

DELOITTE

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31st January ...how to deal with the filing deadline

31 January is the last filing deadline for your Self-Assessment tax return for the fiscal year ended 5 April 2009 (and the deadline for paying the tax due), reminds Deloitte, the advisory firm.

If you have not yet filed your tax return, you will need to do so online by 31 January, as the deadline for filing paper returns has now passed. However, there are some important issues which taxpayers need to consider for 2008/09 returns.

Adam Waller, partner in the private clients practice at Deloitte in Leeds, explains: "Firstly, do you need to complete a return at all? If you have been issued with a return or a notice to file online, then you will need to complete it. Even if a return has not been issued to you, you will need to complete one if you received income that isn't taxed at source. For example, employment income is taxed at source through the PAYE system, and banks withhold tax on the interest paid on accounts.

"However, if you are a higher rate taxpayer, i.e. your income exceeds £40,835 in 2008/09 you may have to complete a tax return as some of the tax withheld at source may only be at the basic rate."

Income not taxed at source can be, but is not limited to, self-employment income, interest received gross (such as from gilts) any capital gains made from sales of assets, rental income from any land or property, any income from trusts or settlements and any untaxed foreign income.

Mr Waller adds: "In addition, many people do not realise that if they are UK domiciled, all overseas income and gains must be included on the return."

If you are in any doubt, you should contact HMRC for further guidance or look on www.hmrc.gov.uk/sa.

If you have filed online before you will already be set up to use the system. However, if this is the first year you are using the online system you will need to register to do so on www.hmrc.gov.uk.

Registration is straightforward, but you will need to leave time for the service to send you (by post) the

activation code you will need to use the system – HMRC indicate that this usually takes seven working days.

If you think you do need to complete a tax return, but have not already been asked to do so by HMRC, you should register online as soon as possible so that you can complete your return and pay any tax due by 31 January to avoid penalties and interest.

As well as the filing deadline, 31 January is also the deadline for payment of the balancing payment for 2008/09 and the first payment on account for 2009/10, if applicable. The online filing system will calculate the tax due, but remember if you filed a paper tax return by the 31 October deadline and your tax has not been included in your PAYE coding, you will need to pay the amount due by 31 January 2010. Interest accrues from that date; the current rate is 3%. If any 2008/09 tax remains unpaid at 28 February 2010 a 5% surcharge will be applied in addition to interest. HMRC changed their bank accounts in 2009, so ensure that you are using the up to date details if you make bank transfers, etc. These can be found at: www.hmrc.gov.uk/payinghmrc.

The key to accurate completion of your tax return lies in the paperwork. Ensure you have all the papers you need to hand, for example bank interest certificates (not all account providers give these automatically), dividend certificates, etc. You will also need your P60 and P11d certificates for your employment, and details of any self employment income and deductible expenses.

Finally, it is worth being aware that HMRC has a new penalty regime which will apply to 2008/09 tax returns. Mr Waller explains: “Whilst HMRC has always had the discretion to apply penalties for incorrect returns, these have now been further codified and are likely to lead to higher penalties. Errors leading to less tax being paid to HMRC than what is actually due, or to a larger tax refund being paid to you, may lead to penalties. These range between 0 per cent (where people can demonstrate they have taken reasonable care to get their taxes right but make a mistake in their return), to 100 per cent if the inaccuracy is deliberate and there has been an attempt to conceal. There are penalties of up to 30 per cent if a person has failed to take reasonable care in preparing their return.

“All in all, it is vital to have an attention to detail when preparing your tax return and to take great care that it is accurate.”



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