



Your personal self-assessment tax return

What you need to know about filing self-assessment for 2017/18.

It's a common scenario. As the year draws to a close, the thought of your tax return is there, at the back of your mind. But with so much time before the deadline, you decide not to worry about it for now.

Then the weeks start to fly by, the festive season comes and goes, and soon you're planning for the New Year and getting back to work as normal.

Before you know it, it's the end of January and HMRC's waiting times are growing longer as thousands of other taxpayers in the same predicament try to get in touch.

It's better to finish your return early on to avoid this last-minute rush – but if the thought of rummaging through old receipts and puzzling over tax calculations fills you with dread, we can help.

Am I included in self-assessment?

When you're self-employed, it's up to you to let HMRC know your income for the year and pay the tax you owe. This is done through a self-assessment tax return that we complete on your behalf.

That's not the only reason you might need to complete self-assessment, though. You'll need to send a return if, in 2017/18, you had:

- income from self-employment, business or partnerships that's more than £1,000
- more than £2,500 from renting out property
- more than £2,500 in other untaxed income, such as tips or commission
- income from savings or investments of £10,000 or more
- income from dividends from shares of £10,000 or more
- profits liable to capital gains tax.

You'll also need to complete a return if you:

- were a company director
- claimed child benefit, and you or your partner's income was over £50,000.
- want to claim tax reliefs or losses to get a refund.



More than a quarter of tax returns in January 2018 – that's 1,290,948 altogether – were submitted less than 48 hours before the self-assessment filing deadline at midnight on 31 January.

You can find a full list of circumstances in which you'll need to file a return on the Government's website, or you can call us to ask about your situation.

What do I need to do?

The process for self-assessment is fairly lengthy, so make sure you're aware of the different stages and have enough time to complete them.

Registering

If it's your first time completing a self-assessment tax return, or you didn't file one in the previous year, the first thing you'll need to do is register.

The registration deadline for returns relating to the 2017/18 tax year was **5 October 2018**. If you missed the deadline, or miss any of the others in the process, speak to HMRC as soon as possible. You may still be fined but this shows good faith and can make the process less painful.

When you've registered, you'll receive a unique taxpayer reference number which you provide to us so we can register with HMRC's online services.

After we have done this, HMRC will send you a authorisation code in the post. Providing this to us will allow us to access the online services and file your return on your behalf.

Completing your return

To ensure timely completion of your return you need to provide all the relevant records and paperwork to us **immediately**.

The deadline for paper returns was 31 October, and online returns must be filed by **31 January**.



Completing your self-assessment tax return

We will need the following records:

- all your business expenses
- records of any sales or income
- PAYE records (if applicable)
- VAT records (if registered)
- records of your personal income.
- P45, P60 and P11D forms
- certificates from a taxed award scheme
- information about any redundancy or termination payments
- information about income and benefits from your job.

If we already act for your business we may just require small pieces of information such as bank interest and confirmation that you have no additional income to include.

We do this by sending you a checklist to complete. Providing information as soon as you can helps our hardworking team and allows you to plan in advance for your tax payments.

Approving Your Tax Return

Once we have all the necessary information we will send your tax return and amount due to you. Typically this is via our secure document portal. Paper copies can be posted on request.

You **must** approve your tax return before we file it on your behalf. If you do not provide approval in good time you will overload our tax team which may lead to an increase in your fees. You may also incur penalties with HMRC.

Paying your tax bill

Your payment will include any tax you owe for the 2017/18 tax year, as well as your first payment on account towards the 2018/19 tax year.

The deadline for paying it is the same as that for filing the return, by **midnight on 31 January**.

What are the penalties if it's late?

There's an initial £100 penalty if your return is up to three months late, but this could increase the longer you leave it.

After three months, there are additional daily penalties of £10 per day, up to a maximum of £900.

Then, **after six months**, you could end up with a further penalty of 5% of the tax due or £300 – whichever is greater.

After 12 months, there's another 5% or £300 charge, which will again depend on whichever is greater.

If you pay your tax bill late, you could face additional penalties of 5% of the tax unpaid at 30 days, six months and 12 months.

You can appeal against a penalty if you have a reasonable excuse, but the conditions for this are limited. Circumstances for appeal could include:

- if a partner or close relative has passed away prior to the deadline
- serious illness or an emergency hospital stay
- unexpected delays in the post
- an IT failure (hardware or software) when preparing your tax return
- external causes (fire, flood or theft) which prevented you from completing a return
- issues with HMRC services.

Common problems

When you're getting your self-assessment return ready, it's best to get it right the first time. Here are some of the most common mistakes, and how you can avoid them.

Missing out on tax relief

While self-assessment seems focused on calculating the tax you owe, you might forget about what you can claim back.

By working with us, we will claim tax relief where you're eligible for it, including on charitable donations you've made, pension contributions, or work expenses.

Not declaring all your income

All your taxable income needs to be declared on your self-assessment form. Not just from the UK but anywhere in the world.

That includes earnings, dividends, pension payments, interest on your bank account, capital gains and rent from a buy-to-let property.

It can be especially easy to miss something out if your financial situation is complex, so make sure to share as much as possible with us. Give some extra thought to make sure all your income is included.

Late or inaccurate filing

HMRC statistics show that around 745,588 returns were filed late for the 2016/17 tax year. To make sure you're not one of the culprits this year, make sure you start well in advance.

To avoid any of these problems from the start, we can handle your self-assessment tax return and ensure it's completed accurately and on time.

Deadlines

To recap, here are the dates for your diary regarding self-assessment.

Task	Deadline
Registering	5 October
Submitting paper tax return	31 October (midnight)
HMRC late penalties applied	31 January (midnight)
Pay tax bill to HMRC	31 January (midnight)

Your return can be completed from the end of the tax year in April

Leaving your tax return to the last minute overworks our tax team, leaves you unable to prepare for payments and could lead to an increase in your fees. You may also incur penalties with HMRC for late filing.

Contact our team of tax experts if you need help
 Call 02084770000 or
 Email tax@davisgrant.co.uk