



## SUMMERTIME: BUT THE LIVING ISN'T ALWAYS EASY

Just like ladies' hats at Royal Ascot and strawberries and cream at Wimbledon, summer would not be the same without some contact from HMRC. Now in their third year, HMRC's annual tax calculations (P800) are being sent out to approximately two million people who pay tax under Pay As You Earn (PAYE) and whose other involvement with HMRC would normally be minimal.

Your employer/pension provider will advise HMRC of your earnings, operate the correct tax code, take the correct tax and inform HMRC at the end of the tax year of your total income and any tax deducted. Generally, HMRC's systems run smoothly and no further action is ever needed. However, things can go wrong for a number of reasons, such as changing jobs, receiving multiple incomes or taxable benefits, retiring and even bereavement.

For someone who is not experienced in the tax system it can often be difficult to calculate the amount of tax you should be paying during the year and to check that this is actually happening. Things are made more complicated where employers and pension providers have stopped sending out regular pay slips, and in some cases P60s (when no tax has been taken).

Bearing this in mind, it can be quite a shock when you unexpectedly receive a P800 stating that you owe tax. You may be aware that you have underpaid your tax and be expecting the bill, but if you are unsure why you owe the tax it is time to ask questions of HMRC. As the calculation is computer generated, it is quite possible that the information contained in it will be incorrect. For instance, the savings income might be estimated, a source of income could be duplicated, or the wrong personal allowance is given because your date of birth is recorded incorrectly.

You should check the figures against your end of year P60s for work and pensions, as well as interest on your savings income - and don't forget any dividend vouchers.

If an earlier year underpayment is shown (half way down the P800), check you agree with it and that it has not already been paid or a payment plan agreed.

If you are at all concerned you should ask HMRC for an explanation. If you fail to get a satisfactory answer find someone else to help like a tax adviser/accountant or, if you are on a low income, a tax charity.

Finally, even if you agree that the tax underpayment is correct, and **before paying the tax**, consider if it was HMRC or your employer/pension provider who was responsible for the underpayment. If you feel you have done everything expected of you, you can ask HMRC to investigate whether they or the employer/pension provider is at fault. If it is the employer/pension provider's fault, HMRC should pursue them instead of you. But if HMRC decides it is not the employer's fault, you should get a 'Regulation 72 directive' which allows you the right of appeal to a tax tribunal. If HMRC itself is at fault there is not much you can do for 2013/14 underpayments, unless the same problem occurred in earlier years. If this is the case, ask for the ESC A19, 'exceptional circumstances' to be considered.

This article is by Tax Help for Older People (operated by registered charity No. 1102276), offering free tax advice to older people on lower incomes. The Helpline number is 0845 601 3321 or geographical 01308 488066.