# Broadcast

FACTSHEET: JANUARY TAX PAYMENTS

SPECIAL ISSUE

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January is one of the busiest months in the tax calendar. For many businesses and individuals, it brings together several significant tax payment deadlines at the same time. Planning ahead is important, particularly where cash flow is under pressure after the Christmas period.

This alert highlights the main payments due in January 2026 and explains the options available if you are unable to pay on time.

**Self-assessment Tax, Payment Due 31 January 2026**
For individuals within Self-Assessment, including self-employed individuals, landlords and company directors with untaxed income, 31 January 2026 is a major deadline.

On this date, the following amounts are usually due:

- Any remaining balancing payment for the 2024 to 25 tax year
- The first payment on account for the 2025 to 26 tax year

Payments on account can often catch people out. They are advance payments towards the next tax year and are based on the previous year's tax bill. In many cases, this means that the amount due in January is significantly higher than expected.

If you also have a payment on account due on 31 July 2026, this can further affect cash flow planning for the year ahead.

As with corporation tax, interest is charged automatically on late Self-Assessment payments, starting from 1 February 2026. Penalties may also apply if the balance remains unpaid.

**What Happens If You Cannot Pay On Time?**

If you know that you will struggle to pay your tax by the January deadline, it is important to act early. Ignoring the problem rarely improves the outcome.

HM Revenue & Customs offers a formal arrangement called Time to Pay. This allows taxpayers to spread their tax payments over an agreed period, rather than paying everything in one lump sum.

Time to Pay arrangements are designed to support taxpayers who are temporarily unable to pay their tax bill in full, but who can do so over time.

**When A Time To Pay Arrangement May Be Appropriate**

A Time to Pay arrangement may be suitable if:

- You cannot pay your tax bill in full by the due date
- Your cash flow problems are short term
- You can make regular payments towards the balance
- You are up to date with your tax returns

HMRC will expect you to demonstrate that you genuinely cannot pay now, rather than simply choosing not to pay. They will also expect you to pay what you can afford, based on your circumstances.

**How To Apply For A Time To Pay Arrangement**

There are two main ways to apply for Time to Pay, depending on the amount owed and your circumstances.

**Applying Online**

For many Self-Assessment taxpayers, it is possible to set up a Time to Pay arrangement online without speaking directly to HMRC.

You can usually use the online service if:

- You owe £30,000 or less in Self-Assessment tax
- You do not have any other outstanding tax debts
- Your tax returns are up to date
- You can pay the debt off within 12 months

The online service allows you to propose a monthly payment plan based on what you can afford. Once agreed, payments are collected automatically by Direct Debit.

**Applying By Telephone**

If you do not meet the criteria for the online service, or if you are dealing with corporation tax or larger debts, you will need to contact HMRC directly to discuss your position.

Before calling, it is sensible to prepare the following information:

- Details of the tax you owe and the periods involved
- An explanation of why you cannot pay on time
- A realistic assessment of what you can afford to pay each month
- Details of your income, expenditure and any other debts

HMRC will review this information and may ask further questions. They will then decide whether to agree a payment plan and over what period.

Interest will usually continue to accrue while the arrangement is in place, but penalties may be suspended provided you keep to the agreed terms.

**Points To Be Aware Of**

Time to Pay is not automatic. Each application is considered on its own merits. HMRC may reject proposals that they believe are unrealistic or where they feel the taxpayer has not engaged early enough.

Missing payments under an agreed plan can result in the arrangement being cancelled, with the full balance becoming payable immediately.

It is also important to understand that Time to Pay does not remove the underlying tax liability. It is simply a way of managing cash flow when payment in full is not possible.

**Planning Ahead Makes A Difference**

January tax bills are rarely a surprise in principle, but they can still cause difficulties in practice. Early planning, regular tax reserve savings and realistic cash flow forecasts all reduce the risk of last-minute pressure.

If you already know that January 2026 will be challenging, it is better to seek advice well before the deadline. This allows time to explore options, including reducing payments on account where appropriate or preparing a robust Time to Pay proposal.

**Final Thought**

If you have concerns about meeting your January 2026 tax obligations, or if you would like help applying for a Time to Pay arrangement, professional advice can make the process smoother and reduce stress at a difficult time.

**We Can Help**

Speak to a member of our team by contacting us on **01753 888 211** or emailing **info@nhllp.com**, and we can discuss the best approach for your situation.