

HMRC support if late paying tax – February 2021

Options to avoid late payment penalties

Still owe tax and NIC due to be paid 31 January 2021?

Many self-assessment taxpayers will have tax and NIC unpaid for 2019-20 and possibly payments on account for 2020-21. The payments were all due to be settled by 31 January 2021.

The rest of this alert sets out how you can avoid future late payment penalties if you are unable to pay these liabilities before the end of March 2021.

What are the statutory late payment penalties?

Any self-assessment liabilities due 31 January 2021, and unpaid 30 days later (by midnight 3 March 2021) would normally attract a late payment penalty amounting to 5% of any unpaid tax.

If tax remains unpaid 6 months (at midnight 1 August 2021) or 1 year (at midnight 1 February 2022) further 5% penalties will also be applied.

Additionally, interest will accrue on amounts outstanding from 1 February 2021. The current rate is 2.6%.

What support are HMRC now offering?

Normally, a 5% late payment penalty is charged on any unpaid tax that is still outstanding on 3 March. But this year, because of the impact of the COVID-19 pandemic, HMRC is giving taxpayers more time to pay or set up a payment plan.

Taxpayers can set up a monthly payment plan online at GOV.UK. The online facility will allow you to spread the cost by making agreed monthly payments until January 2022.

To avoid late payment penalties, you will need to do this by midnight, 1 April 2021.

How to set up a late payment plan

You can set up a payment plan online by logging in via your Government Gateway account. The link that advises you what to do is: <https://www.tax.service.gov.uk/pay-what-you-owe-in-instalments>

Or you can call HMRC's Payment Support Service: 0300 200 3835, Monday to Friday 8am to 6pm.

This instalment payment option is only available to taxpayers with less than £30,000 of taxes outstanding for payment.

Act now

If you still have self-assessment taxes unpaid and want to avoid the impending 5% late payment penalty, contact HMRC to organize a late payment plan before midnight 1 April 2021.

If you need to discuss the best way to approach HMRC call us on 01752 752210.