

HIGHER FINES FOR LATE RETURNS

A new, stricter, penalty régime will apply for late filed Self-Assessment Tax Returns for 2010/11 – and of course future years.

As hitherto, the starting point will be a £100 penalty if the Return is not submitted on paper by 31 October 2011, or online by 31 January 2012. However, the easement, under which the penalty was waived if all the tax was paid by 31 January, will no longer apply.

If the Return is more than three months late (that is to say, it is not filed on paper by 31 January 2012, or online by 30 April 2012), there will be an additional penalty of £10 per day until it is filed (subject to a maximum of 90 days or £900).

If the Return is not filed within six months of the due date (that is to say, on paper by 30 April 2012, or online by 31 July 2012), there will be a further penalty of the greater of (a) £300 and (b) 5% of the tax outstanding on 31 October 2011 (if the Return is eventually filed on paper) or on 31 January 2012 (if the Return is filed online).

If the Return is still not filed a year after the due date, there will be a further £300 or 5% penalty, with the possibility of penalties of up to 100% of the unpaid tax if it is found that the individual deliberately failed to submit his Return in an attempt to avoid tax.

The two points to bear in mind are that:

Late filing, especially where the Tax Return is more than three months late, will be significantly more expensive than in the past.

In the majority of cases, it will be possible to reduce the penalty by filing online rather than on paper.

Please help us to help you, by letting us have your Tax Return information as early as possible. And if you have any friends or family members who complete their own Returns, warn them that filing on paper after 31 October could be very expensive.