

2011/12
GUIDE TO...

Self Assessment



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YOUR GUIDE TO Self Assessment

It is a fundamental part of the self assessment system that responsibility lies with you, the taxpayer, to file Returns and pay the right amount of tax, at the right time – you must not wait for HM Revenue & Customs (HMRC) to ask.

Tax Returns

Tax Returns covering income for the year ending 5 April 2012 will be issued on or after 6 April 2012, and will consist of a main Return and supplementary pages. Your tax office will send out those pages they think you will need. If you need other pages, these will have to be requested.

The completed full Return has to be submitted to HMRC by the 'filing date' (31 October for paper Returns, 31 January for Returns filed online).

You should note that your Return must be completed as far as the total income on which tax is to be paid. Figures must be given for every item, even if these are only estimates. It is not possible to enter question marks or leave the tax inspector to decide whether an item is taxable or not. The only section that can be left for the tax office to complete is the actual calculation of the tax due on your total income.

If you have taxable income or capital gains for 2011/12 and have not received a Tax Return, you must advise your tax office by 5 October 2012 at the latest.

There are automatic penalties for late filing of Tax Returns. Failure to file the Tax Return by the filing date incurs a £100 penalty. If it has still not been returned 3 months later, daily penalties of £10 per day will accrue, running for a maximum of 90 days. There will be further penalties of 5% of tax due for the return period (or £300 if greater) for prolonged failures, which arise after 6 months and again after 12 months.

We can prepare your Tax Return for you, file it with HMRC and advise on the appropriate payments to make. If there is an enquiry into your Tax Return by HMRC, we can provide assistance. Additional costs may apply.

Returns and Payment

Amendments, enquiries, and record keeping

You have one year from the filing date to make any amendments to the Return. HMRC may correct obvious errors or mistakes within nine months of receipt of the Return.

Within a period of one year from the date the Tax Return is submitted, HMRC will have a right to make enquiries to check that the Tax Return has been correctly completed. No reason for the enquiry need be given.

All records relating to the Return should be kept for a period of one year from the filing deadline. If trading or rental income is involved, all records should be kept for a further four years.

Determinations

If a Return is not submitted by the due date, HMRC can, within five years of the filing date, make a determination to the best of its information and belief of the amount of tax due. This amount of tax will be payable without appeal, but will automatically be superseded when the Return and self assessment are sent in.

Payment of tax

Payments on account of income tax (and Class 4 national insurance contributions (NICs)) for a particular tax year are due on 31 January in the tax year and 31 July following the end of the tax year.

These payments are set at one half of the total income tax and Class 4 NICs liability (less any tax deducted at source) for the previous tax year.

You have the right to reduce payments on account if you believe the income tax and Class 4 NICs for the current year will be lower than that for the previous year. However, you may be charged interest if the reduction is more than it should be.

Payments on account will not be required where each payment works out at less than £500. The balance of tax due for the year, including capital gains tax, is payable on 31 January following the end of the tax year.

Other Issues

Late payment penalties and interest

An automatic late filing penalty of 5% will be levied on any 2011/12 tax outstanding at 2 March 2013, and further penalties of 5% will apply to any 2011/12 tax still outstanding at 31 July 2013 and 31 January 2014. There is a right of appeal against the penalties on the grounds of reasonable excuse.

In addition, interest will arise on tax (and penalties) paid late, from the due date of payment to the actual date of payment. HMRC will pay interest on amounts overpaid, from the date of payment (or the due date if later) to the date of repayment.

Self assessment for employees

For employees, self assessment is comparatively straightforward. The PAYE system means most employees should pay the correct amount of tax at source. An employee with a relatively straightforward tax situation is unlikely to be asked to complete a Tax Return.

Tax codes

The main cause of under- or overpayments of PAYE is actual benefits-in-kind being different from the estimates included in the tax code. If there is an underpayment of tax, this may be collected by direct demand or, if modest, carried forward as an adjustment to the tax code for the next tax year but one. Self assessment allows an underpayment of tax of less than £2,000 to be carried forward and collected in this way, provided HMRC is given all the relevant details by 31 October (paper Returns) or 30 December (online Returns) following the end of the tax year.

Information deadlines

So that employees can complete their Tax Returns, information deadlines are imposed on employers:

- Form P60 must be provided to employees by 31 May following the end of the tax year
- Copies of forms P11D and P9D must be provided to relevant employees by 6 July following the end of the tax year
- Form P45 has a part for the employee to retain.

Key Dates

31 October 2011

Paper Tax Return for 2010/11 to be submitted

30 December 2011

Tax Return to be filed online if you want a tax underpayment of less than £2,000 collected via your 2012/13 PAYE code

31 January 2012

Online Tax Return for 2010/11 to be submitted with self assessment payment of balance of income tax and Class 4 NICs for 2010/11 and payment of capital gains tax for 2010/11

First payment on account of 2011/12 income tax and Class 4 NICs (normally half the total 2010/11 income tax and Class 4 NIC liability, adjusted for tax deducted at source)

First payment due date for 2011/12 Class 2 NICs

6 April 2012

Tax Return for 2011/12 or a notice to complete a Return will be issued

31 July 2012

Second payment on account of 2011/12 income tax and Class 4 NIC liability

Second payment due date for 2011/12 Class 2 NICs

31 October 2012

Paper Tax Return for 2011/12 to be submitted

30 December 2012

Tax Return to be filed online if you want a tax underpayment of less than £2,000 collected via your 2013/14 PAYE code

31 January 2013

Deadline for Tax Return for 2011/12 to be submitted online. Also make self assessment payment of balance of income tax and Class 4 NICs for 2011/12 and payment of capital gains tax for 2011/12

First payment on account of 2012/13 income tax and Class 4 NICs (normally half the total 2011/12 income tax and Class 4 NIC liability, adjusted for tax deducted at source)

First payment due date for 2012/13 Class 2 NICs

31 July 2013

Second payment on account of 2012/13 income tax and Class 4 NIC liability

Second payment due date for 2012/13 Class 2 NICs

Our Services

Business Planning

- Business start-up planning and advice
- Strategic and business planning
- Financial management
- Financial information systems
- Computer systems advice

Taxation Advice

- Personal tax
- Business tax
- Company tax
- Capital gains tax
- Inheritance tax
- HM Revenue and Customs investigations
- Value Added Tax Planning
- PAYE and national insurance compliance

Accounting

- Preparation of annual accounts
- Preparation of periodic management accounts
- Providing Book-keeping services
- Maintaining PAYE and VAT records and associated returns
- Cash flow and profit forecasts

Company Secretarial

- Preparation and filing of statutory returns
- Preparation of minutes and resolutions
- Company formation
- Company searches
- Registered office facilities

Auditing

- Statutory audit

This guide is for general information only. No responsibility is taken for any action taken or refrained from in consequence of its contents. Always seek professional advice before acting.



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