

# A change that affects all savers



## What you need to know

### What's changing?

The introduction of a new personal savings allowance means that from 6 April 2016 most people will no longer pay tax on their savings income.

The allowance is £1,000 for basic rate taxpayers and £500 for higher rate taxpayers (there is no allowance for additional rate taxpayers). Interest from ISAs doesn't count towards your personal savings allowance because it's already tax-free.

### How does this change affect me?

From 6 April 2016, all building societies and banks will stop deducting tax from the interest they pay on your savings. If your total taxable income is less than £17,000, you will pay no tax at all on your savings income.

You may have previously completed a form to receive interest tax-free (an R85 or R105). You won't have to do this from 6 April 2016.

If you have any savings income **over** your personal savings allowance you will have to pay some tax on it. HMRC will normally collect the tax by changing your tax code.

If you already fill in a self-assessment tax return you should carry on doing so and include any income from savings on your return.

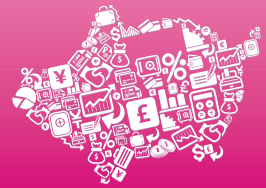
### Where can I find more information?

For further information on how the allowance works go to [www.gov.uk](http://www.gov.uk) and type **personal savings allowance** into the search box. Loughborough Building Society is unable to provide further help however you can find a few questions answered overleaf.

Interest that relates to periods before 6 April 2016 but paid afterwards will not have tax deducted.

In a few isolated cases, some interest, for example on compensation, will still have tax deducted. This interest counts towards your personal savings allowance. If you have any questions and/or need to reclaim this tax, please contact HMRC. Loughborough Building Society can't help you with this but will show any deductions made this way in our correspondence with you.

# A few questions answered



## **Does the interest on my ISA(s) affect my Personal Savings Allowance?**

No. The interest on ISAs is tax-free and it doesn't count towards your Personal Savings Allowance.

## **We have a joint account but only one of us pays tax, how does this affect us?**

Tax will no longer be deducted from the interest earned on your joint account.

## **How is interest earned before 6 April 2016 but paid on or after 6 April 2016 treated?**

Tax will not be deducted.

## **Can I still request a tax certificate from Loughborough Building Society?**

Yes. You can request tax certificates for the tax years up to and including 2015/2016.

## **For more information go to:**

[www.gov.uk/government/publications/personal-savings-allowance-factsheet](http://www.gov.uk/government/publications/personal-savings-allowance-factsheet)