

Taxpayers warned over PAYE errors

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Critchleys advise taxpayers that they should not panic if they find they are among almost six million people who have paid the wrong amount of tax over the past two years.

Some 5.7million people are being contacted by HM Revenue and Customs (HMRC) from this week until the end of the year. For 4.3million of those, there will be the pleasant surprise that they have overpaid and are due a rebate, but 1.4million are set to face a demand for extra payment.

In most cases, refunds or deductions will be made through people's pay packets from next April, although HMRC has indicated it will write off small amounts of under £300. Some taxpayers, who can prove they informed HMRC of a change in their circumstances and HMRC failed to act, may also be able to persuade them to drop the demand.

Tim Keeley, Partner states: "There is no need to panic if you receive a letter saying that you owe HMRC money – in most cases you will have to pay, but HMRC has said it will allow payments to be made in instalments for up to three years, which should lessen its impact.

"Since these problems arose as a result of errors at HMRC, the first thing anyone receiving a letter should do is check the details to ensure the new tax demand is correct – if not, they should contact HMRC, preferably in writing, to resolve the discrepancy and appeal if necessary.

"Under HMRC's own rules, anyone who took reasonable steps to inform them of a change in circumstances, and had not been informed of any arrears within 12 months of the end of the tax year in which the information was received may be able to get the tax written off. In addition anyone who cannot afford to pay the demand on the terms suggested should contact HMRC to arrange an alternative payment plan. Given that the mistake was theirs, they should be sympathetic."

Perhaps more worrying are the fake emails that have already started appearing in relation to tax over or under-payments, directing people to fake websites in order to fraudulently obtain their bank account details. HMRC will never ask for people's bank account details by email, so any message requesting them should be ignored.

If you have any enquiries relating to this or any other tax matters, please contact Gerry Jackson/ Tim Keeley on 01865 261100

Notes

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