

Monthly Cashflow - Tax Codes are more than just a number

We work, we get taxed, we get paid, repeat right? Managing monthly cashflow is so important especially within the current economic climate where everyday costs strain the bank balance more and more. So the question is, how much attention do you take ensuring your 'Tax Code' is correct?

Tax codes are so important as they determine how much of your pay is taxed and at what rate each and every time you are paid. The basic personal allowance is usually included along with deductions for things like medical benefits or gym memberships. However it can also include 'expenses' which increase your code resulting in less tax.

There are two schools of thought here. One is that it will all work its way out after the end of the tax year and you can consider whether it is worthwhile making a separate claim to HMRC for any allowable/relevant expenses that were not included in your code for the year. Or, you can arrange for your tax code to be changed in year, so that you are paying more closely to the correct amount of tax and benefiting on a month by month basis. The outcome either way is the same, but by ensuring your tax code is correct, can help you to improve the all important monthly cashflow.

Are you claiming the allowances that you are entitled to? As an example, HMRC provide a fixed rate allowance of £140 per year for all police officers up to the rank of Chief Inspector irrespective of whether you are required to wear a uniform or not which typically covers things like cleaning. Whilst it may not be huge, every little helps. Your professional subscriptions to the Police Federation are also tax relievable, so its worth checking your code and if appropriate giving HMRC a quick call to have it updated if needed.

If you are at all concerned about how this works in practice, do feel free to get in touch for a no obligation initial discussion. We are here to help.

Disclaimer

The information provided is for general guidance only, does not constitute professional advice, and is not a substitute for consulting a qualified accountant or other professional for specific circumstances.

Contact your team at [Galloways](#) today!

Just call us on 0800 012 9190 or [email us](#)