



For release: immediately

### Penalties on the way...

HMRC have plans to introduce a points-based penalty system for late payments by businesses and individuals for corporation tax, income tax and self assessment. As with the existing penalty regime, there will be a 'reasonable excuse' get-out, but like the current system, inability to pay and reliance on a third party are not reasonable excuses.

First charge:

Days after due date	Action by taxpayer	Result
0-15	Payment made	No penalty
	OR TTP agreed	Penalty suspended
16-30	Payment made	Penalty calculated at reduced rate
	OR TTP agreed	Penalty calculated at reduced rate then suspended
Day 30	Too late...	Penalty charged based on how much if anything has been paid in the month

## **Second charge:**

A second charge will also become payable and will be calculated on amounts outstanding from day 31 after the payment due date until the outstanding balance is paid in full. Any TTP (Time to Pay arrangement) agreed during this period will also result in future penalties being suspended from the date the TTP was agreed.

In a statement explaining the thinking behind the new system, HMRC said: 'The changes will ensure that people who pay late can avoid a penalty if they take action to make arrangements to pay, and that those that do not will receive a penalty that is proportionate to both the value of the debt and the amount of time it is outstanding for. The measure is designed to encourage those who cannot pay to agree a Time to Pay (TTP) arrangement as quickly as possible and only penalise those who do not.'

Heidi Marshall, head of the dental team at Dodd & Co and Secretary of NASDAL (National Association of Specialist Dental Accountants and Lawyers) commented, "These changes illustrate the need for you or your accountant to be in communication with HMRC and to not bury your head in the sand or 'hide' from the debt if there any issues. As of yet, there is no date for the launch of the points-based system for non VAT taxes or details of the rates at which the penalties will be charged but watch this space."

## **ENDS**

Note to editors:

NASDAL, the National Association of Specialist Dental Accountants and Lawyers, was set up in 1998. It is an association of accountants and lawyers who specialise in acting for and looking after the accounting, tax and legal affairs of dentists. It is the pre-eminent centre of excellence for accounting, tax and legal matters concerning dentists. Its members are required to pass strict admission criteria, and it regulates the performance of its members to ensure high standards of technical knowledge and service.

Nick Ledingham, the Chairman of NASDAL, is available for interview. To organise to speak to him or any other members of NASDAL for more information please contact Chris Baker.

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