UK Property Accountants

A Complete Guide to

Self Assessment Tax Returns



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Introduction to Self Assessment Tax Returns

Self Assessment is a system imposed by HM Revenue and Customs (HMRC), the tax authority of the UK to collect Income Tax. The tax is collected from certain individuals whose taxes are not automatically deducted from their wages or income. An individual pays taxes for the income earned between 6 April of a year and 5 April of another year. For instance, if you are a self-employed individual completing your Self Assessment Tax Return in the Tax Year 2024/25, you have to complete and pay the returns of the Tax Year 2023/24 for the period between 6 April 2023 to 5 April 2024.

Criteria to File Self Assessment Tax Returns

Not everyone needs to file the Self Assessment Tax Returns. You need to file the tax returns if the following criteria apply:

01 Your total taxable income for the accounting period is more than £150,000

02 You were a partner in a business partnership

03 You were self-employed as a sole trader and made an income of more than £1,000 before taking any amount off to claim tax relief

04 You had to pay Capital Gains Tax on the chargeable gains you made during the disposal of property, land, or asset

05 You made an income from renting out a property or land

06 You had to pay High Income Child Benefit Charge

07 You earned from tips and commission

08 You had income from savings, investments and dividends

09 You had foreign income

If these conditions do not apply, you do not have to send the Self Assessment Tax Returns for that year.

How to Register for Self Assessment?

Complete your Self Assessment tax return in five easy steps:



Points to be considered:

1. The details you provide during registration must match the record that HMRC holds for you, such as your address and last name
2. The HMRC helpline is busy and keeps you waiting for an hour, so call exactly during the opening time.
3. If the National Insurance (NI) number is missing, provide a specific reason why you do not have or need the NI number

Note:

You can use Form CWF1 to register for Self Assessment if you are self-employed:
https://www.tax.service.gov.uk/print-and-post/form/NICs_iForms/1.0/CWF1_20167/cwf1.xdp

You can use Form SA1 to register for Self Assessment for any reason other than self-employment:
https://public-online.hmrc.gov.uk/lc/content/xfaforms/profiles/forms.html?contentRoot=repository:///Applications/Test/1.0/SA1&template=SA1.xdp

You can use Form SA401 to register your partner for Self Assessment:
https://www.tax.service.gov.uk/print-andpost/form/SA_iForms/1.0/SA401_20167/sa401_en_1.0.xdp

Information Required to Submit Tax Returns

A taxpayer needs to submit various types of information based on their activities throughout the tax year, such as employment status (self-employed or employed), made profits on the sale of assets (Capital Gains Tax), and many more. Here is a table that can guide you through the information collection process for Self Assessment Tax Returns:

Particulars	Information
Property Income	■ Detailed break-down of rental income & expenses from all the properties ■ Mortgage statement for the tax year showing all the interest, arrangement fees and other finance costs ■ If you took a new mortgage or re-mortgaged any properties during the tax year, an offer letter of the mortgage ■ Statements from an estate agent, if properties are let out via the letting agent ■ If you have carried out any major repairs or refurbishment during the tax year, details of the work together with the invoices
Employment Income	■ P60 for the tax year ■ P11D for the tax year if you have received any benefits in kind from the employer
Interest Income	■ Account summary or tax deduction summary from all the banks for the year ■ Details of any other interest income

Dividend Income	■ Details of any dividends received during the tax year
Capital Gains	■ Details of any sale or transfer of any assets (e.g. properties, shares, etc.) in which capital gains is applicable ■ Details of the purchase & sale of the assets with supporting documents (e.g. purchase costs, any capital improvements, sale price, etc.) ■ For UK residential properties, copies of CGT return filed during the tax year together with relevant workings ■ Additional information as relevant (e.g. period you lived in the property if Private Residence Relief is applicable, information regarding Business Asset Disposal Relief in case of sale of shares, etc.)
Self-employment Income	■ Details of income and expenses from self-employment
Other Information	■ Details of pension contributions for the tax year, including type of pension contribution (relief at source or net pay arrangement) ■ Detailed break-down of any gift aid donations made during the tax year ■ Type of student loans (Type 1 or Type 2), if any ■ Details of any child benefit claimed ■ Details of income from any partnership or LLP ■ Details of income from any foreign countries ■ Details of any other income during the year ■ Any other relevant information for the preparation of tax return

Sending Self Assessment Tax Returns

You need to register for Self Assessment Tax Returns before sending the tax return. You may not have to register if you send the tax returns yearly. However, if this is your first time or you did not register for the tax return last year, you must register again. You must register for Self Assessment Tax Returns by 5 October.

Here are the following steps you must take before sending out a Self Assessment Tax Return:

- **STEP 1** Register for the tax return with HMRC. Choose an appropriate CATEGORY (self-employed, partner in a business partnership, landlord, company director, pension income, and more.)
- **STEP 2** Get your Unique Taxpayer Reference (UTR) number, sent to you by HMRC after registration
- **STEP 3** Activate your Government Gateway account using the provided activation code, which will be sent to you by post
- **STEP 4** Complete your account setup, which allows you to log in and file your tax returns

After registering for the tax returns, there are two methods to send your Self Assessment Tax Returns. You can either send tax returns through the online portal or the paper filing process.



Paper Returns

If you opt for paper filing, you must either download and print the tax return form SA100 and any other supplementary pages from gov.uk or order paper forms by calling HMRC on 0300 200 3610.
The deadline for submitting the Self Assessment Paper Returns is 31 October of the tax year. For instance, if you submit the tax returns for the Tax Year 2023/24, you must submit your paper returns by 31 October 2024. However, make sure to prepare and submit your tax returns early because the registering and obtaining UTR process by the HMRC takes about 20 days. In addition, it may take more than 20 days during peak seasons, such as the paper and online filing deadlines.

Online Returns

If you choose the online route to submit your Self Assessment Tax Returns, you have to register for the HMRC online services first, which can take up to 10 working days. Then, you can log in to your personal tax account and fill in your tax return online. Many choose to submit their tax returns online due to its quick, easy, and secure process and many other advantages.
The deadline for submitting the Self Assessment Online Returns is 31 January of the tax year. For instance, if you submit the tax returns for the Tax Year 2023/24, you must submit your online returns by 31 January 2025.

Here are some of the advantages of online Self Assessment Tax Returns:

01 Extra 3 months to file your tax return

02 24-hour online service

03 Automatic calculation of tax

04 View returns you have made before and check your details

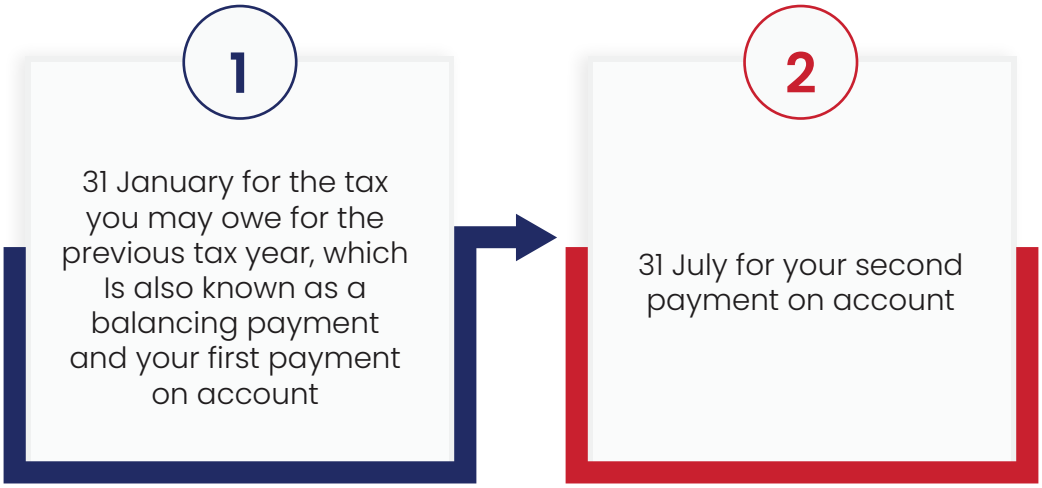
05 Sign up for paperless notification

06 Faster repayment if you are due one



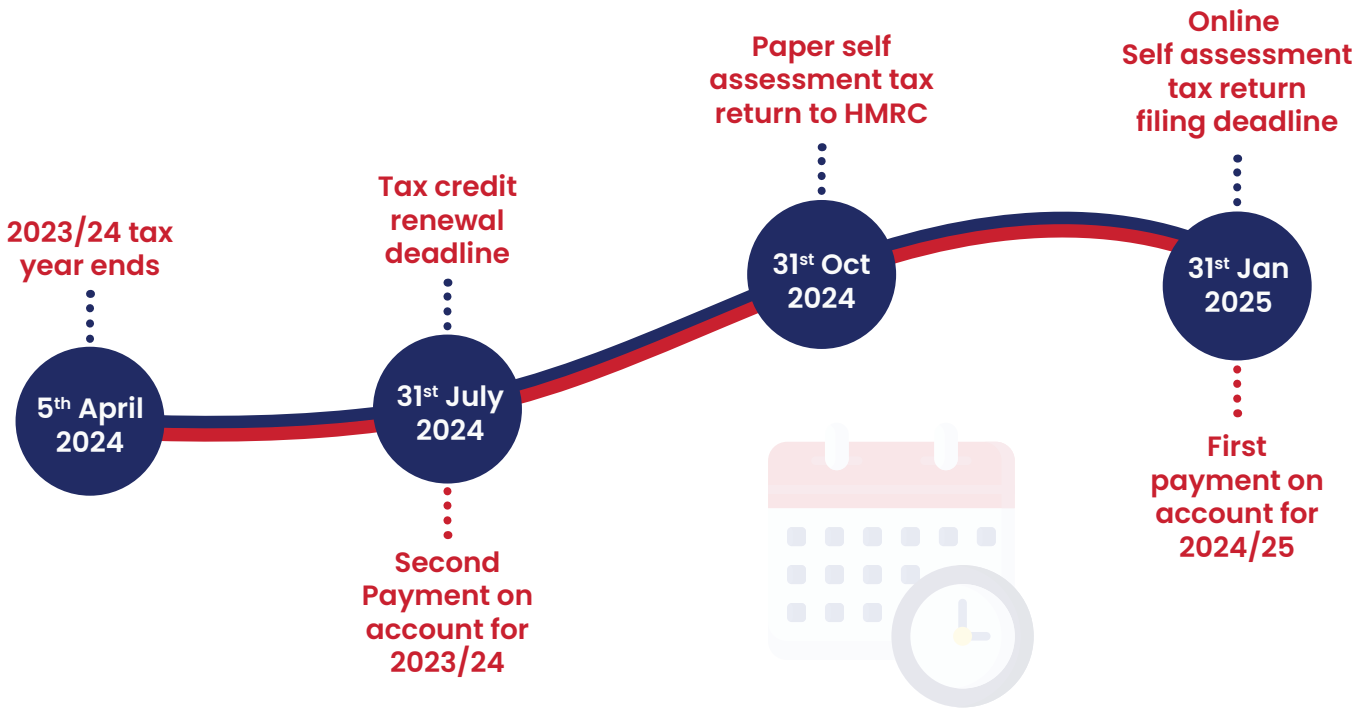
Paying Your Self Assessment Tax Returns

You must pay your Self Assessment Tax bill two times in a tax year. Here are the deadlines and the payments for the tax return you must make:



Here is a table containing all the key dealines for the submission of Self Assessment Tax Return for the Tax Year 2023/24:

Particulars	Dates
Registration for Self Assessment	5 October 2024
Submission for Paper Return	31 October 2024
Submission for Online Return	31 January 2025
Payment of Self Assessment (First Payment on Account & Balancing Payment)	31 January 2025
Second Payment on Account	31 July 2025
Amending Tax Return	31 January 2026



How To Pay?

There are various methods to pay your Self Assessment Tax Returns according to the time you take to pay. Previously, a taxpayer could make the payments through the Post Office, but this option is no longer available even for paper returns. Here are the methods through which you can make payments:

Time	Methods
Same or next day	If you pay the tax the same or the next day, you can choose one of the following methods: ■ Online bank account ■ Online or telephone banking ■ CHAPS ■ Debit or corporate credit card online ■ Bank or building society
3 working days	If you pay the tax within 3 working days, you can choose one of the following methods: ■ BACs ■ Direct Debit ■ Cheque through post
5 working days	If you pay the tax within 3 working days, you can choose one of the following methods: ■ Direct Debit
Instalments	You can set up weekly or monthly payments for your tax bill and make one-off payments through either: ■ Online banking ■ Telephone banking ■ Direct Debits ■ Posting Cheques

Payments on Account

Payments on Account are the advance payments made towards your Self Assessment tax bill. A taxpayer must make two payments on account every tax year. However, some taxpayers do not need to make two payments on account every year unless:

01 Your previous Self Assessment tax bill was less than £1,000

02 You paid more than 80% of the previous year's tax owed

Each payment on account is made by estimating half of the previous year's tax bill and is due by 31 January and 31 July each tax year. If you still owe HMRC some amount after making the payments on account, you must make a balancing payment on 31 January next year.

For example,

If your Self Assessment tax bill is £3,000 for the tax year 2022/23 and £4,500 for the tax year 2023/24, payments on accounts are made as follows:

- £1,500 on 31 January 2024 (50% of the previous year's tax bill £3,000)
- £1,500 on 31 July 2024

Again, the deadline to pay the tax bill is 31 January 2025, during which you make a payment of £3,750. Let us break down this payment:

- First, you make a balancing payment of £1,500 (£4,500 - £3,000)
- Then, you make your first payment on account for the tax bill of 2024/25, which is 2,250 (50% of £4,500)

If you expect a lower amount of tax bill in a tax year, you can contact HMRC and ask them to reduce your payments on account. However, even if you do not reduce your payments on account, you can contact HMRC for situations such as overpayment or underpayment. If you overpay, HMRC will send you a refund.

However, if you underpay, you should either make balancing payments to pay the tax amounts that you are liable for or HMRC will charge you with interest.



Penalties & Interests

HMRC charges you with penalties and interest if you are late to file and pay the tax bill for Self Assessment Tax Return in any given tax year. In addition, penalties and interest may also apply to you if you make any mistakes in the tax return.

Penalties for Late Filing

Here is a table containing the penalties that HMRC may charge if you are late to file your Self Assessment Tax Return:

Particulars	Penalty
Missing the deadline	£100
3 months late	Late penalty of £10 per day for up to 90 days (maximum of £900)
6 months late	5% of tax due or £300, whichever is greater
12 months late	5% of tax due or £300, whichever is greater If the taxpayer is deliberately withholding information, the penalty is based on behaviour: ■ Deliberate and concealed withholding of information: 100% of the tax due or £300, whichever is greater ■ Deliberate but not concealed: 70% of the tax due or £300, whichever is greater

Penalties for Late Payment

Here are the penalties that HMRC may charge if you are late to make payments towards your tax bill:

Particulars	Penalty
30 days	5% of tax due
6 months late	5% of tax outstanding at that date
12 months late	5% of tax outstanding at that date

Penalties for Mistakes

If you make mistakes on your Self Assessment Tax Return, there is a possibility that HMRC imposes penalties and interests on those mistakes. The penalties are based on the behaviour of the taxpayer. Here is a table containing the penalties and interests for mistakes on your tax return:

Type of Behaviour	Unprompted Disclosure	Prompted Disclosure
Non-deliberate-within 12 months of tax being due	0% to 30%	10% to 30%
Non-deliberate-12 months or more after tax was due	10% to 30%	20% to 30%
Deliberate	20% to 70%	35% to 70%
Deliberate and concealed	30% to 100%	50% to 100%

How to Appeal?

If you disagree with a penalty or believe that HMRC has made a mistake, you can appeal against the penalty. You can either contact HMRC within 30 days from the date the penalty was issued or make an appeal. You will need a valid reason to appeal against the decision of HMRC. Here is some information you will need to make an appeal:

01 Date of penalty issue

02 Date of filing of Self Assessment Tax Return

03 Date of payment of tax bill

04 Details of reasonable excuse for filing your return late or not making your payment on time

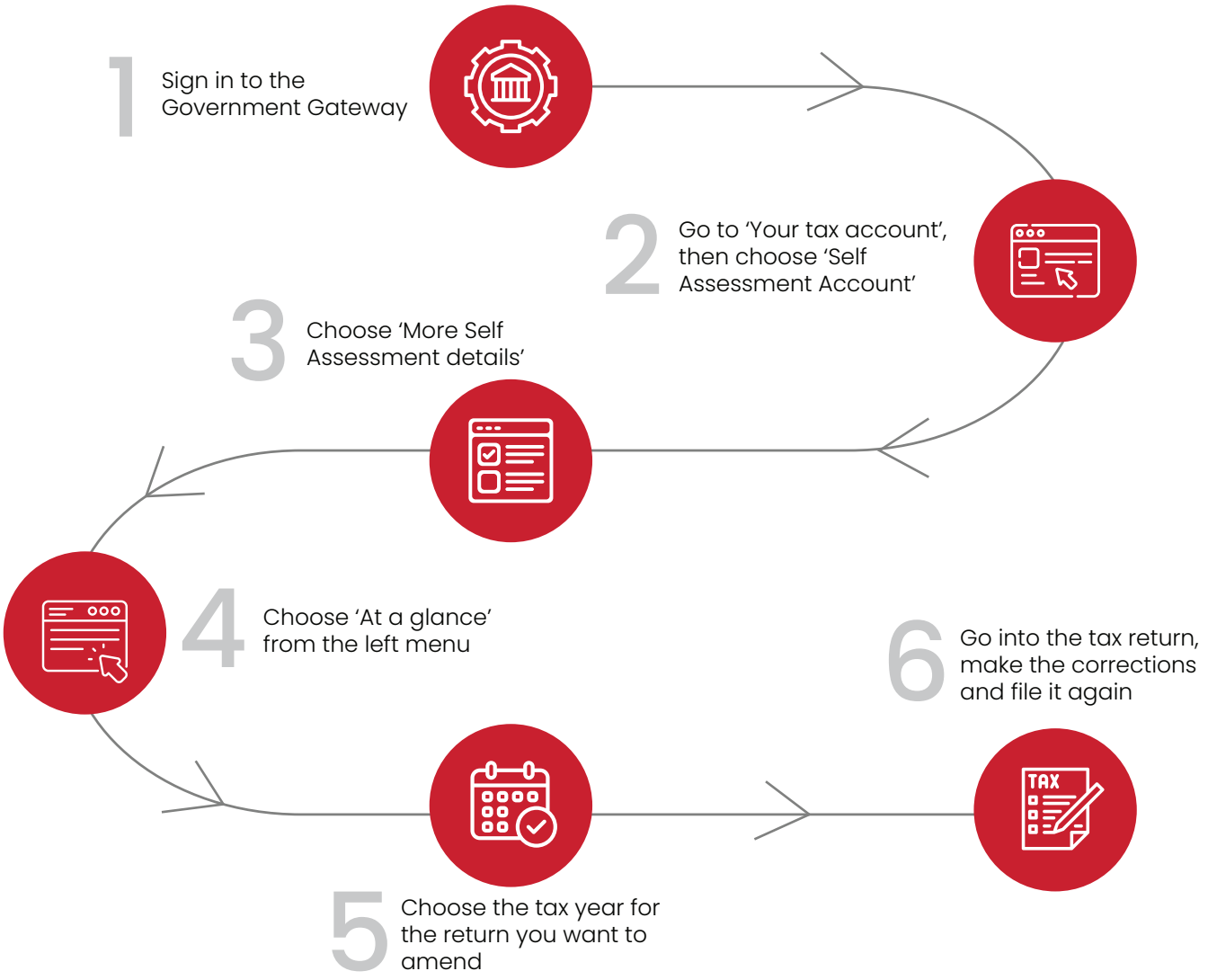
You can either appeal online or download the SA370 or SA371 form and appeal by post. If your appeal is rejected, you will have to pay interest on the penalty from the date it was due to the date you made the payments. If HMRC agrees with your appeal, the tax authority will repay the payments you have made with interest from the date you paid it.

Amending/ Correcting Your Self Assessment Tax Returns

If you make a mistake or miss information in your Self Assessment Tax Returns, you can correct or make amendments to your tax return. You must wait at least 72 hours or 3 days after filing the tax return to make amendments to the return. Also, you should make corrections to your return within 12 months of the Self Assessment deadline, so 31 October for paper returns and 31 January for online returns. For the tax year 2023/24, the deadline to amend the tax return 31 January 2026 for online returns and 31 October 2025 for paper returns.

You can choose either paper returns or online returns to make corrections to your tax return. If you choose paper returns, you should call HMRC and request the SA100 form. You should then correct the return and send the corrected pages to HMRC's address. You must write 'amendment' on each page and include your name and UTR number on each page.

If you choose the online route, you can take the following steps to amend your tax return:



Please note that HMRC can impose penalties and interest for a mistake in the Self Assessment Tax Return based on your behaviour. Also, if you miss the deadline for amending your tax return, you might have to pay additional penalties.

Tax Rates in the UK

Payment of your Self Assessment Tax bill depends on the tax bracket you lie on according to your annual taxable income. There is a personal allowance threshold, where no tax rates apply. The personal allowance is currently set at £12,570. Currently, the tax rates are:

Tax Bracket	Taxable Income	Tax Rate
Basic rate taxpayer	£12,571 to £50,270	20%
Higher rate taxpayer	£50,271 to £125,140	40%
Additional rate taxpayer	Over £125,140	45%

So, if your annual income is £50,000 in the Tax Year 2023/24. Your taxable income will be £37,430 (£50,000 - £12,570). And, because you lie on the basic rate tax bracket, you will have to pay 20% of the tax rate. This means your tax bill will be £7,486 (£37,430 x 20%). You will have to pay £7,486 as your Self Assessment Tax bill.

In addition, the personal allowance threshold decreases by £1 for every £2 that your adjusted net income is above £100,000. So, your personal allowance is 0 if your income is £125,140 or above.

Allowances and Reliefs

You can claim different types of reliefs and allowances that could reduce your Self Assessment Tax bill by a significant amount.



Marriage Allowance

Marriage allowance helps you transfer £1,260 of your personal allowance to your husband, wife or civil partner.



Gift Aid & Donations

An extra 25p can be claimed for every £1 donated through gift aid and donations.



Pension Contributions

Private pension contributions can provide tax relief worth up to 100% of annual earnings.



Mortgage Interest Relief

Mortgage Interest Relief could be claimed till April 2017. Now, landlords can claim a tax credit instead.

Here are some allowances and reliefs explained below:

Marriage Allowance

Marriage allowance allows you to you transfer £1,260 of your personal allowance to your husband, wife or civil partner. This can reduce your spouse's tax by up to £252 in a tax year. Marriage allowance only applies when the following criteria are met:

01 You are married or in a civil partnership

02 One of the spouses does not pay Income Tax or has income below the personal allowance threshold of £12,570

03 Another spouse pays Income Tax at the basic rate, which is income between £12,571 and £50,270

Gift Aid and Donations

A certain amount of tax can be claimed by making donations to charities through gift aid or Community Amateur Sports Clubs (CASCs). An extra 25p can be claimed for every £1 donated. This will not cost extra or any tax.

For example, if you donate £100 to charity, they can claim Gift Aid to make your donation £125. If you pay £40 tax, you can claim back £25 (£125 x 20%).

Additionally, your donations will qualify as long as they are not more than 4 times of what you have paid in tax in that tax year. Also, you usually pay taxes and report activities from the previous tax year in Self Assessment Tax Returns. However, you can claim tax relief on donations you make as Gift Aid in the current tax year if you want tax relief sooner or will not pay a higher rate of tax in the current year.

Also, your tax-free allowance can increase if you make donations through Gift Aid and claim Married Couple's Allowance.



Pension Contributions

Private pension contributions can provide tax relief worth up to 100% of annual earnings. The tax relief can be claimed or automatically deducted from the tax bill. Tax relief can be gained automatically if either:

- Your employer takes pension contributions from your workplace out of your pay before deducting Income Tax
- Your pension provider claims tax relief from the government at the basic rate of 20% and adds it to your pension pot. This is known as relief at the source

You need to claim the tax relief on pension contributions yourself if:

- You pay Income Tax at a rate above 20%, and your pension provider claims the first 20% for you, which is a relief at the source
- Someone else pays your pension
- Your pension scheme is not set up for automatic tax relief

If you pay Income Tax at a tax rate above 20%, you can claim additional tax relief on your Self Assessment Tax Return for your private pension contributions. This is different according to tax rate:

- 20% up to the amount of any income you have paid 40% tax on
- 25% up to the amount of any income you have paid 45% tax on

Mortgage Interest Relief

Mortgage Interest Relief could be claimed in Self Assessment Tax Returns. However, HMRC abolished this relief in April 2017. Currently, a tax credit can be claimed instead of the mortgage interest relief. This helps landlords to reduce their tax liability based on a specified amount. The eligible deduction is calculated at 20% of the lower of the following:

- **Finance costs** - i.e., the costs not deducted from rental income in the current year.
- **Property business profits** - i.e., the profits of the property business in the tax year, after accounting for any losses carried forward.
- **Adjusted total income** - i.e., the individual's total income minus the personal allowance.

The restriction is put in place to ensure that the reduction is not used to create a tax refund.

Note: While the restriction does not affect the amount of tax paid by individuals in the basic rate tax band, it is incorrect to assume that it does not apply to them. The restriction will not result in additional tax because they pay tax at 20% on the rental profit before interest and receive a 20% credit for the interest paid, resulting in the same tax liability as before the restriction. However, the calculation method differs from the pre-restriction approach.

Additional Considerations for Self Assessment

There are different added considerations for Self Assessment Tax Returns. Here are some of them:

Student Loan Repayment

A student loan does not automatically mean that you need to submit your Self Assessment Tax Return. You only need to submit the tax return if HMRC asks you to do so or if it is needed for your taxes. Student loan repayment under Self Assessment is included with your National Insurance Contribution (NIC) and Self Assessment tax bills. So, your student loan repayments are due on 31 January at the end of the tax year. Also, if you are late to pay the tax bills, you will face the same penalty for your student loan repayment.

High Income Child Benefit Charge (HICBC)

High Income Child Benefit Charge is paid if you or your partner have an individual income of over £60,000 annually and either:

01 You or your partner get child benefit

02 Someone else gets child benefit for a child living with you, and they contribute at least an equal amount toward the child

If you need to pay HICBC, you must register for Self Assessment, fill out a Self Assessment Tax Return each tax year and pay your tax bill.

- Notify HMRC about the tax year you are referring to
- Your name, address, date of birth, National Insurance number
- Adjusted net income
- Your partner or ex-partner's name

Trading Loss Adjustments

You can usually claim a loss relief for trading losses in your Self Assessment Tax Return. Also, you can make adjustments to your future Self Assessment Tax Returns on the losses you face in a tax year. However, you need to notify HMRC about any future adjustments by writing to them. Or you do not need to report your losses at all unless your trading disposals exceed £50,000.

Self Assessment if You are a Property Investor

As a property investor, you must submit a Self Assessment Tax Return and report any rental income or other financial activities done throughout the past tax year.

Here is a step-by-step process for submitting your Self Assessment Tax Return as a property investor:

STEP 1

Register for Self Assessment

Firstly, the taxpayer will need to register for Self Assessment Tax Return with HMRC either online or by post. There is no need to register again if you have already registered previously. However, if you have not already registered, you need to register by 5 October following the end of the tax year for which you need to file a return. After registering, you will get a Unique Taxpayer Reference (UTR) number, which is essential when submitting the tax return.

STEP 2

Collect Information

Keeping Records of rental income, expenses, and other financial activities must be done through out the tax year. Records include documents such as:

- Rent receipts
- Bank statements
- Maintenance and repair invoices
- Service charges
- Insurance and council tax payments
- Mortgage interest statements and more

These records of at least the past 6 years must be kept in case HMRC asks for them.

STEP 3

Calculate Your Taxable Income

The taxable income is the difference between rental income and allowable expenses in a tax year. Allowable expenses include mortgage interests, maintenance and repairs, letting agent fees, ground rents and service, charges, insurance premiums, and more.

STEP 4

Calculate Mortgage Interest Relief

Mortgage interest relief can no longer be deducted as mortgage interest costs from rental income from April 2020. However, a property landlord can receive a 20% tax credit based on the landlord's mortgage interest payments.

STEP 5

Determine Capital Gains Tax (if applicable)

If a property landlord sold a property or any other asset and made chargeable gains from the sale of the asset, Capital Gains Tax must be included in the Self Assessment Tax Return.

STEP 6

Fill Your Self Assessment Form

To fill out the Self Assessment form, a property landlord must use the Government Gateway ID. The UTR and other personal details are required.

STEP 7

Declare Other Income, Reliefs, and Deductions

Any other income or reliefs, such as personal allowances, pension contributions, marriage allowances, and more, must be declared before submission of the tax return.

STEP 8

Submit Your Return

After double-checking all the figures and ensuring everything is included in the tax return, the Self Assessment tax return can be submitted to HMRC. The deadlines for submitting the Self Assessment Tax Return are:

- **Paper filing** – 31 October following the tax year
- **Online filing** – 31 January following the tax year

STEP 9

Pay Your Tax Bill

HMRC will calculate your tax liability based on the information provided in the return. The tax owed must be paid by 31 January following the end of the tax year.

STEP 10

Keep Copies of Your Submission

The copies of the tax return must be saved in case any amendments or corrections must be made in the future.

The Self Assessment process and its associated activities can be complex to navigate. So, it is better to use professional help, as making corrections may require a taxpayer to pay added penalties. UK Property Accountants has a team of experts that can help you with every step of the Self Assessment process. UKPA also provides a free 15-minute discovery call that can help experts get a basic knowledge of a taxpayer circumstances, and a taxpayer can get an initial feel of UKPA's expertise.





FAQs

1 What is Self Assessment Tax Return?

Self-assessment is a system imposed by HM Revenue and Customs (HMRC), the UK's tax authority, for individuals and businesses to report their income, gains, and expenses and calculate any tax due.

2 How to complete Self Assessment Tax Return?

Here is the process to complete the Self Assessment Tax Return:

- Register for Self Assessment Tax Return
- Keep Records
- Calculate Taxable Income
- Calculate Mortgage Interest Relief
- Determine Capital Gains Tax (if applicable)
- Fill Your Self Assessment Form
- Declare Other Income, Reliefs, and Deductions
- Submit Your Return

3 How to file Self Assessment Tax Return?

Self Assessment Tax Return can be filed in two ways:

- Online Filing – The online HMRC portal can be used to submit the tax return
- Paper Filing – Self Assessment Tax Return can be filed by post

4 When is the deadline to submit Self Assessment Tax Return?

There are two deadlines for Self Assessment Tax Returns based on the type of return filed.

- Online Filing – 31 January 2025
- Paper Filing – 31 October 2024

5 What are the interests and penalties for Self Assessment Tax Return?

The penalties for late payment of the tax returns are mentioned in the table below:

Particulars	Penalty
30 days	5% of tax due
6 months late	5% of tax outstanding at that date
12 months late	5% of tax outstanding at that date

There are additional penalties for mistakes and late filing of Self Assessment Tax Returns.

UK Property Accountants

Let's Talk

SCAN ME!

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