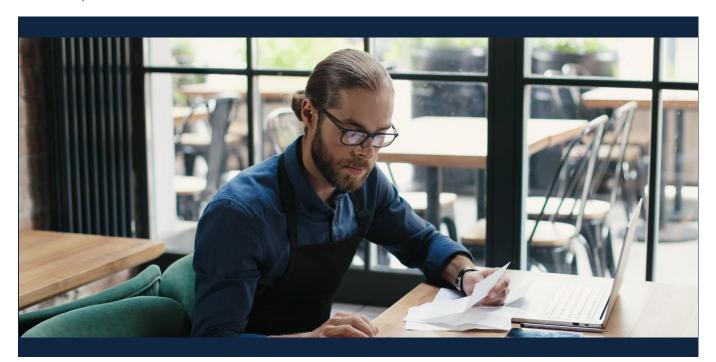
Broadcast



FACTSHEET: REDUCING JULY 2024 PAYMENT ON ACCOUNT (POA)

SPECIAL ISSUE

01753 888211 www.nhllp.com



Taxpayers who submit a self-assessment tax return will be due to make their second payment on account (POA) of their 2023-24 tax year liabilities on or before 31 July 2024.

These POA are initially based on the liability agreed for 2022-23. The January 24 POA is the first for 2023-24, the second is due 31 July 2024.

This alert sets out the circumstances when you can apply to reduce this July POA.

When can you apply to reduce POA?

There are three reasons why you may be able to apply to reduce a POA:

- When your taxable business profits or other income was lower in the year ending 5 April 2024 (2023-24) than in the previous tax year.
- When the tax reliefs you can claim for 2023-24 are higher than those you claimed for 2022-23.
- When the tax you paid by deduction (PAYE for example) was more in 2023-24 than in 2022-23.

By how much can I reduce a POA?

To quantify the amount of any reduction in the July POA you will need to estimate your total liability for 2023-24 based on accurate information regarding your income and allowances for that year. If this recalculated figure creates a liability that is lower than the amounts you are being requested to make on account, then you can apply to reduce the July 24 POA.

Broadcast

For all the latest news...



Be careful not reduce POAs below the likely liability for 2023-24, otherwise HMRC may charge you interest on the tax underpaid.

When should I make a claim?

As your January 24 POA was likely based on 50% of your liability for 2022-23, you can theoretically make a claim to reduce your second, July 24 POA as soon as you have all your income and allowances numbers available after 5 April 2024.

The ideal time to make a claim is before the second POA for 2023-24, due 31 July 24, is payable.

If you feel that one or more of the three reasons that may indicate you could make a claim apply to your circumstances, then let us have sight of the data and we will work out if a claim to reduce is appropriate.

Don't leave your hard-earned cash flow with HMRC for 6 months

If you don't want the hassle of recalculating the figures, remember that if it subsequently transpires that you have made POAs that exceed your liability for 2023-24, this over payment will be refunded when you file your 2023-24 tax return – or more likely, at some future date when you pester HMRC to refund the over payment.

If you file your 2023/24 return close to the tax return filing deadline (31 January 2025) HMRC will have had the use of your money for at least six months.

We can help

As offered above, if you feel that you may be paying excessive POAs for 2023-24, let us have your figures and we will make the detailed calculations for you. Please call us on 01753 888 211 or email info@nhllp.com. We would be happy to help.