

Payment on account reminder

Second 2021/22 payment on account now due

The second self-assessment payment on account for the 2021/22 tax year must be made by 31 July 2022. You may be able to adjust the amount that you pay if you have already filed your 2021/22 tax return. If you are going to struggle to make the payment, you may be able to pay in instalments.

This note explains what you need to do.

When do payments on account need to be made?

You will need to make payments on account of your self-assessment tax liability if your tax bill and Class 4 National Insurance liability for the previous year was at least £1,000 unless at least 80% of it is collected at source, for example, under PAYE. Consequently, you would need to make payments on account for 2021/22 if you owed at least £1,000 for 2020/21.

Each payment on account is 50% of your 2020/21 tax and Class 4 National Insurance liability. If you pay Class 2 National Insurance contributions, you do not need to take them into account when calculating your payments on account.

You should have already made the first payment on account for 2021/22. The second one is due by 31 July 2022. You should have received a letter from HMRC, telling you what you need to pay and how to pay it. Interest is charged on payments made late.

Already filed your 2021/22 tax return?

If you have already filed your 2021/22 tax return, you will know your actual tax and Class 4 National Insurance liability for 2021/22. If it is lower than in 2020/21, you can reduce your payments on account to match the actual liability and pay the balance owing for 2021/22 by 31 July (i.e., the total due for the 2021/22 tax year less the first payment on account).

You can reduce your payments on account either through your online self-assessment account or by post.

If your actual 2021/22 liability is higher than that for 2020/21, you can simply pay the second payment on account based on your 2020/21 liability by 31 July 2022. The balance must be paid by midnight on 31 January 2023.

Struggling to pay?

If you will struggle to pay your second payment on account, it is better to act than to simply ignore the payment. You may be able to set up a Time to Pay plan online if you have filed your latest return, owe

less than £30,000, are within 60 days of the payment deadline and will be able to clear the debt in 12 months or less. This will allow you to pay what you owe in manageable instalments.

If you cannot set an instalment plan up online, you may be able to agree one by speaking to HMRC.

We can help

We can let you know what you need to pay by 31 July 2022 and help you reduce your payment where necessary. We can also advise on payment options if you will struggle to pay in full.

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