

## **New Self Assessment Tax Return Late Filing and Late Payment Penalties**

The Self Assessment penalties regime for sending in late tax returns and late payment of tax will be changing.

**These penalties will apply to late 2011 tax returns (due to be filed by 31<sup>st</sup> January 2012) and payments due by 31 January 2012.**

Sending in all information to complete your accounts and tax return in good time before the deadline will mean that your tax return is completed on time, you are advised about any tax due in advance of the payment deadline and these penalties can be avoided!

### **Late tax returns**

HMRC will still charge a penalty of £100 if your return is filed late. The appeal route will still be available if you have a reasonable excuse.

However, previously the amount of this penalty has been 'capped' for some taxpayers. This basically meant that the penalty could not be more than the unpaid tax at 31 January following the end of the tax year. This capping did not apply to late partnership returns.

One key change that will be introduced is the removal of the cap. **This means that the full penalty of £100 will always be due if your return is filed late even if there is no tax outstanding.** Generally if filing by paper the deadline is 31 October 2011 and if filing online the deadline is 31 January 2012.

**Additional** penalties can be charged as follows;

- Over 3 months late – a £10 daily penalty up to a maximum of £900;
- Over 6 months late – an additional £300 or 5% of the tax due if higher;
- Over 12 months late – a further £300 or a further 5% of the tax due if higher. In particularly serious cases there is a penalty of up to 100% of the tax due.

### **Late payment of tax**

New late payment penalties will be introduced which are similar to the previous penalties (surcharges) which mean that from 31 January 2012 HMRC may charge the following penalties if tax is paid late:

- A 5% penalty if the tax due on 31 January 2012 is not paid within 30 days (the 'penalty date' is the day following);
- A further 5% penalty if the tax due on 31 January 2012 is not paid within 5 months after the penalty date;
- Additionally, there will be a third 5% penalty if the tax due on 31 January 2012 is not paid within 11 months after the penalty date.

**These penalties are additional to the interest that is charged on all outstanding amounts, including unpaid penalties, until payment is received.**

If you wish to discuss any aspect of these changes please do not hesitate to contact us.