

## **The benefits of filing your tax return early**

There are many obvious benefits of filing your tax sooner rather than later, yet a high number of people seem comfortable to wait and file at the last minute - so why should you file early?

For online tax returns there are only a couple of months left until the 31 January 2022 deadline (the deadline for paper returns is 31 October 2021). After this date the automatic late filing penalty of £100 applies. Also, on 31 January 2022, you will need to settle any outstanding tax owed for 2020-21 and make a payment on account for 2021-22 (if applicable).

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. So, with more time to spare it is possible to properly process your tax information and review your tax position prior to filing, rather than it being quickly rushed which may in turn cause mistakes.

You will also have a better idea of what you owe and it gives you more time to gather funds. Even if you think you will have trouble paying the bill you should still file your return on time. Fines for late payment are a lot lower than fines for late filing. A further bonus is that if you have overpaid tax you will get the money back sooner.

If you use an accountant, it is also far more beneficial to hand in your tax

records early, in order to give them time to research and plan. Then hopefully no opportunities will be missed, and you will know in advance what your tax payments are likely to be for the next year.

To fill out your tax return you need to have details of everything you have earned over the tax year (6 April 2020 – 5 April 2021). This includes income from employment, self-employment, income from property, and other income and gains such as interest received on savings or investment returns. When claiming expenses don't overlook things such as subscriptions to professional organisations, the difference in mileage costs if your employer pays less than HMRC's approved rates, course fees, travel expenses, cost of work uniforms and tools, cost of working at home and also the cost of equipment used in your job. In these cases, you must have met the cost yourself and not been fully reimbursed by your employer. A full list allowable expenses can be found on the GOV.uk website.



By filing early you can then sit back and enjoy the festive period and New Year without worrying about paperwork!

*Published in the Wigan Observer 26<sup>th</sup> October 2021.*