

01753 888211
www.nhllp.com



Options for Self-Assessment Taxpayers Struggling with Payments Due 31 January 2025

If you're a self-assessment taxpayer and concerned about finding the funds to pay your tax bill due by 31 January 2025, you're not alone. Many people face financial challenges at this time of year. The good news is that HM Revenue and Customs (HMRC) offers support through a *Time to Pay* arrangement. This allows you to spread your tax payments into manageable instalments, helping you avoid immediate financial strain.

Here's how you can set up a *Time to Pay* arrangement, what it involves, and key points to consider before applying.

What is a Time to Pay arrangement?

A *Time to Pay* arrangement is an agreement with HMRC that allows you to pay your self-assessment tax liabilities in instalments rather than in a single lump sum. These agreements are generally available to taxpayers who:

1. Owe less than £30,000 in tax.
2. Have no other outstanding tax debts or ongoing payment plans.
3. Can pay off the amount owed within 12 months.

If your situation is more complex or the debt exceeds £30,000, you may still be eligible, but you'll need to contact HMRC directly for tailored advice.

For all the latest news...

How to apply online

HMRC has streamlined the process, allowing most taxpayers to set up a *Time to Pay* arrangement online without the need for a phone call. Here's how:

1. Log in to your Government Gateway account – You'll need your user ID and password. If you don't have an account, you can create one on the HMRC website
2. Check your latest self-assessment tax bill – Ensure you know the exact amount due, including any payments on account.
3. Visit HMRC's Payment Plan Tool – Search "Time to Pay Self-Assessment HMRC" or go directly to the payment plan page via your online account.
4. Answer a series of eligibility questions – HMRC will assess whether you meet the criteria for an online arrangement.
5. Propose a payment plan – Provide details of how much you can pay upfront and over how many months you'd like to spread the remaining balance.
6. Confirm the arrangement – Once approved, you'll receive confirmation of your plan and payment schedule.

The process is straightforward and can often be completed in minutes.

Important considerations

1. Interest Will Apply

While setting up a *Time to Pay* arrangement avoids immediate penalties, HMRC will charge interest on the outstanding balance. As of now, the interest rate is 7%, so it's worth factoring this into your budgeting. The longer the repayment period, the more interest you'll pay overall.

2. No Late Payment Penalties

If you set up a *Time to Pay* arrangement before the tax deadline, you won't incur late payment penalties. These penalties typically start at 5% of the unpaid tax after 30 days, so acting promptly is key to avoiding additional costs.

3. Stick to the Plan

It's vital to keep up with your agreed payments. Missing instalments or failing to meet the terms of the plan could result in HMRC cancelling the arrangement, leading to penalties and enforcement action.

Act now

If you're struggling to pay your self-assessment bill, don't wait until the deadline passes. Proactively setting up a *Time to Pay* arrangement can save you stress, protect your finances, and keep you on good terms with HMRC.

Visit the HMRC website today to explore your options and set up a payment plan. If your circumstances are more complex or you're unsure about the process, contact HMRC's Self-Assessment Helpline for personalised assistance.

By addressing the situation early, you can take control of your tax obligations while managing your cash flow effectively.