

PAYE LATE PAYMENT PENALTIES

Penalties are charged for late payment of PAYE/NI liabilities including, for those in the construction industry, the CIS tax. It also applies to other NI liabilities such as the employer Class 1A on P11D benefits. This new penalty regime began with the 19th May 2010 payment.



Unlike a daily interest charge, these penalties are potentially very expensive.

How much is the penalty?

The penalty percentage increases with the number of late payments in the year. It ranges from 0% - 4% as below.

No of times late	Penalty rate
1	0%
2-4	1%
5-7	2%
8-10	3%
11-12	4%

So if I am late 11 times, I will be charged 4% of that 11th item?

Yes BUT it's actually **much worse** than that. The 11th late item means the penalty on **ALL** of the late payments (except the 1st one) goes up to the 4% level.

When will I be told about a penalty?

You'll be told at the time when you are late but no penalty will be charged until the end of the year – only then can HMRC see how many times you were late (and that sets your penalty rate).

So what could it cost me?

If your monthly payments were around £5,000 and you were late with all 12 items, the penalty would be over £2,000.

Even if all those payments were only one day late.

The payment deadlines There is no change to the due dates. If you pay by cheque, HMRC must have your cheque in their hands by 19th of the month. If you pay electronically, HMRC must have cleared funds in their bank by 22nd of the month. It is your responsibility to pay on time, HMRC does not send reminders.

Additional penalties. If a payment is more than 6 months late then a further 5% will be charged (there is no "free go"). After 12 months another 5% will be charged.