



Keeping paperwork for HMRC

The end of winter is in sight and with spring on its way you may be thinking of a spring clean soon! But what should you keep and what can you throw away

For tax purposes, the guidance on keeping tax records is largely dependent on what returns you need to send to HMRC and therefore how long HMRC can take to challenge the figures you have sent to HMRC as your records provide confirmation of the numbers you included on the returns.

Time limits for records relating self assessment returns with employment Income and Other Self Assessment income

For non business self assessment tax returns, records need only to be kept for one year after the normal on-line filing deadline of 31 January. However, if the Tax Return was sent in late, records must be kept for 15 months after the date of submission of the form.

For example, if you send your 2020/21 tax return online by 31 January 2022, keep your records until at least the end of January 2023. If filed late on say 28th February 2022 then keep them until 31st May 2023.

Time limit for records relating to self employment and Income from a Property Business

Business records (and other records relating to the tax return on which business income has been declared) must normally be kept for five years after the normal on-line filing deadline of 31 January. This date applies even if a paper tax return was filed.

However, if the self assessment tax return is submitted or HMRC send out a Tax Return to be completed, after the normal filing deadline, you need to keep the records until the later of:

- five years after the normal filing deadline
- fifteen months after the date you sent your tax return

For example, for a 2020/21 tax return filed on or before 31 January 2022, records must be kept until 31 January 2027.

Irrespective of the normal deadlines set out above, records may need to be kept for longer if HMRC has started a check into the tax return. In this case records must be kept until HMRC writes to confirm they have finished the check.

Penalties for failing to keep adequate records

A penalty of up to £3,000 may be charged for each failure to keep adequate records in support of a tax return, however a penalty of this size usually only applies to the most serious cases and you have the right of appeal against the determination of these penalties.

Enquiries

If HMRC decide to enquire into your tax return, they will investigate further back the more serious they think a case could be. If they suspect deliberate tax evasion, they can investigate as far back as 20 years. More commonly, investigations into careless tax returns can go back 6 years and investigations into innocent errors can go back up to 4 years.

So, as detailed above, although there is no requirement to keep records longer, it is advisable to keep your paperwork for at least 4 years.



Our recommendation of the paperwork you should keep listed below:

Savings, investments and pensions

You should keep all:

- bank/building society statements and passbooks
- statements of interest and income from other savings and investments
- tax deduction certificates from your bank
- dividend vouchers received from UK companies and unit trusts
- documents that show the profits you've made from life insurance policies (called 'chargeable event certificates')
- details of income from a trust
- details of any out-of-the ordinary income you've received, such as from an inheritance
- form P160 (Part 1A) which you got when your pension started
- form P60 which your pension provider sends you every year
- any other details of a pension (including State Pension) and any tax deducted from it

Rental income

You should keep details of:

- the dates when you let out your property
- all rent received
- any income from services you give to tenants (for example: if you charge for maintenance or repairs)
- rent books, receipts, invoices and bank statements
- receipts for allowable expenses you pay to run your property (for example: services you pay for such as cleaning/gardening, repairs, insurance, letting fees)

Overseas income

You should keep:

- evidence of income you've earned from overseas, such as payslips, bank statements or payment confirmations
- receipts for any overseas expenses you want to claim
- dividend certificates from overseas companies
- certificates or other proof of the tax you've already paid - either in the UK or overseas

Gift Aid donations

Keep records of donations made to charities under gift aid if you:

- pay higher rate tax
- claim tax credits
- get a higher Personal Allowance because of your age
- get Married Couple's Allowance



If you're claiming tax back through your Self-Assessment tax return or by asking HMRC to amend your tax code, keep records showing the date, the amount and which charities you've donated to.

Inheritance Tax

Gifts are not counted towards the value of your estate after 7 years. You should keep a list of relevant gifts made, with your will.

Well, we hope this helps, and happy organising!

If you are on a low income the tax charities can help. Contact Tax Help for Older People on 01308 488066 (www.taxvol.org.uk) or, if you are under 60 years old, contact TaxAid on 0345 120 3779 (www.taxaid.org.uk).

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.