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Tax E-News

Welcome to our latest monthly tax newswire. We hope you enjoy reading this newsletter and find it useful. Contact us if you wish to discuss any issues further.

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WILL THERE BE A MINI BUDGET ON 23 MARCH?

Whilst most of us were wrapping our Christmas presents on 23 December 2021, the Chancellor of the Exchequer, Rishi Sunak, commissioned the Office for Budget Responsibility (OBR) to produce an economic and fiscal forecast for Wednesday 23 March 2022.

The main Budget is scheduled for Autumn each year, but it is anticipated that the Chancellor will take the opportunity to make a number of tax announcements.

Many are hoping that the Chancellor will zero rate VAT on domestic power to ease the burden of households struggling to pay their energy bills. Now that the UK has left the EU, we are free to set our own VAT rates and the Prime Minister made this one of his key Brexit promises!

HMRC HAVE PUT BACK TAX RETURN DEADLINE

Normally self-assessment tax returns need to be submitted by 31 January, otherwise there is an automatic £100 late filing penalty. HMRC have recently announced that provided 2020/21 tax returns are received by the end of February, the late filing penalty will not be applied. Filing late will, however, extend the period during which HMRC may open an enquiry into your return.

YOU ALSO HAVE LONGER TO PAY YOUR PERSONAL TAX

2020/21 income tax, CGT, class 2 and 4 NIC liabilities normally need to be paid by 31 January 2022. However, HMRC also announced that provided the tax is paid by 1 April 2022, there will be no penalty, although interest accrues from 1 February 2022 at 2.75%.

If you need longer to pay, then you will need to agree a payment plan with HMRC.

NEW VAT PENALTY REGIME DELAYED TO JANUARY 2023

A new, and arguably fairer, system for determining penalties for late returns and late payment of VAT was due to be introduced from April 2022. However, it has been announced that the start has been delayed until January 2023. The same system will also apply to returns under MTD for income tax and those penalties will now start in April 2024.

Under the new regime taxpayers will accumulate points for late submissions, and only after reaching a certain threshold will an automatic penalty be imposed. The threshold will depend on how regularly the taxpayer is required to submit a return.

DIARY OF MAIN TAX EVENTS FEBRUARY / MARCH 2022

Date	What's Due
01/02	Corporation tax payment for year to 30/4/21 (unless quarterly instalments apply)
19/02	PAYE & NIC deductions, and CIS return and tax, for month to 5/02/22 (due 22/02 if you pay electronically)
28/2	Extended deadline for filing self-assessment tax return for 2020/21 without incurring late filing penalty.
01/03	Corporation tax payment for year to 31/5/21 (unless quarterly instalments apply)
19/03	PAYE & NIC deductions, and CIS return and tax, for month to 5/03/22 (due 22/03 if you pay electronically)