

## Issue of Tax Credit Certificates on a Week 1/ Month 1 basis

### Part 42-04-31

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This manual explains the reasons for issuing tax credit certificates on a week 1/month 1 basis.

## 1. Reasons for issuing tax credit certificates on a week 1/month 1 basis

A tax credit certificate on a week 1/month 1 basis is normally issued where there is:

- a) a specific request by an employee who does not wish to disclose to their new employer the amount of their earnings in their previous employment, or
- b) a discovery of an over allowance in the certificate for the current year which, if corrected by the issue of an amended certificate on a cumulative basis, would result in excessive deductions for the balance of the year, or
- c) a lack of information about prior employment or earnings in the current year as a result of which a certificate on a cumulative basis cannot be issued.

## 2. Coding in an underpayment for a prior year

The tax credits for a year should not be amended during the course of the year by coding in an underpayment for a prior year, unless this is requested by the taxpayer. An underpayment for a prior year should, unless an assessment is deemed necessary, be recovered by reducing the tax credits of subsequent year(s).

## 3. Avoiding hardship

The purpose of issuing a certificate on a week 1/month 1 basis in the circumstances outlined in paragraph 1(b) above is to avoid the hardship which would otherwise occur where the issue of an amended cumulative certificate with considerably reduced tax credits or USC rate bands would result in substantial increases in tax and/or USC deductions for some time to come and might result in no net take home pay for one or more pay days.

If the over allowance is discovered early in the year or is not substantial in relation either to the current rate of pay (if known) or the tax credits on record, an amended cumulative certificate should be issued where it is obvious that no real hardship will be caused.

Where a week 1/month 1 certificate is issued the employer will not recover the undercharge relating to the period from the preceding 1 January.

#### 4. Further information

Further information on week 1/month 1 basis is available in the [Employer's Guide to PAYE](#).

A more recent version of this manual is available.