

31 July: Deadline looms large

The deadline is looming for the self-employed and others due to make their second income tax payment on account at the end of the month.

"Payments on account are calculated based on your tax liability for the previous year (2008-09)," says Andrew Shaw, a tax partner at Kingston Smith LLP. "Half is paid on 31 January and the remaining half on 31 July.

"Where the payment on account figure is correct, but you are unable to pay the tax due, help is at hand in the form of the Business Payment Support Service (BPSS)," continues Andrew. "You may be able to spread the payment of your tax bills, on which you will need to pay interest on the outstanding balance, but not surcharges or penalties.

"However, having helped more than 200,000 businesses ease their cash flow problems by allowing them to defer over £5bn in tax payments, the BPSS is taking a tougher stance than has previously been the case. Therefore, you should aim to contact them sooner rather than later and be prepared to provide them with full details of your circumstances to justify deferring your liabilities."

Payments on account apply to individuals whose previous year's tax liabilities were over £500 or if the tax on their non-PAYE earnings was 20% or more than the total tax due for the year.

Contact the BPSS on 0845 302 1435.

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