



Have you filed your self-assessment tax return yet?

There is still time to file your 2019-20 tax return although the deadline is fast approaching - 31 January. Well done to those of you that have already done so, but for those who still need to file their return, it's time to get into action. If you file after 31 January, late filing penalties will be applied.

2020 has had its ups and downs to say the least but as the first lockdown only started on 23 March this should not particularly affect your tax return. The 2020-21 tax year will have tax implications to take into consideration for many due to the schemes brought in by the government to help businesses through the pandemic. But for now we will focus on the 2019-20 tax year.

To fill out your tax return you need to have details of everything you have earned over the tax year (6 April 2019 – 5 April 2020). This includes income from employment, self-employment, income from property, and other income and gains such as interest received on savings or investment returns. You will also need to have a record of all your deductible expenses in order to make sure you aren't paying tax unnecessarily. Keeping records up to date can make this a far quicker and easier process.

If you work from home and use part of your house as an office you can claim back the percentage of space that your office takes in your house, as well as the same percentage of all the associated costs such as utility costs, mortgage or rental payments. A full list of home as office expenses can be found on the HMRC website.

Tax payments

Once you've filed your return and know how much you owe don't forget to pay it. As well as 31 January being the deadline to file your tax return it is also the deadline to pay any underpayment of tax for 2019-20 – and your first payment on account for 2020-21. If your financial situation was impacted by Coronavirus and your tax liability is likely to be reduced for the 2020-21 tax year you can apply to HMRC to reduce your 2020-21 payments on account.

If you deferred your second payment on account for the 2019-20 tax year due to the impact of Coronavirus and still haven't paid it, then this also needs to be paid by 31 January. There will be no interest or penalty as long as you pay it in full by this date.

If you are having trouble paying your outstanding tax you can set up a Time to Pay instalment arrangement with HMRC online if you owe up to £30,000, without having to contact them directly. However, interest is payable on Time to Pay instalments - check HMRC for guidance on interest rates for late and early payments.

If you have any queries or you are unsure how much tax to pay please seek professional advice from your accountant.

Published in the Wigan Observer –15th December 2020