



The Institute of Certified Bookkeepers

# Which Tax Code to Use in 2025/26

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Bookkeepers receive P45s at all times of year for new employees. Not only are these important for establishing the tax code to be used, but they are also important for determining the starter declaration to HMRC via the Full Payment Submission (FPS) and whether there is a Student Loan deduction to be made.

At the start of the year, it is important to understand whether the P45 can be used.

## There are two 'types' of P45:

### An in-date P45

A P45 that is 'in-date' is one where:

- The leave date is in the current tax year, i.e. 2025/26, or
- The leave date is in the tax year preceding it, i.e. 2024/25

A P45 with a leave date in the current tax year or the tax year immediately preceding it can be used when establishing the tax code for the new employee and sending the starter declaration to HMRC via the FPS. Employers must check that the P45 pay and tax details are correct before using them in the payroll.

### An old P45

If the P45 has a leave date before the start of the tax year immediately preceding the current tax year, i.e. before 06 April 2024, it is referred to as an 'old' P45 and cannot be used. In these cases, when presented, the employee should be asked to complete [HMRC's Starter Checklist](#). The Checklist should also be used when the employee does not present a P45 at all.

ICB has compiled the following document that should be used for new employees starting in the tax year 2025/26 with either:

- A P45 that is in-date, or
- A P45 is old (or the employee does not have a P45 at all)

### Student Loans

For all new starters, regardless of whether a P45 is supplied, the employer must ascertain whether they have a Student Loan that needs to be repaid through the payroll. The P45 will only indicate that one was in operation at the last employment. It will not indicate whether it was a Plan 1, Plan 2, Plan 3 (Post-Graduate Loan) or Plan 4. So, the [Starter Checklist](#) Student Loan questions or alternatives, must be used for all new starters.

# In date P45

Date of Leaving on P45	Employee's Start Date	Tax Code on P45	FPS Starter Declaration	Tax Code to Use
06 April 2025 to 05 April 2026	On or after 06 April 2025	Code other than BR, 0T, D0 or D1 (including S or C prefixes)	B	The tax code from the P45, including any S or C regime indicator
06 April 2024 to 05 April 2025	06 April to 24 May 2025	Code other than BR, 0T, D0 or D1 (including S or C prefixes)	B	The tax code from the P45, including any S or C regime indicator. Do not carry forward week 1 / month 1 indicators
06 April 2024 to 05 April 2025	On or after 25 May 2025	Code other than BR, 0T, D0 or D1 (including S or C prefixes)	B	Emergency tax code 1257L on a week 1 / month 1 basis
Any other 'in date' P45	On or after 06 April 2025	Codes BR, 0T, D0 or D1 (including S or C prefixes)	C	The tax code from the P45 including any S or C regime indicator

# Old P45

The following applies where the P45 cannot be used (or none exists) and the employees is asked the Starter Checklist declaration questions:

A. Not to be chosen if the individual is in receipt of a State or other pension. This is the first job since 06 April 2025 and the new employee declares they have had no other taxable income (including Jobseeker’s Allowance, Employment and Support Allowance and Incapacity Benefit)

B. Not to be chosen if the individual is in receipt of a State or other pension. This is now the only job but they do not have a P45. However, they have received some other taxable income from employment and / or income from Jobseeker’s Allowance, Employment and Support Allowance and Incapacity Benefit

C. The new employee has another job or is in receipt of a State or other pension

Date of Leaving on P45	Employee’s Start Date	Tax Code on P45	Employee Starter Declaration	FPS Starter Declaration	Tax Code to Use
Pre 2024/25 P45 or no P45	On or after 06 April 2025	Ignore the tax code from the P45	A	A	Emergency tax code 1257L on a cumulative basis
			B	B	Emergency tax code 1257L on a week 1 / month 1 basis
			C	C	BR on a cumulative basis
			None	C	OT on a week 1 / month 1 basis

