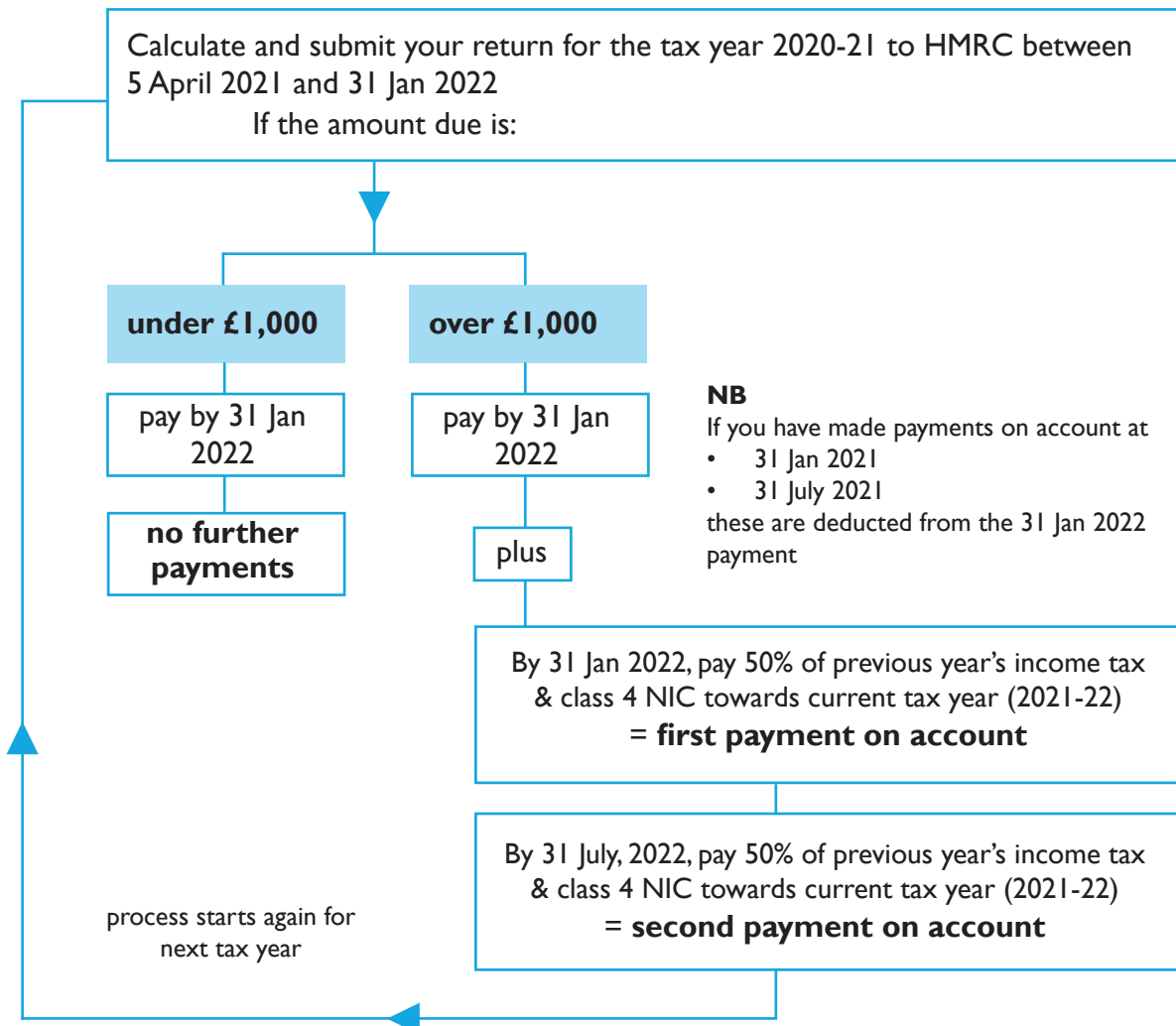


Payments on account: how it works

Tax year 6 April 2020 - 5 April 2021



Payments on account - if your tax liability is more than £1,000, you are paying up your tax as you go along, rather than be landed with a tax bill immediately payable, nine months after the end of the tax year.

If your profits are looking to be down for the current tax year, there is an option to apply to reduce your payments on account.

This would need to be considered carefully though, because if you miscalculate on the proposed new payment on account and your tax due ends up to be higher, you would pay interest on the balance.

It must be emphasised that if the payments on account due are greater than the amounts paid, interest will be charged on the difference and any false information given may result in financial penalties.