

## **Inland Revenue Says “Late Tax Return filers are in for a hard time”**

Although the trend for people submitting late tax returns is on the decrease (90% of people filing them on time), there is still an estimated £1.1 billion of income tax outstanding. The Inland Revenue prioritises what type of taxpayer it chases, with highest risk being approached first (guess who!!).

In a report recently published the National Audit Office said, “Over 260,000 taxpayers had more than one return outstanding and over 12,000 taxpayers had six or more years’ Tax Returns outstanding,”

The Revenue have produced a report that said a major upgrade to the system of fining and penalising people putting in late tax returns is a real prospect. There has also been increased use of financial penalties and greater sanctions used on bad payers and late filers.

The National Audit Office pointed out that penalties for not filing by the deadline are limited by law to £100 or the amount of tax owed, if less. Many people who file late tax returns do not incur a penalty because there is no outstanding tax owed. "In some countries, penalties for late filing are a percentage of the tax owed or are based on your net income. Taxpayers currently have 10 months to file their returns. By contrast, some tax agencies overseas may give taxpayers only three to four months to file returns," it said.

The report also highlights the importance of The Inland Revenue accurately logging Tax Returns received to bring down the number of penalties wrongly given to taxpayers who have filed returns by the January 31<sup>st</sup> deadline; and of ensuring that, for those affected, the penalty is cancelled.

The Inland Revenue have said that since they are getting their act together’ improving efficiency and reducing costs, they now want to step up the pressure for people who fail to put in their tax returns on time, this will mean more fines, more chasing and worst of all more £60 a day fines for persistent offenders.

So, if you have an accountant remember the returns have to be in by October 31<sup>st</sup> for electronic filing, if you are not registered the fines are going up, so get one today, you have been warned.

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