



Letters from Her Majesty's Revenue & Customs (HMRC)

Many people find the brown envelopes from HMRC quite worrying and often bewildering.

If you feel like that, we hope this article helps you to deal with HMRC letters with more confidence.

What the letter might be about:

- **Self-assessment.** You might have sent in a paper tax return or filed it online. The letter will mention self-assessment and HMRC will have calculated your tax and sent you the calculation for that tax year. This might show that you owe tax, or if you have paid too much tax, you are due a refund. It could also be a self-assessment statement which shows any tax owed or refunded and what you have paid over a set period of time.
- **A letter to tell you that you that although you are in Pay as You Earn (PAYE) and pay tax every month, you have still not paid enough tax.** These will have a reference number on the bottom left hand corner of the front page of the letter. The most common are PA302 or P800. A PA302 is used for annual tax bills where your income is such that you cannot pay the due tax in the usual PAYE method. Often your state pension is bigger than your tax free allowance, but your other pension is not large enough for HMRC to deduct all of the tax needed. (HMRC are only allowed to deduct up to half of your payment at source). This is called Simple Assessment and replaced self-assessment for tax payers in these situations. A P800 can still be a bill for unpaid tax, but is often the result of not enough tax being deducted in one or more tax years. Common reasons are: correct tax codes were not issued by HMRC or not used by your employer or pension provider; HMRC did not include one of your incomes in the tax code or HMRC have not been told about untaxed interest on savings and have not updated your code.
It could also be as a result of a couple who are married or in a civil partnership applying to HMRC for the transfer of Marriage Allowance – this is where the non-tax payer can transfer 10% of their personal tax free allowance every tax year to their partner or spouse. When you ask for it to be backdated (up to four years if applicable) a refund calculation and payment will be sent for the earlier tax years.
- **A letter telling you how much tax refund you are entitled to.** This is often after you have completed and sent in one of the refund forms because you think you have paid too much tax on either a pension lump sum pay out (P53, P53z, P50z or P55 form), or you are reclaiming some tax deducted on a PPI repayment (R40 form).
- **A letter clearly marked at the top of the page 'PAYE Coding notice'.** This shows you on one sheet, what tax codes HMRC are about to issue to the companies that pay you, and how they have worked out those codes.

How you can be prepared to deal with these HMRC letters.

To have the best chance of dealing with any correspondence from HMRC:

Keep in one place all of your P60s, end of year certificates for interest or dividends on savings, any P45s from employment that have ended or pension lump sums you have received, your coding notice from HMRC and letters informing you of any taxable benefits for the year. If you have also received any of the calculations mentioned above, keep those too.



TAX HELP
FOR OLDER PEOPLE

Never ignore the letters or decide HMRC must be wrong, or wait until HMRC send you more letters, with each one being more worrying.

Deal with the letter as quickly as you can, by looking at your paperwork and seeing if you agree with HMRC's figures. If you agree and understand why you owe tax, then pay the tax owed, or contact HMRC if you think the calculation is incorrect. If you cannot pay the bill immediately always contact HMRC to discuss a sensible way to pay the tax. If HMRC owe you tax, make sure you understand how you will be paid. Often HMRC ask you to go online to access your refund but if that is not possible, you may have to call HMRC for the refund to be issued or wait six weeks or more before it will be issued automatically.

If you are on a low income you may want to consider contacting one of the tax charities for help: Tax Help for Older People, 01308 488066 or, if you are under 60 years old, TaxAid, 0345 120 3779.

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.