of tax codes for date and suffix based adjustments

- a. [\[SYNOPSIS\]](#), page 1
- b. [\[DESCRIPTION\]](#), page 1
- c. [\[INPUT\]](#), page 2
- d. [\[OUTPUT\]](#), page 3
- e. [\[TODO\]](#), page 3
- f. [\[REVISION HISTORY\]](#), page 3

SYNOPSIS

Syntax

$$CorrectedTaxCode = \text{AdjustTaxCode}(TaxCode, Rules)$$

Pseudo-code

```
LET Suffix BE THE SUFFIX CODE OF TaxCode
LET Number BE THE NUMERIC VALUE OF TaxCode
LET Rule BE THE SUFFIX RULE FOR Suffix READ FROM Rules

IF TaxCode.LastUpdate() < Rule.LastUpdate() THEN
    Number = Rule.Multiplier x Number + Rule.Adjustor
    CONSTRUCT TaxCode FROM (Suffix, Number)
ENDIF
```

DESCRIPTION

The **AdjustTaxCode** function provides support for automated update of tax codes. Rules are based on the tax code's suffix code and allow immediate reaction to correction notifications from Inland Revenue.

Important: The original tax code in the employee's folder is **not** modified, since this code remains the official tax code used for correspondence with Inland Revenue until a new tax code is notified.

Employers are notified of new tax codes for their employees through Inland Revenue's Form P9(T).

Inland Revenue
Notice to employer of employee's tax code

Issued by
Anytown 1
Anytown
AN1 1NY

ABC Ltd
1 High Street
Anytown
AN1 1BC

Date
01.03.02

Employer reference
020/A123

Employee's name
Mr A Smith

National Insurance number
AB 12 34 56 C

Works or payroll number
12462

Tax code
The code of this employee is
552L

Please use for the tax year
to 5 April
2003

Instructions for the employer
1 Keep this form, as your authority, for three years.
2 Please make sure that you put the employee's National Insurance number on
• your payroll records and
• the end of year documents that you send with your annual return after 5 April.
If the National Insurance number on your records is different from the number shown above, please
tell your Inland Revenue office.
3 If the employee has left your employment, please destroy this form. Do not send it back to your Inland
Revenue office. Send Part 1 of form P45 to your Inland Revenue office if you have **not already done so**.

P9(T) BS12/00

Upon receipt of this form for an employee, their tax code should immediately be updated.

Inland Revenue doesn't systematically issue a form P9(T) for each employee upon a change of tax code handling. Instead it provides general rules as to the handling of non-updated tax codes. This was the case in 2002 where Inland Revenue distributed leaflet **P9X(2002)**.

This has been handled in the Interwage cartridge through a special reference table dedicated to the handling of tax code corrections. This table, named **legTaxCodeSuffixHandling**) allows to apply a formula of the type:

`new_code = multiplier x old_code + adjustor`

Special rules can be specified for new or leaving employees.

Where an entry exists in this table, it is enacted if its last modification date is earlier than the date of last modification of the employee's tax code.

This allows for trivial handling of tax code modifications, as shown below.

INPUT

TaxCode

This employee's tax code.

TV.ContractTaxCode

Rules

RT.legTaxCodeSuffixHandling

The reference table containing tax code adjustment rules based on the original tax code's suffix.

OUTPUT

TaxCode

TV.ContractTaxCode

The updated tax code, if update was necessary.

TODO

The following conditions have not yet been incorporated into the specification:

- a. Do not copy/carry over any 'week 1' or 'month 1' markings, see [P9X\(2002\)](#).
- b. If someone starts between 6 April and 24 May, see Part 4 of [Day-to-day payroll](#).

REVISION HISTORY

1.0 *Under development*

August 2002

This function has not yet been released; it requires further investigation on the applicability of tax code update rules (see the TODO list above).