

Overpaid tax? How to claim it back

There are various reasons why you may have paid more tax than you needed to for a tax year. For example, if you only worked at the start of the year, you may not have received all of your personal allowance. Alternatively, if your tax code was incorrect, maybe reflecting historic rather than current benefits in kind, more tax may have been deducted from your pay than you actually owed.

Tax overpaid through PAYE

After the end of the tax year HMRC perform a reconciliation, pulling together all the information that they have received from all sources to work out how much tax you should have paid for a tax year and looking at how much tax you actually paid. Where the two figures are not the same, HMRC will send out a P800 tax calculation or a PA302 simple assessment.

HMRC have started sending out P800 tax calculations and PA302 simple assessments for 2017/18. If you receive a calculation, it is important that you check it carefully – or ask your tax adviser to do so. HMRC do make mistakes!

If the calculation shows that you are due a refund, you can claim this online via your personal tax account (see www.gov.uk/check-income-tax-last-year). However, if you do not claim a refund within 45 days, HMRC will send you a cheque.

You can also claim a refund via your personal tax account if you have paid too much tax and HMRC have not sent a P800 calculation or PA302 simple assessment. If you are unsure whether you have paid too much, you can also check what you have paid online at www.gov.uk/check-income-tax-last-year.

Self-assessment overpayments

If you are within self-assessment (for example, if you are self-employed or have other sources of income in addition to your job) and you have overpaid tax, HMRC will generally process the tax repayment once you have submitted your return. An overpayment may arise, for example, if your income is lower than the previous year and the payments on account exceed your liability for the

year. In particular, if your income drops so that payments on account are not needed for the current year, a repayment may arise.

When completing the self-assessment tax return, you can provide HMRC with details of the bank account to which you would like any repayment to be sent. You can also request that any repayment is made by cheque. Alternatively, if you owe HMRC money, such as for VAT or to repay overpaid tax credits, you can opt to offset the overpayment against the outstanding liabilities.

You can also trigger the repayment online via your personal tax account; by logging in and checking the tax position and asking that the overpayment be repaid.

If the repayment is not received in a few weeks, you may wish call HMRC to chase it up.

Assistance

If you have any concerns with your tax payments or refunds position, please contact us.

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