

## **TIP OF THE MONTH - PENALTIES FOR LATE PAYMENT OF INCOME TAX AND LATE FILING**

Tax returns for the year to 5 April 2013 filed late will create a penalty even if the correct amount of tax is paid on time or indeed there is no more tax to pay; the basic penalty stays at £100.

What may not be so apparent to those who tend not to send us the papers we need until close to or even after the deadline (31 January 2014 for the tax return for the year to 5 April 2013) is how quickly penalties can now stack up. The new penalties for late filing of Self Assessment returns result in, for example, an overall penalty after 3 months delay of £10 per day up to a maximum of £900. Add in the fixed penalties and you are well into four figures.

If we have not received all the necessary paperwork by the end of October, we reserve the right to charge - and each year do charge - for overtime working: we would rather not.

On the day I wrote this I saved 2 clients money. One I advised how to make an investment in a particularly tax effective way, while the other had a tax coding error (an all too common occurrence).

What these 2 clients had in common was that they both came in and talked. In so doing this allowed us to help them better: shall I put the kettle on?

