

FINANCE UPDATES

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HOW TO RECLAIM OVERPAID TAX

Reclaiming tax through PAYE or self-assessment.

Nobody likes paying tax, but most people would like to receive a brown envelope from HMRC containing a tax rebate.

Over the next few months, the Revenue will start writing to people who have paid too much tax and are due a refund.

If you receive one of these - or if you don't, but you think you have overpaid tax - this guide explains what you may need to do.

WHEN MIGHT YOU RECEIVE A TAX REBATE?

Overpaying tax can happen for a number of reasons, whether you're employed, self-employed, or retired.

You might have paid too much tax, for example:

- you started a new job and have been taxed under an emergency code
- your employer or pension provider used the wrong tax code
- you only had a job for part of the tax year
- you have more than one job at the same time
- your circumstances changed, such as going from full-time to part-time work, or your self-employed income changed
- you have more than one occupational pension and your personal allowances have not been allocated properly.

REFUNDS UNDER PAYE

Receiving a P800 tax calculation

You may not need to make a claim for overpaid tax yourself, as HMRC checks the tax employed people - or those receiving a pension - pay throughout the year.

If you have not paid the right amount at the end of the tax year, the Revenue might automatically issue you with a tax calculation in the form of a **P800**.

These are generally sent out between June and October, but at the latest you should usually get one by the end of November.



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The calculation will tell you the amount of tax HMRC thinks you should have paid, and offer instructions on how you should go about getting a refund.

Before you do so, it's important to check the calculation carefully. P800 calculations are only an estimate, and HMRC may have made a mistake or missed out certain information.

If you don't tell them about any errors you see, you could be given a penalty for failing to take reasonable care - and you'd still have to send back the amount they overpaid to you.

If you are due a refund, you may be able to receive it through an online bank transfer, using your personal tax account. If you don't do this within 45 days, HMRC should send you a cheque.

Claiming for the current tax year

If you're already aware that you're overpaying tax through PAYE, but you don't want to wait for a P800, you can let the Revenue know through your personal tax account or by phone.

To do this, you'll need your personal details, information about your employers or pension providers, and estimates of your earnings and pensions from each source for the current tax year.

Once your information has been processed you may be given a new tax code, meaning any refund will be given to you automatically through payroll.

Claiming after the end of the tax year

You can also claim a refund after the end of the tax year, or through your personal tax account or in writing for past years.

HMRC may look at your tax position over the previous four tax years, even if you're only claiming for one year, so review your tax position for those years if you need to get in touch.

REFUNDS THROUGH SELF-ASSESSMENT

You won't receive a P800 if you are registered with HMRC for self-assessment. Instead, you can make a request for repayment on your tax return.

Through the return, you can also state how you would like the repayment to be made, whether that's directly into your bank account, or by cheque.

The Revenue will then deal with the repayment after they have processed your tax return.

If you made a mistake on your tax return

If you've already submitted a self-assessment tax return and you notice a mistake that has resulted in you overpaying tax, you can update the return online or by writing to HMRC.

Once the Revenue has processed it, you can request a repayment through your online account or by telephone.

They'll then send you any repayment due or offset it against other amounts you owe.

If you need to amend your tax return, this must be done within a year of the submission deadline on 31 January.

For example, if you're updating a return for 2017/18, you have until 31 January 2020 to do it.

If you paid too much through payments on account

Some self-assessment taxpayers have to make payments on account, which are advance payments towards their tax bill for the next year.

These are estimates based on the previous year's tax bill, so if it turns out you've paid too much, you can claim a refund using form **SA303**.

This might be the case if your business goes through a significant downturn or if you stop working during that tax year.

If your claim is accepted, a credit should appear in your online self-assessment account, where you can request repayment.

IS THERE A TIME LIMIT TO RECLAIMING OVERPAID TAX?

You'll have **four years from the end of the tax year** in which you overpaid tax to reclaim that back. After that point, the tax year becomes 'closed' to claims.

For example, these deadlines apply to the last four tax years:

Year tax was overpaid	Deadline for claiming refund
2015/16	5 April 2020
2016/17	5 April 2021
2017/18	5 April 2022
2018/19	5 April 2023

In a limited number of cases, you can still claim for years that are closed.

However, this only applies where HMRC or another government department has made an error, and where there's no doubt over the facts of the case.

WILL HMRC PAY INTEREST ON REFUNDS?

If the repayment is made after 31 January following the end of the year you've claimed for, the Revenue may pay interest on your overpaid tax.

A full list of HMRC's interest rates can be found on the Government website.

Avoiding tax rebate scams

A number of criminals take advantage of this time of the year to send fraudulent messages that claim to offer a tax refund.

The Revenue will only inform you about tax refunds via an email notification to log into your online HMRC account (and will never send links or ask for personal details in an email), by post or through your employer, so be cautious about any other messages you receive.

 [Get in touch to discuss your finances.](#)

IMPORTANT INFORMATION

The way in which tax charges (or tax relief, as appropriate) are applied depends on individual circumstances and may be subject to future change.

This document is solely for information purposes and nothing in it is intended to constitute advice or a recommendation. You should not make any decisions based on its content.

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