TAXANGLES from COMPASS ACCOUNTANTS

A newsletter for proactive planning...

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www.compassaccountants.co.uk

Contact from HMRC – Is it genuine?

HMRC use a range of communication methods, as do fraudsters. Consequently, it can be difficult to be certain that a call, email, letter or text which seems to come from HMRC actually does. How then do you tell if the communication is genuine?

Phone calls

Scammers may pretend that they are from HMRC and try to extract a person's bank details by telling them that they are entitled to a tax refund. This should set warning bells ringing – HMRC will never phone someone to tell them that they are entitled to a tax rebate or that they are to be charged a penalty, or to ask for personal information.

Not all calls purporting to be from HMRC will be a scam. However, to help callers identify whether a call is genuine, HMRC publish details of their current phone contacts. The list is available on the Gov.uk website at www.gov.uk/guidance/check-if-a-phone-call-youve-received-from-hmrc-is-genuine.
However, a missed call or voicemail from 0300 200 3884 is from HMRC.

Emails

Scammers also send emails purporting to be from HMRC. However, as with phone calls, HMRC publish a list of recent email topics, which can be found of the Gov.uk website at www.gov.uk/guidance/check-if-an-email-youve-received-from-hmrc-is-genuine.
It is advisable not to open a link in an email.

Letters

HMRC may write to taxpayers. However, it is prudent to check that a letter which seems to be from HMRC

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actually is. HMRC publish a list of recent letters that they are sending out, details of which can be found on the Gov.uk website at www.gov.uk/guidance/check-if-a-letter-youve-received-from-hmrc-is-genuine. Examples of genuine letters include Letter IDMS99P which tells someone that they have an overdue payment on a Simple Assessment and Letter IDMS99 which tells someone that they have a payment which is overdue. HMRC may also reply to correspondence by letter.

Texts

HMRC do communicate by text, for example, to follow up a call to a helpline or to advise someone that their Self-Assessment refund is being processed. Some texts may have HMRC branding which will show HMRC as the sender, include the HMRC logo and contain the verified sender information. As with other forms of communication, HMRC publish details of recent text contact on the Gov.uk website (see www.gov.uk/guidance/check-if-a-text-message-youve-received-from-hmrc-is-genuine). HMRC will never ask for personal information in a text. While a text from HMRC may include a link to the Gov.uk website or to a webchat, recipients should not open any links or reply to a text that claims to be from HMRC and offers a tax refund in exchange for personal information.

QR code

Leaflets and letters from HMRC may contain a QR code which can be scanned to access further information or help. Details of genuine letters from HMRC containing a QR code can be found on the Gov.uk website at www.gov.uk/guidance/check-if-a-qr-code-on-a-letter-youve-received-from-hmrc-is-genuine.

More than one method of communication

HMRC may use more than one method to communicate with a taxpayer, for example, a letter followed by a phone call. Details of current contacts using more than one method of communication can be found on the Gov.uk website at www.gov.uk/guidance/check-genuine-hmrc-contact-that-uses-more-than-one-communication-method.

Reporting suspicious communication

Scam text and email messages and scam social media accounts claiming to be from HMRC should be reported. Scam emails should be forwarded to phishing@hmrc.gov.uk, scam texts can be forwarded to 60599 and scam calls can be reported online.

Stay alert

It is important to stay alert and check whether communications from HMRC are genuine.

July payment on account and what to do if you need to reduce it

Taxpayers within Self-Assessment must make payments on account towards their next tax and Class 4 National Insurance bill if the tax that they owed for the previous tax year was £1,000 or more, unless they paid more than 80% of the tax that they owed for that year outside Self-Assessment, for example, under PAYE. Each payment on account is 50% of the tax and Class 4 National Insurance liability for the previous tax year. The payments must be made by 31 January in the tax year and 31 July after the tax year. If more tax and Class 4 National Insurance is due for the year, the balance must be paid by 31 January after the end of the tax year.

Example

Tom is a self-employed gardener. In 2024/25 he had profits from self-employment of £45,000. He paid tax of £6,486 and Class 4 National Insurance of £1,945.80 – a total bill of £8,431.80.

As his total tax and Class 4 National Insurance bill is more than £1,000, he must make payments on account towards his 2025/26 bill. Each payment on account is £4,215.90 (50% of £8,431.80).

31 July 2026 deadline

The second payment on account for 2025/26 is due by 31 July 2026. If payment is not made on time or the full amount is not paid by this date, interest will be charged from the due date of 31 July 2026 to the date that the payment is made in full.

Review the payments

As the July payment on account is made after the end of the tax year to which it relates, the profit for that tax year may be known. Where this is the case, the payment on account should be compared to the actual payments which will be due for the year. If taxable income has fallen, for example, because profits are less in 2025/26 than in 2024/25, the payments on account can be reduced.

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Example

The facts are as in the example above. In June 2026, Tom does his accounts for 2025/26. During that year, he took some time off to care for his elderly mother. As a result, his profits have fallen and for 2025/26 are £36,000. His tax bill for 2025/26 is £4,686 and his Class 4 National Insurance bill is £1,405.80 – a total of £6,091.80.

If Tom makes two payments on account of £4,215.90, he will overpay by £2,240 Consequently, he reduces his payments on account.

Reducing payments on account

Where a taxpayer knows that their bill will be lower this year than last year, they can ask HMRC to reduce their payments on account.

The taxpayer can do this online by signing into their personal tax account, selecting the option to view their Self-Assessment return and selecting the 'reduce payments on account' option. An application to reduce payments on account can also be made by post on form SA303.

Example

The facts are as in the above example. Tom opts to reduce each payment on account to £3,045.90 (50% of his 2025/26 liability). He paid £4,215.90 on 31 January 2026. He must therefore pay £1,875.90 by 31 July 2026.

The payments on account will match his 2025/26 liability so there will be no balancing payment to make by 31 January 2027 (although the first payment on account for 2026/27 of £3,045.90 will be due by that date).

It is important to note that if the payments on account are reduced by too much, interest will be charged on the shortfall.

Temporary reduction in VAT on children's meals and certain attractions

On 21 May 2026, the Chancellor announced a temporary reduction in the rate of VAT applied to children's meals and admission to certain attractions. It does not apply to sporting activities. The measure is intended to help families over the summer holiday period.

Children's meals and tickets to attractions currently are liable for VAT at the standard rate of 20%. However, from 25 June 2026 to 1 September 2026 inclusive, a temporary reduced rate of 5% will apply to qualifying children's meals and tickets to attractions. The rate will revert to 20% from 2 September 2026.

Qualifying supplies

The temporary reduced rate will apply to children's meals, children's cinema, theatre, show and concert tickets and admission to certain attractions.

Children's meals

For a meal to be a 'children's meal' both of the following must apply:
·the meal is held out for sale only as a meal for children; and
·the meal is supplied as part of catering by a restaurant, café or similar establishment for consumption on the premises.

It is important to note that the marketing, presentation and price determine whether a meal is a children's meal rather than who consumes it. Consequently, the reduced rate will not apply to an adult meal consumed by a child but will apply if an adult purchases a children's meal. It should also be noted that the temporary reduced rate will not apply to meals marketed as smaller portions, lower-calorie options, discounted versions of adult meals and shared meals intended for both adults and children. Where the same meal appears on both the adult menu and the children's menu, the children's version should be smaller and cheaper. However, portion size alone will not determine whether a meal is a children's meal.

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If the children's meal is supplied as a package and includes more than one course and a (non-alcoholic) drink, the reduced rate applies to the whole package. However, separate add-ons, such as sides, retain their usual VAT treatment. Meals that include an alcoholic drink are not regarded as children's meals.
The reduced rate does not apply to takeaway meals. Meals that are currently exempt, such as those provided alongside a supply of education, remain exempt.

The measure will reduce the cost of a children's meal which normally costs £12 to £10.50.

Theatre and cinema tickets

The temporary reduction in VAT will apply to children's cinema and theatre tickets. These are tickets which are marketed and sold only as a right of admission for a child. A family ticket which provides admission for one or more children will also benefit from the reduced rate. However, group tickets which are not family tickets do not qualify. Adult tickets remain standard rated. The measure will reduce the cost of a £30 children's theatre ticket to £26.25.

Attractions

The temporary reduced rate will also apply to admission tickets to qualifying attractions that are suitable for families. Unlike cinema and theatre tickets, here the reduced rate applies to all admissions, regardless of the customer's age.

Qualifying attractions are amusement parks and fairs (including water and theme parks but not pay-per-ride attractions), circuses, adventure parks, museums and other cultural facilities (such as nature reserves, planetariums, heritage sites and botanical gardens), zoos, aquariums, wildlife parks and farm visitor attractions, soft play centres, indoor bounce parks and indoor play facilities and observation attractions, including viewing platforms, towers and observation wheels.

The reduced rate applies only to admissions and only during the period from 25 June 2026 to 1 September 2026.

Contacting HMRC

A taxpayer may need to contact HMRC if they have a query about their tax affairs. There are various ways in which this can be done.

HMRC's digital assistant

Taxpayers can ask HMRC's digital assistant for help by visiting the Gov.uk website at www.tax.service.gov.uk/ask-hmrc/chat/self-assessment. If the digital assistant is unable to answer the question, the taxpayer can ask to be transferred to a webchat with an HMRC advisor if they are available.

X

HMRC will answer queries via X. However, this route cannot be used to discuss specific cases, so taxpayers should not include personal details. The post should start with @HMRCcustomers. The service is available between 8am and 8pm Monday to Friday and between 8am and 4pm on Saturday.

Phone

Taxpayers can also contact HMRC by phone. For Self-Assessment queries, taxpayers should call 0300 200 3310. Taxpayers with income tax queries should call 0300 200 3300. The lines are open from 8am to 6pm Monday to Friday.
Contact details for other helplines can be found on the Gov.uk website.

Post

HMRC can also be contacted by post. The correct address will depend on the nature of the query.
For Self-Assessment queries, taxpayers should write to:
Self-Assessment
HM Revenue and Customs
BX9 1AS

For PAYE and income tax queries, taxpayers should write to:
Pay As You Earn and Self-Assessment
HM Revenue and Customs
BX9 1AS

Taxpayers who have already contacted HMRC can use the online service to check when they can expect a reply. Taxpayers are advised not to contact HMRC again until this date has passed. The service is available on the Gov.uk website at www.gov.uk/guidance/check-when-you-can-expect-a-reply-from-hmrc.

Self-Assessment after bankruptcy

Where a taxpayer has been made bankrupt, their Unique Taxpayer Reference (UTR) expires at the end of the tax year in which they were made bankrupt.

They cannot use that UTR to file Self-Assessment tax returns for later tax years. Instead, they must re-register for Self-Assessment and obtain a new UTR if they continue to trade after the tax year in which they were made bankrupt or if they need to complete a Self-Assessment tax return for any reason after that tax year.

The old UTR must be used for all Self-Assessment tax returns filed for the tax year in which the person became bankrupt.

Having different UTRs for pre- and post-bankruptcy enables HMRC to keep the person's tax affairs for each period separate and ensures that future tax returns are processed correctly.

If the old UTR is used post-bankruptcy, this will lead to delays in processing as HMRC will need to correct the UTR.

TAX DIARY

JULY

1st July - For companies with September year ends Corporation Tax is due
6th July - P11d Expenses and Benefits Filing Deadline
7th July - Electronic Payments of VAT must have reached HMRC
7th July - Electronic Submission of VAT returns deadline
19th July - June's PAYE and Class 1 NIC postal payments must reach HMRC
19th July - Class 1A NICs Postal Payments must reach HMRC
22nd July - June's PAYE and Class 1 NIC Electronic Payment must be cleared to HMRC
22nd July - Class 1A NICs Payments Electronically must be cleared
31st July - Self Assessment 2nd Payment on Account Deadline
31st July - For companies with July year ends Corporation Tax Returns are due
31st July - Tax Credits Deadline

AUGUST

1 August– Due date for corporation tax due for the year ended 31 October 2025
19 August – PAYE and NIC deductions due for month ended 5 August 2026 (If you pay your tax electronically the due date is 22 August 2026)
19 August – Filing deadline for the CIS300 monthly return for the month ended 5 August 2026.
19 August – CIS tax deducted for the month ended 5 August 2026 is payable by today.