

Tax Deadlines in 2018

Business Information Factsheet

BIF483 · December 2017

Introduction

There are five main types of tax that are relevant to firms: income tax, corporation tax, National Insurance (NI), Value Added Tax (VAT) and Capital Gains Tax (CGT). Certain forms must be submitted to HM Revenue & Customs (HMRC), and payments must be made by certain dates to avoid incurring penalties for late submissions and interest on late payment of any tax due. HMRC's tax year runs from 6th April to 5th April the following year.

This factsheet lists the key tax dates in 2018 as they apply to a firm's different tax liabilities. It also provides information about the penalties for non-compliance with the deadlines. Taxation is a complicated area and professional advice should be sought to ensure that all tax obligations are met.

Income tax (self-assessment)

Anyone who is self-employed or in a partnership is required to complete a self-assessment tax return each year to determine how much income tax and NI (see later section of this factsheet) they must pay.

Company directors and individuals with complicated tax affairs are also required to complete a self-assessment tax return to enable HMRC to assess whether any additional tax is owed.

Anyone with an income tax liability of more than £1,000 may be required to pay one half of that liability 'on account' for the following year's tax by 31st January, and a second payment on account by 31st July.

For further information, see BIF264, An Introduction to Tax Self-Assessment, and BIF517, Completing a Self-Assessment Tax Return, or go to www.gov.uk/personal-tax/self-assessment.

31st January 2018

- This is the deadline for submitting an online tax return to HMRC for the tax year that ended on 5th April 2017. The tax return must reach HMRC by midnight on this date to avoid incurring any penalties.
- Anyone who has not submitted their completed tax return by this date will be charged an automatic penalty of £100. This penalty applies even if they have no tax to pay. For a partnership tax return, there is a £100 penalty for each partner.
- The balancing income tax payment for the year ended 5th April 2017 must be paid by this date.
- In addition, the first payment on account for the current tax year should be sent to HMRC by this date. This should correspond with the expected final liability for the year ending 5th

April 2018. If the tax liability is likely to be significantly less than expected, HMRC should be notified and a claim should be made to reduce the payment due.

- This is the deadline for amending a 2015/16 tax return for claims relating to previous tax years.

28th February 2018

An automatic 5% penalty will be charged by HMRC if the balancing payment has not been made by this date.

6th April 2018

This is the first day of the new tax year (2018/19). HMRC sends 2017/18 self-assessment tax return (SA100) forms or Notices to Complete a Tax Return (SA316) before the end of May.

30th April 2018

Returns for the tax year that ended on 5th April 2017 submitted after this date will incur an additional penalty of £10 per day up to a maximum of 90 days (£900).

31st July 2018

- Anyone who has still not sent HMRC a self-assessment tax return that was due on 31st January 2018 will be charged a further penalty of £300 or 5% of the tax due, whichever is the highest.
- A second automatic 5% penalty will be charged if someone failed to provide the balancing payment in the first tax instalment that was due on 31st January 2018.
- The second payment on account of a tax liability for the year 2017/18 is due by this date. Check that it corresponds with the expected final liability for the year ending 5th April 2018.

5th October 2018

If HMRC has not sent an SA100 tax return by this date, HMRC must be notified about any income received that has not been taxed, or any capital gains tax (CGT) liabilities in the year ending 5th April 2018. HMRC will then send a tax self-assessment form if it considers it necessary, or needs further details.

31st October 2018

- Paper-based self-assessment returns for 2017/18 must be submitted by this date to avoid an automatic penalty of £100 and to enable HMRC to calculate any tax that is payable.
- HMRC will collect any outstanding amounts of less than £3,000 via Pay As You Earn (PAYE) tax codes in order to spread the payments over a year. HMRC will not normally do this if the unpaid tax is more than 50% of someone's normal tax liability. However, if preferred, individuals can choose to pay the tax in one lump sum.

30th December 2018

This is the deadline for submitting 2017/18 self-assessment tax returns online in order for unpaid tax under £3,000 to be collected via PAYE tax codes.

PAYE and National Insurance for employers and employees

Company directors and employers must deal with PAYE and National Insurance (NI) deductions at source under the PAYE scheme. Income tax and NI Contributions need to be deducted from employees, and employers are also liable to pay employers' NI Contributions.

All employers must report PAYE information using HMRC's PAYE Online system. Information about PAYE payments made to employees has to be reported online to HMRC every time salary payments are made. Go to www.gov.uk/business-tax/payee for further information on PAYE and payroll.

Income tax and Class 1 NI Contributions (both employer and employee) must be paid to HMRC by the 19th day of each month following the month in which the salary has been paid, if the payments to HMRC are made by post. If payments to HMRC are made electronically, employers have an extra three days to pay: payment must reach HMRC by the 22nd of each month.

If the combined bill for PAYE and NI Contributions is less than £1,500 per month, employers can make payments quarterly. In this case, the deadlines are 19th July, 19th October, 19th January and 19th April for cheque payments, and 22nd July, 22nd October, 22nd January and 22nd April for electronic payments.

Class 1A NI Contributions, which relate to taxable expenses and benefits paid to company directors and some employees, are generally calculated at the end of the tax year and paid directly to HMRC.

19th April 2018

This is the deadline for any outstanding PAYE and Class 1 NI Contributions payments for the 2017/18 tax year to reach HMRC by post. If an employer is making the payment electronically, the deadline for the payment to be cleared in the HMRC bank account is 22nd April 2018. Interest will be charged on any payments received after these dates.

31st May 2018

This is the last date for providing each employee who was working for the business on 5th April 2017 with their form P60 (showing how much employees have been paid and how much tax and NI has been deducted).

5th July 2018

This is the deadline for arranging any PAYE Settlement Agreements for 2017/18, if applicable.

6th July 2018

- This is the last date for form P11D to reach HMRC.
- This is the deadline for copies of form P11D to be issued to relevant employees.

- This is the last date for the return of form P11D(b) (employer's declaration) relating to Class 1A NI Contributions.

19th July 2018

This is the last date for payment of any Class 1A NI Contributions to reach HMRC, if paying by post. If payments are made electronically, employers have an extra three days to pay - in this case, payments must reach HMRC by 22nd July 2018. Interest is charged on payments received after these dates.

NI for self-employed individuals

- Class 2 NI Contributions are paid by self-employed individuals at a flat rate per week and are usually collected monthly by Direct Debit. If annual profit is below the small earnings exception limit, individuals will not be required to pay Class 2 NI Contributions. Go to www.gov.uk/self-employed-national-insurance-rates for further information.
- Class 4 NI Contributions are paid by self-employed people in addition to Class 2 NI Contributions, if their profits exceed certain limits. Class 4 NI Contributions are collected with income tax each year on 31st January and 31st July.

Value Added Tax

Value Added Tax (VAT) is a tax on consumer spending that applies to the value added to a product or service at each stage of its production and distribution. The current standard rate of VAT is 20%. Each registered business must complete regular VAT returns and pay any money due.

To spread the flow of returns evenly over the year, a business will be allocated to one of three groups of VAT periods when it registers. These periods end on the last day of each month:

- Group 1: June, September, December and March.
- Group 2: July, October, January and April.
- Group 3: August, November, February and May.

A business can apply to use a VAT period that fits in conveniently with its accounting year. There could be valid commercial reasons for having a different period. Any application to change return periods should be made in writing to the local VAT office.

All VAT-registered firms, apart from a small number that qualify for exemption, must complete online returns. VAT payments must reach HMRC no later than the due date for payment shown on the VAT return, which is normally one calendar month and seven days after the date of the end of the VAT period. Deadlines are usually different for firms using the VAT annual accounting scheme and those that have to make payments on account.

VAT must be paid by an HMRC-approved method of electronic payment such as Bank Giro Credit, BACS, Direct Debit, Faster Payments by online or telephone banking, CHAPs and online payment by credit or debit card.

Most VAT-registered firms submit a VAT return every quarter, but there are some alternatives. For instance:

- If a business regularly receives a VAT refund from HMRC, it can request to submit monthly VAT returns to reduce the waiting period for refund payments. Refunds are paid directly into a designated business bank account, usually within a few days.
- A business with taxable supplies of less than £1.35 million may register for the annual accounting scheme. This means it makes monthly or quarterly payments based on an estimate of its annual VAT liability. An annual return and any balancing payments are submitted within two months of the year end date. A business that is already using this scheme can continue to do so until its taxable supplies reach £1.6 million.

See BIF234, An Introduction to VAT (Value Added Tax), and go to www.gov.uk/business-tax/vat for further information.

Corporation tax

Corporation tax is levied on the profits of incorporated bodies, such as Private Limited Companies and Public Limited Companies. The time limits are based on the last day of the company's corporation tax accounting year, which is the end of its trading year:

- For companies with taxable profits of up to £1.5 million, corporation tax must be paid within nine months and one day from the end of its accounting period. So, for example, if a company's accounting year ends on 31st December, the tax must be paid by the following 1st October.
- HMRC sends a payslip and prepaid envelope three months after the end of the accounting period, and then a further two reminders just before and just after the due date.
- If a company has taxable profits of more than £1.5 million, it must pay tax electronically by instalments. Go to www.gov.uk/corporation-tax-paying-in-instalments for further information.
- A completed corporation tax return (CT600) is due 12 months after a company's annual accounting date - that is, the end of its trading year, or three months from receiving notice from HMRC, whichever is later. In practice, most firms complete the return to coincide with making the tax payment.

For further information, see BIF252, An Introduction to Corporation Tax, and BIF518, A Guide to Calculating and Paying Corporation Tax.

Capital Gains Tax

31st January 2018

If a capital gain has been made on the disposal of assets during the tax year ending 5th April 2017, any tax payable is due in one instalment. The gain may need to be shown in a self-assessment tax return, which is due by 31st January 2018 at the latest. This is included on separate pages of the self-assessment return, which should have been requested before 5th October 2017 if it was not sent automatically. Any CGT due for the tax year ending 5th April 2017 must also be paid by 31st January 2018.

Go to www.gov.uk/personal-tax/capital-gains-tax for further information.

Other claims

Claims for tax relief that have an impact on any tax liability should generally be made in the relevant return. There can be circumstances when that is not possible, so check with a tax adviser for individual time limits. For instance, business losses can be offset against other income by making a claim up to two years later, so claims relating to losses for the 2015/16 tax year must be made by 31st January 2018. Some personal allowances or error claims can be made up to four years after the tax year to which they relate.

Claims for repayment of income tax, capital gains tax, corporation tax and VAT must be made within four years of the tax year in which the claims arose.

Go to www.gov.uk/government/publications/losses-hs227-self-assessment-helpsheet for more information.

Hints and tips

- Late filing of returns incurs interest and penalties. To prevent these extra charges, ensure that all returns are accurate and submitted on time.
- Professional advice should be sought to ensure compliance with HMRC requirements.

Further information

BIF015 An Introduction to Tax, National Insurance and VAT
BIF045 An Introduction to Charging and Accounting for VAT
BIF053 A Guide to Setting up and Running a Payroll System
BIF234 An Introduction to VAT (Value Added Tax)
BIF239 An Introduction to National Insurance for the Self-Employed
BIF252 An Introduction to Corporation Tax
BIF264 An Introduction to Tax Self-Assessment
BIF517 Completing a Self-Assessment Tax Return
BIF518 A Guide to Calculating and Paying Corporation Tax
BIF522 An Introduction to Registering for VAT

Useful contacts

HM Revenue & Customs (HMRC) is the government department responsible for the collection of tax. It provides information and advice to individuals and business owners.

Tel: 0300 200 3211 (New employer helpline)

Tel: 0300 200 3504 (Helpline for the newly self-employed)

Tel: 0300 200 3700 (VAT National Advice Service)

Website: www.gov.uk/government/organisations/hm-revenue-customs

DISCLAIMER While all reasonable efforts have been made, the publisher makes no warranties that this information is accurate and up-to-date and will not be responsible for any errors or omissions in the information nor any consequences of any errors or omissions. Professional advice should be sought where appropriate.

Cobweb Information Ltd, Unit 9 Bankside, The Watermark, Gateshead, NE11 9SY.

Tel: 0191 461 8000 Website: www.cobwebinfo.com