



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.

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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.