



End of year tax check

Since the close of tax year 2019/20 on 5th April 2020, HMRC have been processing all the information they have received from employers and pension administrators regarding income and tax deducted via the PAYE system and also information received from Banks and Building Societies regarding interest paid. This enables HMRC to check if individuals have paid the correct tax in 2019/20.

Most people will hear nothing from HMRC after their tax records have been reconciled, but some will be contacted by HMRC with a calculation showing either a refund or a request for payment of additional tax. The calculation will be either a P800 or a PA302 Simple Assessment and will show all the income and tax paid for the 2019/20 tax year. These calculations need to be checked carefully, and to do that there are certain documents that you need to use:

P60s: if you are an employee or receive a private pension and tax is deducted at source then your employer or pension administrator must send you a P60 shortly after a tax year ends. This will show the amount of pay or pension you received for the tax year and the tax deducted.

P45s: when you leave an employment or empty a pension pot and receive a lump sum payment you will be sent a P45 by your employer or pension administrator. This shows the total taxable income paid and tax deducted.

P11D: if you are an employee receiving non cash benefits (e.g. a company car or paid membership of a private medical scheme) your employer should give you this form, which will show the taxable value of these benefits.

Bank Statements: if your State Pension or other taxable benefits are paid straight into your bank account, then statements will show the amount of benefit received and the number of payments made in a tax year. Remember that if you receive a State Pension (other than those paid weekly or fortnightly) then it will be paid every 4 weeks and not monthly, so there will be 13 payments in the tax year and not 12.

Savings Interest: Savings interest received can be checked by looking at statements, passbooks or savings certificates issued by the deposit taker, usually a bank or building society. Detailed checking is particularly important if you receive untaxed interest greater than £1,000 a year (or £500 if you are a higher rate taxpayer). Remember that any interest on an ISA is tax free. Last month's Tax Tips article gave more information on paying tax on savings interest.

Dividend Certificates: if you have shares then dividend income may result in a tax liability. For 2019/20 the dividend allowance was £2,000 so there is no tax on dividend income below this level. Anything above this needs to be declared to HMRC as tax may be due.

So, if you receive a tax calculation from HMRC, you will be able to check the calculation carefully with the above documents to hand. When you are doing this, don't forget to check that HMRC have given you all the allowances to which you are entitled, such as Marriage Allowance transfer, Married Couples Allowance or Blind Persons allowance. Also, sometimes the calculation will include 'adjustments' for tax owing for an earlier year. Notes are included with the calculation that explain any adjustments, so these need to be checked as well. It may be that the amount shown has already been paid or a payment plan agreed.



TAX HELP
FOR OLDER PEOPLE

If you are happy that the tax calculation is correct then you will need to either request the refund or pay the liability.

You will be asked to request any refund due via your online Personal Tax Account, or wait 60 days for a cheque to be sent. If you do not have online access and do not want to wait for 60 days then you can call HMRC on 0300 200 3300 instead and ask for the refund to be sent straight away.

If you owe tax then you can pay online via your Personal Tax Account. If you do not have online access then it is possible to pay by cheque. Remember to include your National Insurance Number on the back of the cheque, and, if you have a Simple Assessment calculation, put the charge reference on the front of your cheque. If you cannot afford to pay the amount in full, then please ring HMRC's Payment Support Service on 0300 200 3835, straight away to let them know. They may be able to set up a time to pay arrangement or, if not, they will advise you to pay what you can, when you can, with a view to paying the amount off in full as quickly as you are able.

If you do not think the calculation is correct then you will need to contact HMRC on 0300 200 3300 or you can contact Tax Help for Older People on 01308 488066 for further information and help.

This article is by Tax Help for Older People Registered Charity no 1102276 (Scotland no SC045819), offering free tax advice to older people on a low income who cannot afford professional help.