

LKA FACTSHEET

**Payments
on
account**

LKA 

What are payments on account?

Payments on account are a type of advance payment that you might need to make towards your Self-Assessment tax bill. The payments are to ease the burden of an annual tax bill by staggering the payments throughout the year and not have a potentially large bill that cannot be managed.

Who needs to make payments on account?

As a Self-Assessment taxpayer, you're legally required to make payments on account to HMRC unless you fall under one of the following two categories:

- Your last Self-Assessment tax bill for the year was less than £1,000.
- 80% or more of your tax was deducted at source through PAYE.

How are Payments on Account calculated?

HMRC work on the assumption that next year's tax liability will be exactly the same as this year's. So, if your tax bill this year is £3,000, your first payment on account will be £1,500 and your second payment on account will be another £1,500.

Can I reduce these Payments on Account?

If your expected tax liability for the following tax year is going to be lower, then your payments on account could potentially be reduced. This would need to be discussed in advance and accurate estimates of income will need to be provided.

If the payments are reduced by too much, HMRC will charge interest.

When are Payments on Account due?

The first payment on account is due on the 31 January in the tax year and the second payment on account is due on the 31 July after the end of the tax year.

What happens if I don't make my Payments on Account?

HMRC will charge late payment interest on any payments on account which are not paid on time. This is calculated on daily basis.

How do I make Payments on Account?

You can make payments on account in the same way that you normally pay your Self-Assessment tax bill. There are several methods available, such as through online banking, over the phone, or even by setting up a Direct Debit.

If you sign into your Personal Tax Account you can see how much you've already paid, and what's left to pay.