



## PENALTY POINTERS

HMRC said they had been expecting around 11.7million tax returns but almost 1,000,000 were late, which tells us a few things -

- As the adult population of the UK is over 50 million, most people don't have to do annual tax returns - because any tax they are due to pay can be collected under the automatic PAYE system operating for most pension or employment incomes.
- Of those that do have to do tax returns, most are conscientious about it and get them in on time.
- There remain a significant number who don't meet the deadline

If you needed to do a Self-Assessment tax return for tax year 2018/19 (the tax year that ended on 5th April 2019) and missed the final deadline of 31st January 2020, financial penalties begin to build up automatically -

- An immediate late filing penalty of £100.
- Once 3 months late penalties of £10 per day begin for up to 90 days (so, can be £900).
- Once six months late there is a further penalty of £300 or 5% of the tax due if higher.
- Once twelve months late there is another penalty of £300 or 5% of the tax due if higher. In serious cases, the penalty could be 100% of the tax due.

So, what do you do if you should have sent in a tax return and are already late? There are a few "Don'ts" -

- Don't ignore it in the hope it will go away. It won't.
- If the first you know about it is when you get a £100 penalty notice don't just pay the £100 and assume it's then all sorted. It isn't. HMRC will still want your tax return and penalties will still build up until you send it in.
- Don't just send in a paper tax return. The deadline for a paper tax return was earlier - the previous 31st October, in fact – and if you now send in a paper tax return HMRC will apply the penalty build-up from that earlier date. So it's best to file a late tax return on-line if you possibly can.

Some people can end up on HMRC's Self-Assessment list in error. Amongst the typical circumstances where HMRC will require a tax return are self-employment or property income over £1000pa, overseas incomes, savings or investment income over £10,000pa – but that's not an exhaustive list. You could try HMRC's on-line checking tool at [www.gov.uk/check-if-you-need-tax-return](http://www.gov.uk/check-if-you-need-tax-return), but if you think it's a mistake you'd need to contact HMRC to discuss as only HMRC can cancel it.

Ultimately, if you are late with a tax return the key action is to get it done straightaway, ideally on-line. That will cap the penalties and stop further build-up. It also means HMRC can properly consider any appeal you might look to make against the penalties, because you can't win an appeal while the tax return remains outstanding. When it comes to appealing penalties HMRC has indicated it may well consider the following as "reasonable excuse" such that penalties might be cancelled -

- software failure when using the online filing system (or HMRC service issues in some circumstances)
- fire, flood or theft preventing you from completing your tax return



**TAX HELP**  
FOR OLDER PEOPLE

- an unexpected stay in hospital preventing you from dealing with your tax affairs
- a serious or life threatening illness or a disability that led to the delay
- the death of a partner or close relative
- postal delays that you couldn't have predicted

Penalty notices usually come with appeal form SA370 (or you can access it on-line via [www.gov.uk](http://www.gov.uk)) or telephone HMRC on 0300 200 3300.

This article is by Tax Help for Older People registered charity no 1102276 (Scotland no SC045819), offering free tax advice to older people on incomes below £20,000 a year. The Helpline number is 01308 488066.