



If you are self-employed, in a business partnership, or have other personal income assessed through Self-Assessment, you may recently have received a statement from HMRC requesting your second payment on account, due by 31 July 2025. This is a reminder to take a few minutes to check that the figure is accurate, and to consider whether a reduction is justified, especially if your income or profits for the tax year 2024-25 are lower than the equivalent figures for 2023-24.

## **What are payments on account?**

Payments on account are advance payments towards your Income Tax and Class 4 National Insurance liability for the relevant tax year. These payments are normally required where your tax liability for the previous year was more than £1,000 and less than 80% of the tax was collected through PAYE. Each payment on account is half of the previous year's Income Tax and Class 4 NIC bill and is usually payable in two instalments; the first on 31 January before the tax year end and the second on 31 July following the tax year end.

The payment due on 31 July 2025 is the second for the tax year 2024-25.

## **Why it is important to check your July statement**

HMRC bases your 2024–25 payments on account on your 2023–24 tax bill. But if the 2024-25 income or profits are lower than those for 2023-24, then the amount HMRC has requested may be too high.

Typical reasons for reduced income or profits include:

- A fall in trading profits
- Ceasing self-employment or a reduction in hours worked
- One-off income included in 2023–24 but not repeated during 2024–25
- Higher expenses or changes to tax reliefs

If you make the second payment as requested but later discover that your tax liability is lower, you may end up overpaying tax and will need to wait for HMRC to refund the difference – which can take time. Worse still, in some cases overpayments may not be obvious until the tax return is filed much later.

## How to reduce your payment on account

If you believe your total income or profits for the 2024–25 tax year will be lower, you can apply to reduce your second payment on account. This can be done:

- Online through your HMRC Self-Assessment account
- By filing form SA303
- Via your tax adviser

It is important to be realistic and retain evidence for your estimate. If you reduce your payment on account and it turns out you have underpaid, interest will be charged on the shortfall. However, there is no penalty for making a reasonable and honest estimate.

## What you should do now

- Review your second payment on account figure
- Consider whether your 2024–25 income is likely to be lower
- Talk to us if you would like help calculating a fair reduction
- Take action before 31 July 2025 to avoid unnecessary payments

## We can help

Please contact us if you believe your circumstances warrant a review. We are here to help you avoid overpaying tax. Call us on **01753 888 211** or email **[info@nhllp.com](mailto:info@nhllp.com)**

For all the latest news...

## Train Finance and Admin Teams

Staff involved in finance and administration should be briefed on:

- What changes are coming
- What new formats and deadlines may apply
- How to communicate changes to board members or stakeholders

## How We Can Help

At Nunn Hayward, we are already working with clients to prepare for these changes. Our support includes:

- Transitioning to full accounts preparation
- Reviewing disclosures in light of commercial sensitivities
- Ensuring iXBRL-compliant filing processes
- Supporting director identity verification
- Keeping you compliant with evolving Companies House requirements

## Get ahead of the deadline

These changes may seem distant, but planning ahead avoids last-minute disruption. We recommend **reviewing your 2026 year-end processes now**, especially if:

- You have previously filed abridged/filleted accounts
- Your accounting software is not iXBRL compatible
- You want to manage the impact of public disclosures proactively

## Contact us

Let's talk through your company's specific situation and build a smooth transition plan. Call us on **01753 888 211** or email **info@nhllp.com** we are here to help.