



# Which Tax Code to Use

## 2026/27

## Contents

Introduction .....	3
The Tax Code .....	3
An In-Date P45 .....	3
An old P45 .....	4
Student Loans .....	4

## Introduction

This document should be used for the tax year 2026/27.

Bookkeepers receive P45s at all times of the year for new employees. These are important for:

- Establishing the tax code to be used in the payroll;
- Establishing the starter declaration to HMRC via the Full Payment Submission (FPS); and
- Whether there is a Student Loan deduction to be made.

This document details bookkeeper action points and information so the correct tax code and starter declaration are used. Plus, it stresses the important of determining the Student Loan 'type'.

## The Tax Code

### An In-Date P45

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

- The leave date is in the current tax year; i.e. 2026/27, or
- The leave date is in the tax year preceding it, i.e. 2025/26

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 the P45 pay and tax details are correct before using them in the payroll.

ICB has compiled the following table that should be used for new employees starting in the tax year 2026/27 with a P45 that is in-date:

Date of Leaving on P45	Employee's Start Date	Tax Code on P45	FPS Starter Declaration	Tax Code to Use
06 April 2026 to 05 April 2027	On or after 06 April 2026	Code other than BR, 0T, D0 or D1 (including S or C prefixes)	B	As per P45, including any S or C regime indicator
06 April 2025 to 05 April 2026	06 April to 24 May 2026	Code other than BR, 0T, D0 or D1 (including S or C prefixes)	B	As per P45, including any S or C regime indicator. Do not carry forward week 1 / month 1 indicators
06 April 2025 to 05 April 2026	On or after 25 May 2026	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 2026	Codes BR, 0T, D0 or D1 (including S or C prefixes)	C	As per P45, including any S or C regime indicator

## 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 2025, 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.

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 2026 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

ICB has compiled the following table that should be used for new employees starting in the tax year 2026/27 with a P45 that is old (and cannot be used) or does not present a P45 at all:

Employee's Start Date	Tax Code on P45	Employee Starter Declaration	FPS Starter Declaration	Tax Code to Use
On or after 06 April 2026	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

## 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 only indicates if 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), Plan 4 or Plan 5.

So, the [Starter Checklist](#) Student Loan questions or alternatives, must be used for all new starters.