

Students and young workers (Lecture P1180 – 14.16 minutes)

In this article we explore the legal position of employing students and young workers, what they should be paid and how they should be taxed:

- Students are individuals of any age who are attending a college or university;
- Young workers are children who are under the school leaving age looking to work before or after school, at weekends or during their school holidays. Note, it is illegal to employ anyone under the age of 13.

Young workers

A child reaches school leaving age from the last Friday in June, where the child will reach 16 by the end of the school summer holiday and from that date is allowed to work full time for up to 40 hours. Adult employment rights only apply from the age of 18.

It is illegal for a child below school leaving age to work:

- Without an employment permit, where bylaws require one (Modelling, acting roles);
- In a factory or on an industrial site;
- Before 7am or after 7pm;
- During school hours;
- For more than an hour before school starts;
- For more than four hours without a minimum break of at least 1 hour;
- Doing any work that would be detrimental to their health, education or wellbeing.

The number of hours that a child can work is set out in legislation. In summary, a child can work during term time for a maximum of 12 hours a week and how those are split depends on the child's age:

- 13 to 14: Maximum of 2 hours on school days/ Sunday and 5 hours on Saturday;
- 15 to 16: Maximum of 2 hours on school days/ Sunday and 8 hours on Saturday.

These periods are extended during school holidays as follows:

- 13 to 14: Maximum of 25 hours/week - 5 hours on weekdays/ Saturday and 2 hours on Sundays;
- 15 to 16: Maximum of 35 hours/week - 8 hours on weekdays/ Saturday and 2 hours on Sundays.

What to pay

With the exception of university or college students who are doing work placements as part of their degree, the national minimum wage rates apply to anyone over school leaving age.

The national living wage must be paid to employees who 25 and over. This is increasing from £8.21 to £8.72 on 1 April 2020.

The National Minimum Wage is also increasing from 1 April 2020 for younger age groups as follows:

- 21 to 24 year olds – the rate is increasing from £7.70 to £8.20;
- 18 to 20 year olds – the rate is increasing from £6.15 to £6.45;
- 16 to 17 year olds – the rate is increasing from £4.35 to £4.55; and
- apprentices under 19 or in the first year of their apprenticeship – the rate is increasing from £3.90 to £4.15.

Paying tax and national insurance

Everyone, regardless of age, is entitled to a personal allowance and this allowance is spread equally over the year. Thus, where a student or young worker earns less than £240 a week, no tax will be due. Where weekly earnings exceed this amount, tax at 20% will be deducted at source through the PAYE system.

Once the student or young worker reaches 16, national insurance will be payable on earnings in excess of £166 per week at a rate of 12%. For workers that who are under 16, the employer should use NI category X indicating that no national insurance is payable.

Paying too much tax

Where a student works in the holidays rather than regularly throughout the year, they may end up paying tax that is covered by their unused tax free personal allowance from non-working months in the year.

When their holiday job ends, they should receive a P45 showing their total earnings and tax deducted at source. Where a student will not be working again in the tax year, they can seek a repayment of tax deducted by applying to HMRC:

- At <https://www.gov.uk/claim-tax-refund>; or
- Call HMRC and ask for guidance;
- Contact HMRC and ask to complete a self- assessment tax return.

It is at HMRC's discretion as to whether they repay the tax during the tax year or wait until the end of the tax year, just in case the student does pick up some casual work later in the tax year.

Any national insurance that has been deducted is not reclaimable.

Created from the seminar by Alexandra Durrant