

Problems paying your January 2021 tax bill? – 13 January 2021

Many tax payers registered for self-assessment will be dreading the approach of 31 January 2021 as this is the date that a number of self-assessment tax bills fall due for payment. They are:

- Any balance of tax/NIC due for 2019-20
- Any second instalment for 2019-20 due 31 July 2020, deferred until 31 January 2021
- Any first instalment due for 2020-21

How do we check how much is due?

You can logon to your tax account with HMRC to see how much is due or we can do this for you.

But this only shows you what is due based on tax returns submitted up to 5 April 2020. This will have fixed any balance of taxes due for 2019-20 and the amount of any unpaid second instalment deferred from July 2020.

However, there may be a way to REDUCE any first instalment due for 2020-21.

How do we reduce the first instalment for 2020-21?

If your profits assessed by HMRC for the actual trading year ending during 2020-21 are estimated to be lower than the previous year then you can apply to have payments on account for 2020-21 reduced. We can help you calculate a more realistic – and lower – figure and submit a request to reduce any tax due.

Is there a way to spread payment of any tax due?

HMRC will allow you to pay in instalments if you owe £30,000 or less and do not have any other current payment plans or debts with HMRC.

To do this you will need to contact the Payment Support Service (0300 200 3835) or set up a payment plan online.

You may also be able to pay tax due by an adjustment to your code number

You can pay your Self-Assessment bill through your PAYE tax code as long as all the following conditions apply:

- you owe less than £3,000 on your tax bill
- you already pay tax through PAYE, for example you are an employee, or you get a company pension
- you submitted your paper tax return for 2019-20 by 31 October 2020 or your online tax return online by 30 December 2020.

This is a process that is usually granted automatically unless the option has been turned off on your tax return. Please note that Class 2 NIC contributions cannot be collected in this way.

We can help

If you need support to reduce payments on account for 2020-21 or spread payment over an extended period, please call us on 01752 752210. We can help you crunch the numbers.

