

Spread the cost of your Self Assessment tax bill with HMRC's Time to Pay

With the holidays and end of the year fast approaching, it's a good time to plan your finances for the new year. For those who file Self Assessment tax returns, the prospect of having to make a heavy tax payment at the end of January 2025 may be causing you concern.



Did you know that HM Revenue & Customs (HMRC) provides an option to spread the cost of your tax bill with their Time to Pay system?

What is Time to Pay?

Time to Pay is an HMRC service that allows taxpayers to spread the cost of their Self Assessment bill over regular monthly payments. It's designed for those who can't pay their bill in full by the deadline. By using Time to Pay, you can avoid further late payment penalties, provided you stick to the agreed payment plan.

Key points to know:

- **Eligibility:** If your tax bill is less than £30,000, then a payment plan can be set up online without needing to contact HMRC. If you owe more than £30,000, you'll need to contact HMRC to discuss your options.
- **Deadline:** The tax return and payment deadline for the 2023 to 2024 tax year is 31 January 2025. To use Time to Pay, you must first file your tax return before you can set up a Time to Pay arrangement.
- **Payment Terms:** You can spread payments over a maximum of 12 months, making budgeting more manageable. However, you must ensure you budget for the monthly payments, as missed payments will result in interest and penalties.

HMRC reports that over 15,000 taxpayers have already set up Time to Pay plans for the 2023 to 2024 tax year.

Planning ahead and understanding your options can make tax return filing less stressful. If you're worried about how you will pay your tax bill, Time to Pay may be a practical option for you to consider.

If you would like any help agreeing payment arrangements with HMRC or with filing your Self Assessment, please contact your accountant who will be happy to assist.

Published in the Wigan Observer 24th Dec 2024