

Tax help series

Paying your tax – what you need to know

HM Revenue & Customs (HMRC) is responsible for making sure that money is available to fund the UK's public services. We need everyone to pay their tax in full and on time so that we can do this. In this factsheet we tell you what you need to know about paying your tax:

- the benefits of paying electronically
- how to pay your tax
- when to make a payment
- setting up a personal alert
- where to get help and advice.

The information in this factsheet covers the main taxes that businesses or individuals need to pay:

- Value Added Tax (VAT)
- PAYE (for employers including Construction Industry Scheme)
- Corporation Tax
- Income Tax - Self Assessment.

The benefits of paying electronically

We recommend that you make all of your payments electronically because:

- it is safe and secure
- it gives you better control over your money
- it provides certainty about when your payment will reach us
- you can avoid penalties and interest charges for late payment
- you avoid postal costs and delays.

How to pay your tax

You are now required to pay electronically if you are:

- a large employer (an employer with 250 or more employees)
- a VAT registered business
- a company or organisation liable to pay Corporation Tax.

Direct Debit

HMRC has two separate online Direct Debit systems.

- One is for paying a VAT return online (if you choose to pay an online VAT return by Direct Debit, the amount you show as due on the return will be collected automatically when you file the VAT return).
- The other is for making payment if you are registered for one or more of our Self Assessment, PAYE for employers, Corporation Tax or CIS online services.

To pay by Direct Debit you will need to register for our online services. You can use HMRC's online tax registration service at www.hmrc.gov.uk/registerselfassessment

The service allows you to register for the following business taxes:

- Self Assessment
- PAYE
- Corporation Tax
- VAT.

To set up a Direct Debit, go to www.online.hmrc.gov.uk/online and log in on the Welcome to Online Services page.

Customers with particular needs

If you need extra help, please let us know. For example, if:

- English is not your first language
- you would like us to use a certain format to communicate with you, for example, Braille or Text Relay. If you use Text Relay by
 - textphone, dial **18001** + number
 - phone, dial **18002** + number
- you would like us to visit you at home because it is difficult for you to get to one of our offices.

What if you are unhappy with our service

If you are unhappy with our service, please contact the person or office you have been dealing with.

They will try to put things right. If you are still unhappy, they will tell you how to complain. If you want to know more about making a complaint, go to

www.hmrc.gov.uk/complaints-appeals

Your rights and obligations

Your Charter explains what you can expect from us and what we expect from you. For more information, go to

www.hmrc.gov.uk/charter

For VAT:

- follow the *Access service* link
- from the *At a glance* page follow the *Submit a VAT return/set up a Direct Debit instruction* link.

For Self Assessment, PAYE, Corporation Tax or CIS select the *Direct Debit payment* link on the left hand side of the *Your Services* page on the HMRC website.

An on-screen notification will tell you the earliest date that HMRC can collect payments from your account.

Once you have enrolled to use either HMRC's Corporation Tax or Self Assessment online service you can set up a Business Tax Dashboard. You can use your dashboard to see the tax position for your business across different business taxes as it brings together information from your HMRC online services.

Budget payment plan

If you are a Self Assessment taxpayer you can set up a Budget Payment Plan. This is an easier way to pay your tax as it allows you to make regular, voluntary and flexible payments towards your future tax bill. It is available to customers who pay by Direct Debit and whose payments are up to date.

You can decide the weekly or monthly amount you want HMRC to collect. You can change the amount, suspend payment for up to six months or cancel the plan at any time.

If you are not up to date with your Self Assessment payments, please contact the HMRC payment helpline who will be able to advise you on how to bring your tax affairs up to date and when you can start a payment plan. For more information, go to www.hmrc.gov.uk/payinghmrc/selfassessment.htm

Use BillPay and pay by debit or credit card over the internet

We accept payment from most debit and credit cards issued by UK Card Issuers for single or regular payments.

If you intend to make regular payments, we recommend that you sign up for this service as it saves your reference number so you don't have to input this every time you make a payment. To sign up, and for more information, go to www.santanderbillpayment.co.uk/hmrc

Please note that if you pay by credit card, a non-refundable transaction fee will be added to the charge. We do not accept American Express or Diners Club cards.

Reference numbers

When making your payment to HMRC make sure that you provide the correct reference number otherwise your payment may not be recognised and you may incur a tax debt and/or penalties.

When making a payment you should always use your reference number. Examples are shown below:

- VAT - use your VAT registration number. This is made of nine digits, for example 123 4567 89
- PAYE (by employers) - use your Accounts Office reference number, for example 123PA00012345. For some PAYE payments you will also need to tell us the year and month number that the payment relates to
- Corporation Tax - use the 17 character reference number that is printed on the payslip, for example, 1234005678A00101A
- Income Tax - Self Assessment. Use your 10 digit Unique Taxpayer Reference (UTR), for example 0234567891K.

These reference numbers are only examples and should not be used to make any payments to HMRC. Please do not include any spaces or other characters in your reference number otherwise this may lead to a delay in updating your record.

Payment enquiry helpline numbers

Self Assessment, PAYE and CIS **0845 366 7816**

Open from 8am to 8pm,
Monday to Friday and from
8am to 4pm, on Saturdays.
Closed Sundays and bank holidays.

VAT

0845 010 9000

Open from 8am to 6pm,
Monday to Friday. Closed weekends
and bank holidays.

Corporation Tax

01236 785 057

Open from 9am to 5pm,
Monday to Friday. Closed weekends
and bank holidays.

BillPay

0845 302 1423

Open from 8am to 5pm,
Monday to Friday. Closed weekends
and bank holidays.

By using our Direct Debit or BillPay payment options you can be confident that your payment will reach the right account as these systems check your reference number as part of the process for setting up your payment.

You will find your reference number on all of the correspondence that we send to you or alternatively you can use our reference checkers at www.hmrc.gov.uk/paymentreferencechecker

When to make a payment

The payment deadlines are different for each type of tax/duty. In some cases if you pay electronically then you get an extended payment date.

- VAT - cleared funds must reach HMRC's bank account by the seventh calendar day after your standard due date. The exception to this is payment by Direct Debit as HMRC will automatically collect payment from your bank account **three bank working days** after the extra seven calendar days following your standard due date.
- Employers PAYE and NICs - when paying electronically, payment is due either monthly or quarterly and cleared funds must reach us no later than the 22nd of the month following the end of the tax month or quarter to which it relates.
- Corporation Tax - payment is generally due annually. It must be paid electronically. It is due nine months and one day after the end of the company's accounting period.
- Self Assessment - payments are due by 31 January and 31 July each year.

It normally takes **three bank working days** (Monday to Friday excluding bank holidays) for a Direct Debit or BillPay payment to reach HMRC's bank account.

If you do not pay on time, you may have to pay interest and in some instances you may also have to pay a penalty or a surcharge.

Can I pay using any other payment options

HMRC accepts payment by a range of payment options. If exceptionally you are unable to pay by the options featured elsewhere in this factsheet, then you can use your own bank or building society services to pay by:

- internet/telephone banking
- Bacs Direct Credit
- CHAPS.

To use these payment options you will need to provide your bank or building society with our bank account details. You can find details of which bank account to use by going to www.hmrc.gov.uk/bankaccounts

HMRC can also give you payslips so that you can make a bank giro payment at your own bank branch or alternatively at a Post Office.

HMRC accept payments made using the Faster Payments Service (FPS).

You will need to contact your bank building society to check:

- that they are part of the scheme
- any single transaction and daily value limits and cut-off times for processing payment FPS.

For more information, go to www.hmrc.gov.uk/payinghmrc/fps.htm

Go to our website for more detailed information

PAYE, Class 1 NICs and CIS

www.hmrc.gov.uk/payinghmrc/pay.htm

Corporation Tax

www.hmrc.gov.uk/payinghmrc/corporationtax.htm

VAT

www.hmrc.gov.uk/payinghmrc/vat.htm

Self Assessment

www.hmrc.gov.uk/payinghmrc/selfassessment.htm

More help and advice

If no payment is due

Even if you have no payment to make you must let us know. It's important to do this before the payment due date to avoid debt pursuit or legal recovery action. For Corporation Tax and PAYE you can do this online using the links below.

- To notify us that no Corporation Tax payment is due, go to www.hmrc.gov.uk/nilctdue
- To notify us that no PAYE/National Insurance contributions payment is due, go to www.hmrc.gov.uk/nilpayedue

For VAT and Self Assessment, please complete your tax return showing that either a 'nil' payment is due, or that you are claiming a repayment.

If you are unable to pay

If you have not received a payment demand and are worried about being able to pay your bill in full and on time, contact the Business Payment Support Service on **0845 302 1435**. They are open from 8am to 8pm, Monday to Friday and 8am to 4pm at weekends, or go to www.hmrc.gov.uk/payinghmrc

If you have already received a payment demand, notice or letter warning you of legal actions, you must immediately contact HMRC. You'll find the contact details in the correspondence or demand letter. Do not ignore this demand. Even if you can't pay straightaway you might be able to come to an arrangement with HMRC.

More help and advice

HMRC reference numbers

You must provide a reference number with each payment. To check your reference number, go to www.hmrc.gov.uk/paymentreferencechecker

HMRC bank accounts

When making payment by Bacs Direct Credit, your own bank or building society internet, telephone banking or CHAPS, you will need HMRC's bank account details. Go to www.hmrc.gov.uk/bankaccounts

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