Student/ Postgraduate Loan refunds

HMRC · https://paiyroll.com/kb/student-postgraduate-loan-refunds/

Overview

Occasionally, student pr postgraduate loans may be deducted in error. Follow this guide if you receive a notice from HMRC to stop and/or refund loan deductions.

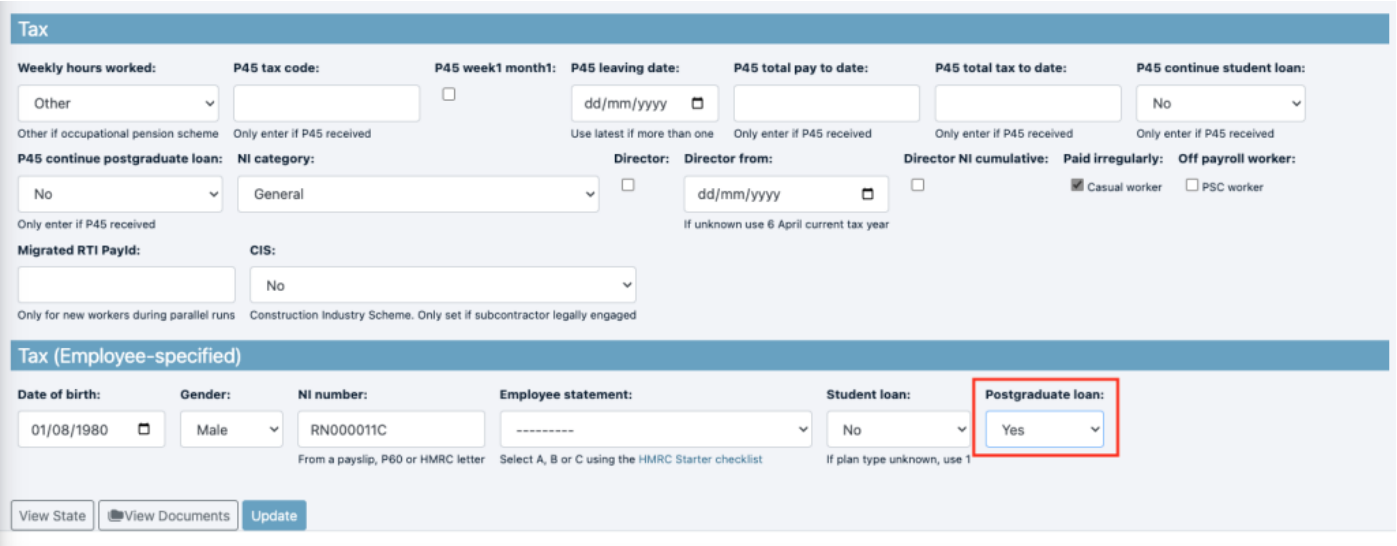
Determine and correct the error

There are 2 possibilities for a student or postgraduate loan being operated in error:

1. Previous P45 error in the **Tax** section
2. Employee declaration error in the **Tax (Employee-specified)** section

Navigate to **Employee Setup** > **Update** the employee

Identify the source of the error in either the **Tax** or **Tax (Employee-specified)** sections. In the example below a **Postgraduate loan** was incorrectly declared by the employee:



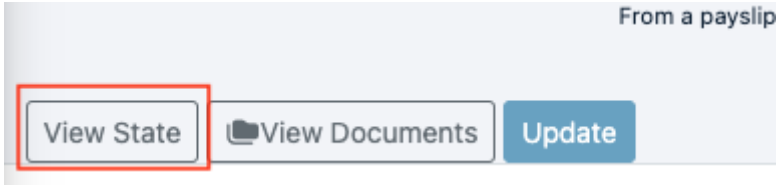
Make the necessary corrections, then click **Update**.

Do not make any other changes - an HMRC start notice may have already been received, for example, to start a student loan.

Process refund

Only follow this step if you have been instructed by HMRC to refund any deductions.

First, confirm the **year-to-date** (YTD) amount which has been deducted in error. The easiest way is to click on the View State button at the bottom of the employee record:

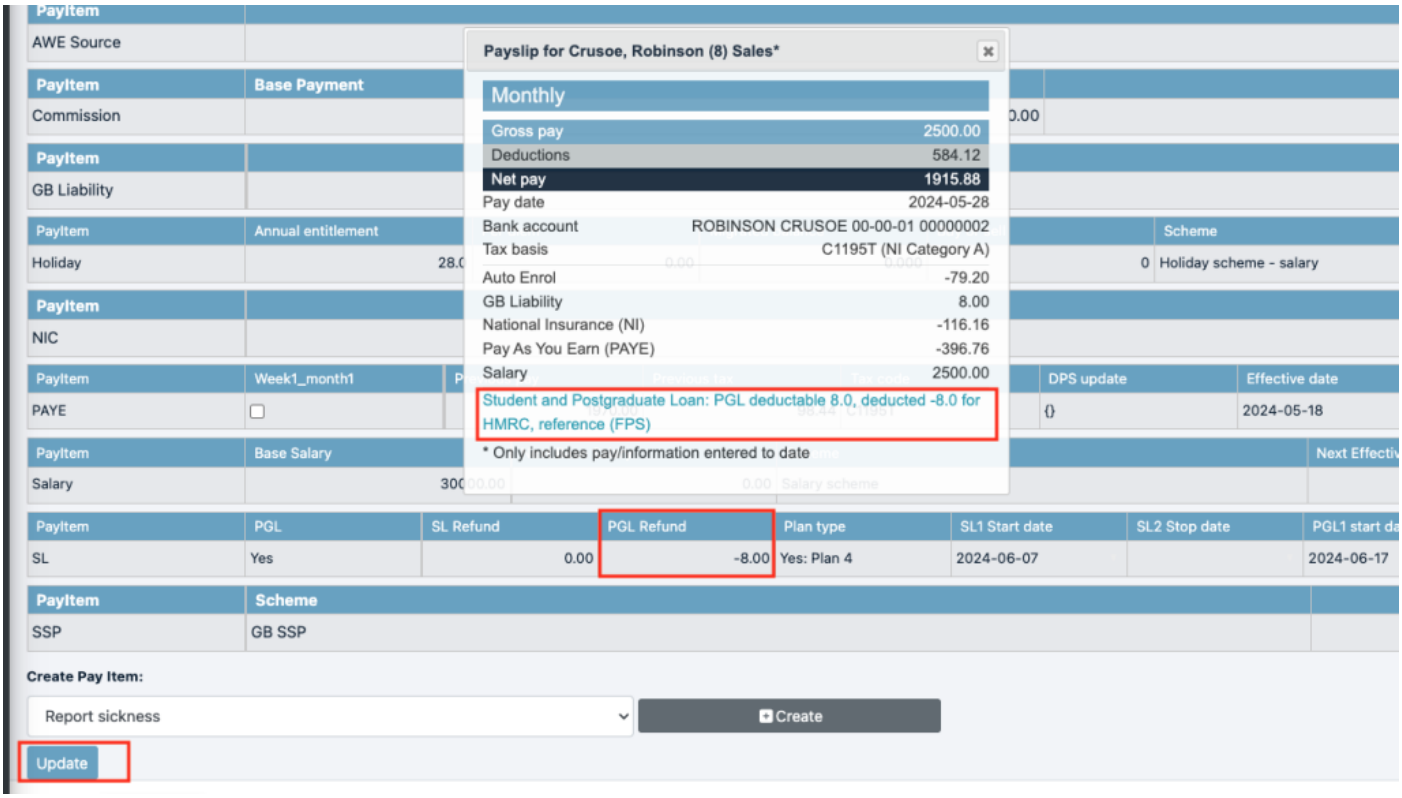


On the next view, carefully locate the **SL** (student loan) state. This shows the "SL deducted, YTD" (Student Loan) and "PGL deducted, YTD" (Postgraduate Loan) Year to date (YTD) values. The example below shows both being £8.00 year to date:


```
"SL": {
    "Pay.TTP": "{\"earnings\": 544.18, \"sl\": 5, \"pgl\": 8, \"plan\": 1}",
    "PGL used": true,
    "SL deducted, YTD": 8.0,
    "PGL deducted, YTD": 8.0,
    "SL plan type used": 1
},
```


Pay Item Editor > Click **Show All** to show the **SL** Pay Item (normally hidden).

Add a **negative** value for the amount you wish to refund.
Click **Update** and carefully check that the refund is appearing as a positive payslip entry:



After the payroll is approved, the refund value will automatically be zeroed and not operate in future pay runs.