

Penalties for late payment of PAYE from 2010-11

From the tax year 2010-11 HM Revenue and Customs will charge penalties if PAYE is paid late. This includes

- Tax
- National insurance contributions
- Construction industry scheme deductions
- Student loan deductions

Who will the penalties apply to?

The new penalties will apply to all employers and contractors that do not pay on time.

How much will the penalties be and when will they be charged?

The new penalties for the tax year 2010-11 will be issued from April 2011.

It is important to remember that this is a penalty and not interest. If the payment is only a day or two late penalties may apply.

For late monthly payments the penalty will start at 1% of the late amount and will increase to 4% on a sliding scale depending on how many times you pay late. There will not be a penalty if only one payment is late providing it is not over six months late.

The penalty can increase to 5% if the amount is over six months late.

What if you do not agree with the penalty?

You can appeal against the penalty if you do not agree that it was due or if you have what is called a reasonable excuse, but the accepted circumstances will be limited in this category.

What if you are unable to pay?

You should contact ourselves or the Revenue as soon as possible, and certainly before the liability is due, to negotiate extra time to pay.

- for more details, contact the payroll team on 01227 454627 or email payroll@burgesshodgson.co.uk