

HMRC gives Self Assessment taxpayers more time to ease COVID-19 pressures

HM Revenue and Customs (HMRC) is waiving late filing and late payment penalties for Self Assessment taxpayers for one month – giving them extra time, if they need it, to complete their 2020 to 2021 tax return and pay any tax due.

HMRC is encouraging taxpayers to file and pay on time if they can, as the department reveals that, of the 12.2 million taxpayers who need to submit their tax return by 31 January 2022, almost 6.5 million have already done so.

HMRC recognises the pressure faced this year by Self Assessment taxpayers and their agents. COVID-19 is affecting the capacity of some agents and taxpayers to meet their obligations in time for the 31 January deadline. The penalty waivers give taxpayers who need it more time to complete and file their return online and pay the tax due without worrying about receiving a penalty.

The deadline to file and pay remains 31 January 2022. The penalty waivers will mean that:

- anyone who cannot file their return by the 31 January deadline will not receive a late filing penalty if they file online by 28 February
- anyone who cannot pay their Self Assessment tax by the 31 January deadline will not receive a late payment penalty if they pay their tax in full, or set up a Time to Pay arrangement, by 1 April

Interest will be payable from 1 February, as usual, so it is still better to pay on time if possible.

Angela MacDonald, HMRC's Deputy Chief Executive and Second Permanent Secretary, said:

We know the pressures individuals and businesses are again facing this year, due to the impacts of COVID-19. Our decision to waive penalties for one month for Self Assessment taxpayers will give them extra time to meet their obligations without worrying about receiving a penalty.

Lucy Frazer, Financial Secretary to the Treasury, said:

We recognise that Omicron is putting people under pressure, so we are giving millions of people more breathing space to manage their tax affairs.

Waiving late filing and payment penalties will help ease financial burdens and protect livelihoods as we navigate the months ahead.

The existing Time to Pay service allows any individual or business who needs it the option to [spread their tax payments over time](#). Self Assessment taxpayers with up to £30,000 of tax debt can do this online once they have filed their return.

The 2020 to 2021 tax return covers earnings and payments during the pandemic. Taxpayers will need to declare [if they received any grants or payments from the COVID-19 support schemes](#) up to 5 April 2021 on their Self Assessment, as these are taxable, including:

- Self-Employment Income Support Scheme
- Coronavirus Job Retention Scheme
- other COVID-19 grants and support payments such as self-isolation payments, local authority grants and those for the Eat Out to Help Out scheme

The £500 one-off payment for working households receiving tax credits should not be reported in Self Assessment.

HMRC urges everyone to be alert if they are contacted out of the blue by someone asking for money or personal information. Taxpayers should always type in the full online address www.gov.uk/hmrc to get the correct link for filing their Self Assessment return online securely and free of charge.

HMRC sees high numbers of fraudsters emailing, calling or texting people claiming to be from the department. If in doubt, HMRC advises not to reply directly to anything suspicious, but to contact them straight away and to [search GOV.UK for 'HMRC scams'](#).

New Year filing figures for 2020 to 2021 tax returns:

- 31 December 2021: 33,467 tax returns were filed. The peak time for filing was 11:00 to 11:59 when 3,835 returns were received
- 1 January 2022: 14,231 tax returns were filed. The peak time for filing was 15:00 to 15:59 when 1,407 returns were received

Normally, late filing penalties are applied to all returns due on but filed after the 31 January deadline. Those penalties are cancelled if the taxpayer has a reasonable excuse for filing late. However, this year, like last year, HMRC is not charging late filing penalties for a month to help taxpayers and agents who are unable to meet the deadline. Late filing penalties will not be charged for online tax returns received by 28 February.

The payment deadline for Self Assessment is 31 January and interest will be charged from 1 February on any amounts outstanding. Normally a 5% late payment penalty is charged on any unpaid tax that is still outstanding on 3 March. This year, like last year, HMRC is giving taxpayers more time to pay or set up a payment plan. Self Assessment taxpayers will not be charged the 5% late payment penalty if they pay their tax or set up a payment plan by midnight on 1 April. They can pay their tax bill or set up a Time to Pay arrangement online at GOV.UK.

Self Assessment timeline:

- 31 January – Self Assessment deadline (filing and payment)
- 1 February – interest accrues on any outstanding tax bills
- 28 February – last date to file any late online tax returns to avoid a late filing penalty
- 1 April – last date to pay any outstanding tax or make a Time to Pay arrangement, to avoid a late payment penalty
- 1 April – last date to set up a self-serve Time to Pay arrangement online

There is no change to the filing or payment deadline and other obligations are not affected. This means that:

- interest will be charged on late payment. The late payment interest rate is 2.75%
- a return received online in February will be treated as a return received late, with a valid reasonable excuse for the lateness. This means that:
 1. there will be an extended enquiry window
 2. for returns filed after 28 February the other late filing penalties (daily penalties from 3 months, 6 and 12 month penalties) will operate as usual
 3. a 5% late payment penalty will be charged if tax remains outstanding, and a payment plan has not been set up, by midnight on 1 April 2022. Further late payment penalties will be charged at the usual 6 and 12 month points (August 2022 and February 2023 respectively) on tax outstanding where a payment plan has not been set up

We will not charge late filing penalties for SA700s and SA970s received in February. These returns can only be filed on paper.

For SA800s and SA900s we will not charge a late filing penalty if taxpayers file online by the end of February. The deadline for filing SA800s and SA900s on paper was 31 October. Taxpayers who file late on paper will be charged a late filing penalty in the normal way. They can appeal against this penalty if they have a reasonable excuse for filing their paper return late.

HMRC supports taxpayers who may need help with their tax liabilities and cannot pay in full. Once they have filed their 2020 to 2021 tax return, taxpayers can set up an online Time to Pay arrangement to spread Self Assessment bills of up to £30,000 over up to 12 monthly instalments.

Taxpayers can apply for self-serve Time to Pay via GOV.UK. Interest will be applied to any outstanding balance from 1 February 2022. Taxpayers with Self Assessment debts over £30,000, or who need longer than 12 months to pay, may still be able to set up a Time to Pay arrangement by calling the Self Assessment Payment Helpline on 0300 200 3822.

Since 5 April 2021, more than 30,000 taxpayers have used the self-serve Time to Pay service, which is done online with no need to call HMRC, to manage their Self Assessment liabilities, totalling around £75 million.

A full list of the payment methods taxpayers can use to [pay their Self](#)

[Assessment tax bill](#) is available on GOV.UK.

Information on [which COVID-19 support payments need to be reported to HMRC](#) and any that do not is available on GOV.UK.

Taxpayers who are required to make Payments on Account, and know their bill is going to be lower than the previous tax year, for example due to loss of earnings because of COVID-19, can reduce their Payments on Account. Visit GOV.UK to [find out more about Payments on Account and how to reduce them](#).

Where tax credits customers are unable to report their final/actual income for the 2020 to 2021 tax year by 31 January 2022, they should report the figure as soon as possible after 31 January. In most cases HMRC will update the income used to calculate finalised entitlement to tax credits if the delay is due to the impact of COVID-19.

Self-employed taxpayers who need to claim certain contributory benefits soon after 31 January 2022, need to ensure their annual Class 2 National Insurance contributions (NICs) are paid on time. This is to make sure their claims are unaffected. Class 2 NICs are included in the 2020 to 2021 Balancing Payment that is due to be paid by 31 January 2022. Benefit entitlements may be affected if they:

- couldn't pay their Balancing Payment by 31 January 2022
- have entered into a Time to Pay arrangement to pay off the Balancing Payment and other Self Assessment tax liabilities through instalments

Affected taxpayers should contact HMRC on 0300 200 3822 for help as soon as possible.