



not for profit | better late than never, but better never late...

the team



Anne Gregory-Jones
Partner
020 7969 5520
agregory-jones@haysmacintyre.com



Richard Weaver
Head of Charities
020 7969 5567
rweaver@haysmacintyre.com



Lorraine Owens
Employment Tax Manager
020 7969 5578
lowens@haysmacintyre.com



Joanne Hennessy
Employment Tax Manager
020 7969 5579
jhennessy@haysmacintyre.com

A new penalty regime for late payment of the following taxes took effect in May 2010:

- Income tax and Class 1 NIC collected via PAYE
- Class 1A NICS on benefits
- Class 1B NICS on tax settled under a PAYE settlement agreement
- Construction industry scheme (CIS) deductions
- Student loan deductions

The first affected payments were those due on or after 19 May 2010. From that date payments which are made late will incur a penalty which increases with the frequency of late payments. (See overleaf).

Where a payment is more than 6 months late a further 5% penalty will be imposed and an additional 5% if it is still outstanding 12 months after the due date.

relevant payment dates

- 'In year' PAYE payments, CIS Deductions and Student Loan Deductions by the 19th of the month for ordinary payments and 22nd of the month for electronic payments
- Year End PAYE payments by the 19th of April for ordinary payments and 22nd of the month for electronic payments
- Class 1A NIC by the 19th July or the 22nd July for electronic payments
- Class 1B NIC by the 19th October or the 22nd October for electronic payments

PAYE errors may cause an underpayment. Perhaps now is the time to undertake a review of your employer compliance and make sure that you have the right controls in place to identify errors.

payments late by just one day will attract a penalty. Ensure that you have controls in place to prevent late payments.

group companies should take care to ensure that the correct payment references are used for all payments. HMRC guidance states clearly that an overpayment on one company will not offset an underpayment in another.

class 1A NIC due with form P11D(b) P11D errors may not be picked up until the employee receives the P11D and then queries it. P11Ds must be with employees by the 6th July following the end of the tax year which only allows for 13 to 15 days for any errors to be corrected. Consider issuing P11Ds earlier and actively requesting that employees report any errors or omissions by the 6th July.

appeals If you do incur a penalty then if you have a reasonable excuse you can appeal against the penalty. If you are unable to pay contact the HMRC Business Payment Support Service on 0845 302 1435. If you are permitted to enter into a 'Time to Pay' arrangement penalties will not be charged from the date you contact HMRC.

Number of times payments are made late in the year	Penalty percentage	Amount to which penalty percentages apply
1	No penalty unless payment is outstanding for more than 6 months	Total amount that is late in the tax year, ignoring the first late payment in that tax year.
2-4	1%	
5-7	2%	
8-10	3%	
11 or more	4%	

about haysmacintyre

haysmacintyre, Chartered Accountants and business advisers, works with over 550 charities and not for profit organisations in the UK and overseas. Our services include the full range of audit, tax, VAT and comprehensive advisory services. Our multi-disciplinary specialist team has extensive sector experience working for a diverse range of charities. We are based in one location which ensures an integrated and comprehensive approach to our clients' requirements.

haysmacintyre is a founding member of MSI Global Alliance (MSI), an international alliance of independent legal and accounting firms, with 250 members in 100 countries.



Disclaimer: This datasheet has been produced by the partners of haysmacintyre and is for private circulation only. Whilst every care has been taken in preparation of this document, it may contain errors for which we cannot be held responsible. In the case of a specific problem, it is recommended that professional advice be sought. The material contained in this datasheet may not be reproduced in whole or in part by any means, without prior permission from haysmacintyre.

