



# Tax codes and living abroad

January 2023

**We need to deduct tax from your pension in the same way as any other income is taxed.** The only exception is if your annual income is under the 'tax threshold'. If it is, you don't pay any tax.

## Tax codes from HMRC

To tax your pension, we need a tax code from HMRC. They send us the tax code we need to use so if you think this is wrong, you can ask them to review it.

The good news is that you don't have to pay National Insurance contributions on your pension income.

When we start to pay your pension, we might need to use a Basic Rate tax code until HMRC send us the right tax code to use.

For the time we use a Basic Rate tax code, we might deduct too much tax from your pension, or not enough tax. When HMRC send us the right tax code to use, they'll take this into account.

You can see the tax code we are using on your monthly pension payslip. Just go to the My Documents tab on PensionsOnline, click on My Payslips on the right and download your latest payslip, the tax code will be on there.

Contact us



[pensions@churchofengland.org](mailto:pensions@churchofengland.org)



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Tax codes can be confusing, especially if your circumstances are not straightforward. You can find out more about what your tax code means at <https://www.gov.uk/tax-codes/what-your-tax-code-means>

If you think this is wrong, you can speak to HMRC. We can't speak to them for you.

When you speak to HMRC you'll need a reference number, so they know which pension you have. The reference number you need is either:

- Clergy pension – **709 STC/721**
- CWPF or CAPF pension – **709 STC/722**

Find out the best way to contact HMRC at <https://www.gov.uk/government/organisations/hm-revenue-customs/contact/income-tax-enquiries-for-individuals-pensioners-and-employees>

## **Taxing your pension if you live overseas**

If you retire overseas, you don't usually pay UK tax on your pension. Instead you'll pay tax in the country that you live.

If you live abroad but are classed as a UK taxpayer, then you will have to pay tax on your UK pension.

Be careful to check whether you live in a country that has a double-tax agreement with the UK, this means you usually have to pay tax in both countries.

The best place to find out more about paying tax abroad is at <https://www.gov.uk/tax-on-pension/tax-when-you-live-abroad>

***This leaflet reflects our understanding of current legislation and practice. You should always talk to a financial or legal adviser if you need specific guidance or advice.***