TAXANGLES from COMPASS ACCOUNTANTS

A newsletter for proactive planning...



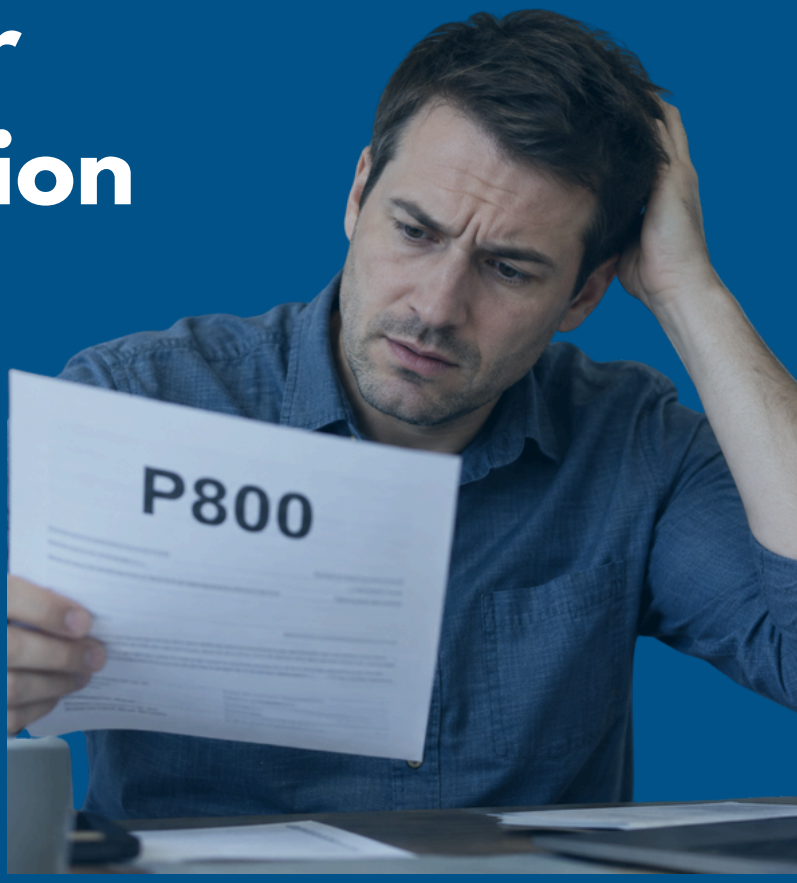
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October 2026 Issue

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Understand your P800 reconciliation



HMRC send out a P800 tax calculation letter where a person who is employed and/or in receipt of a pension has overpaid or underpaid tax. They will not get a letter if they complete a Self-Assessment tax return instead; their Self-Assessment bill will be adjusted automatically.

There are various reasons why a person may receive a letter, for example, because they were on the wrong tax code, they finished one job and started another in the same tax month, they started receiving a pension while they were still working or they received Employment and Support Allowance or Jobseeker's Allowance. They may owe tax or be due a tax refund as a result.

Claiming a refund

Where the taxpayer is due a tax refund, the P800 letter will explain how to claim that refund. Where the letter states that the refund can be claimed online, the taxpayer can make the claim by visiting the Gov.uk website at www.gov.uk/tax-overpayments-and-underpayments/if-youre-due-a-refund.

Claims can also be made through the taxpayer's personal tax account or the HMRC app or by contacting HMRC. Where a claim is made online, the refund should be received in five working days. If the tax calculation letter states that the taxpayer will get a cheque, they do not need to do anything – the cheque will normally be received within 14 days of the date on the P800 letter.

Owing tax

If the P800 tax calculation letter says that the taxpayer owes tax, HMRC will usually collect this by amending the taxpayer's tax code so as to collect the tax that is owed from the taxpayer's wages in 12 equal instalments. This will happen automatically where the taxpayer pays tax under PAYE on employment income or a pension, their income exceeds their personal allowance by a sufficient amount to collect the tax due and the amount owed is less than £3,000.

If the tax cannot be collected in this way, HMRC will write to the taxpayer.

Check the calculation

It is dangerous to simply assume the tax calculation is correct – it should always be checked.

Particular problems are known to arise as regards the allocation of allowances where the taxpayer has more than one source of income. Under current rules, allowances should be allocated so as to give the best outcome. However, in practice this does not always happen, and errors can result particularly in relation to the application of the savings nil rate band.

If you think the calculation is wrong, contact HMRC. If they agree that the calculation is incorrect, they will issue a new one. If they don't agree, they will explain why.

Tax refunds for more than one tax year

HMRC are changing the way that tax refunds are made to the majority of taxpayers who make a multi-year P800 tax refund claim. Claims must usually be made no later than four years from the end of the tax year to which the claim relates.

Employees making a claim for a multi-year tax refund will need to request their repayment using HMRC's digital services. They will no longer receive the repayment automatically by cheque. This change brings multi-year refunds in line with the wider P800 repayment process under which taxpayers must take action in order to receive money that they are owed by HMRC.

Once a multi-year claim has been processed, the taxpayer will receive a P800 tax calculation letter which will ask them to request their repayment. The quickest way to do this is through their HMRC personal account or via the HMRC app.However, the taxpayer does not need to be fully set up for HMRC's online service in order to request their repayment as they can request their refund using the online service on the Gov.uk website at www.gov.uk/tax-overpayments-and-underpayments rather than signing in through the Government Gateway. To do this, they will need the unique reference number in their P800 letter and their National Insurance number.

Taxpayers who are digitally excluded or who prefer a cheque can still get one, although they will need to wait longer for their money.





Child benefit and paying the HICBC

The High Income Child Benefit Charge (HICBC) claws back child benefit if the recipient and/or their partner earns more than the threshold. For 2026/27, the charge applies once adjusted net income exceeds £60,000. Where both the recipient and their partner have adjusted net income of more than £60,000, the charge is levied on the one with the highest income. The person liable to pay the charge may not be the person who received the child benefit.

The charge claws back 1% of the child benefit for the tax year for every £200 by which adjusted net income exceeds £60,000. Once adjusted net income reaches £80,000, the HICBC is equal to the child benefit for the year. For 2026/27, child benefit is set at £27.05 per week for the eldest child and £17.90 per week for each additional child.

Opting not to receive the benefit

Where the HICBC will claw back all the child benefit for the tax year (which will be the case where adjusted net income is £80,000 or more), it may be preferable not to receive the child benefit rather than receiving it and paying it back. A person can opt out of receiving child benefit either by using the online service or completing the online form.
It is important to claim child benefit then opt out (rather than simply not claiming it) to benefit from the associated National Insurance credits, particularly where the claimant would not otherwise secure a qualifying year for state pension purposes.

Paying the charge through Self-Assessment

It used to be the case where a taxpayer needed to pay the HICBC, they had to register for Self-Assessment if not already registered and pay the charge through the Self-Assessment system. However, with the introduction of the PAYE service, the charge is now only payable through Self-Assessment where the person needs to send in a Self-Assessment tax return for another reason (as will be the case, for example, if they have trading, property or investment income) or if they have not paid the charge by 31 January after the end of the tax year to which it relates.

Paying the charge through PAYE

A new service was launched last year which allows taxpayers to pay the HICBC through PAYE, removing the need to register for Self-Assessment solely to pay the HICBC. The taxpayer's tax code will be adjusted to collect the HICBC through PAYE. Taxpayers must register to use this service.
However, the charge can only be paid through PAYE if all the following apply:
·the taxpayer does not need to file a Self-Assessment return for another reason;
·they are paying the tax for the current or previous tax year onwards; and
·it is before 31 January after the end of the tax year to which the charge relates.

A person who previously paid the charge through Self-Assessment can switch to paying through PAYE by contacting HMRC to be removed from Self-Assessment and to register to pay the charge through PAYE. If a person needs to be within Self-Assessment for another reason, the charge must be paid through Self-Assessment – it cannot be paid through PAYE.

Payrolling benefits voluntarily in 2027/28

Mandatory payrolling is now being introduced in stages. From 6 April 2027 onwards, employers will be required to payroll:
·company cars;
·car fuel;
·vans;
·van fuel; and
·medical benefits.

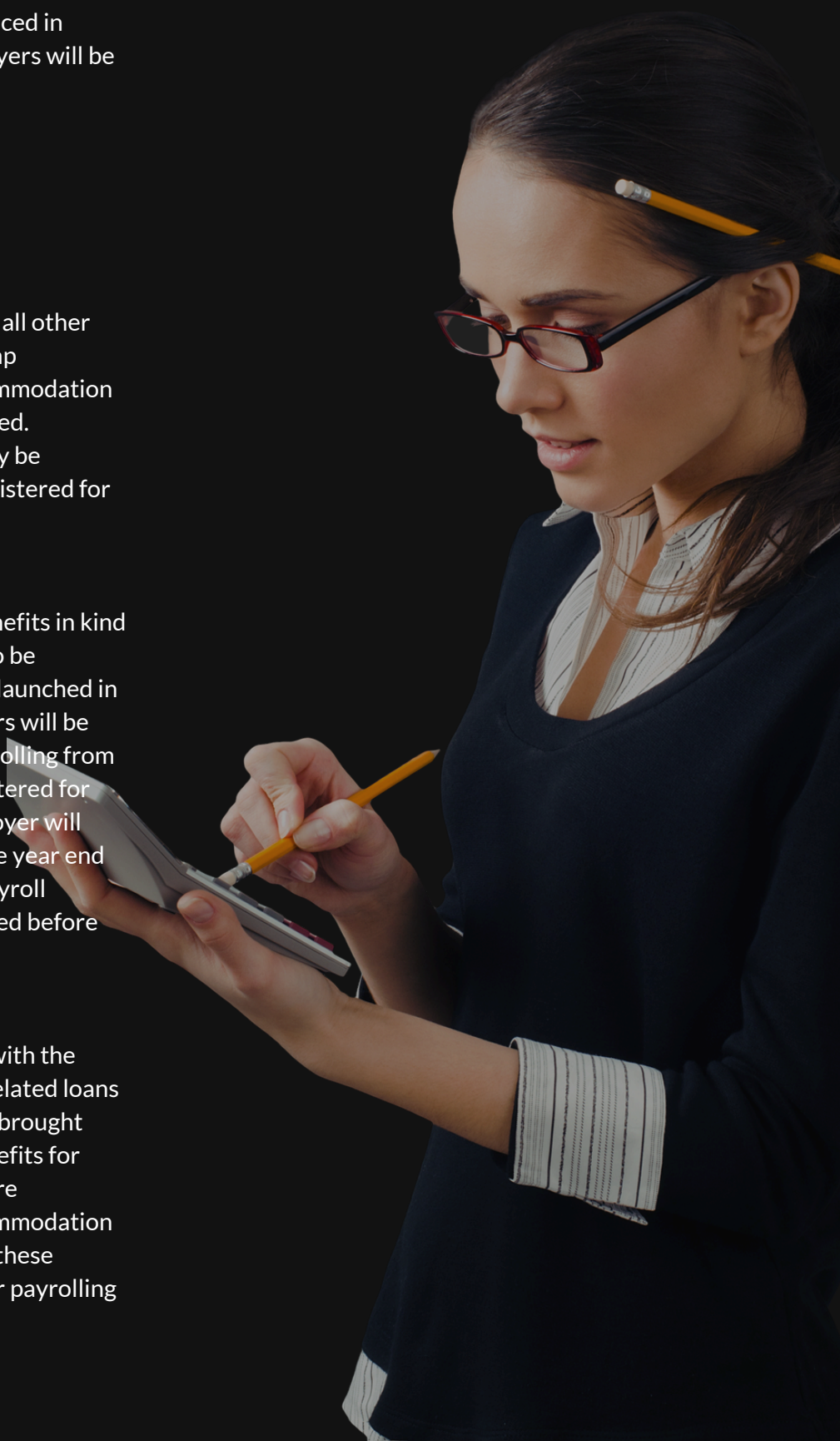
For 2027/28, employers can opt to payroll all other benefits voluntarily, including taxable cheap employment-related loans and living accommodation benefits which cannot currently be payrolled. However, non-mandatory benefits can only be payrolled in 2027/28 if they have been registered for payrolling.

New service

The service previously used to register benefits in kind for payrolling has been closed down. It is to be replaced with a new service which is to be launched in November 2026. From that date, employers will be able to register benefits for voluntary payrolling from 6 April 2027. Where benefits are not registered for voluntary payrolling in 2027/28, the employer will continue to report them to HMRC after the year end on the employee's P11D. To voluntarily payroll benefits in 2027/28, they must be registered before the start of the 2027/28 tax year.

2028/29

From 6 April 2028, all remaining benefits with the exception of taxable cheap employment-related loans and living accommodation benefits will be brought within mandatory payrolling. The only benefits for which payrolling is voluntary in 2028/29 are employment-related loans and living accommodation benefits. Employers will be able to payroll these voluntarily if they have registered them for payrolling using the new service.



TAX DIARY

OCTOBER

- 19 October 2026 – PAYE, employee and employer National Insurance contributions, student loan deductions and Construction Industry Scheme deductions are due for the month ended 5 October 2026 if payment is made by post.
- 19 October 2026 – Deadline for submitting the CIS300 monthly return for the month ended 5 October 2026.
- 22 October 2026 – Electronic payments of PAYE, National Insurance contributions, student loan deductions and CIS deductions are due for the month ended 5 October 2026.
- 22 October 2026 – Electronic payment deadline for tax and Class 1B National Insurance contributions due under a PAYE Settlement Agreement for the 2025–26 tax year. The deadline is 19 October 2026 if payment is not made electronically.
- 31 October 2026 – Deadline for submitting a paper Self Assessment tax return for the year ended 5 April 2026. Taxpayers who miss the paper filing deadline can normally file online by 31 January 2027 instead.
- 31 October 2026 – Corporation Tax returns are due for companies with an accounting period ending 31 October 2025.
- 31 October 2026 – Companies House accounts are due for private companies with an accounting period ending 31 January 2026. Different deadlines apply to a company's first accounts.
- 31 October 2026 – Plastic Packaging Tax returns and payments are due for the quarter ended 30 September 2026 where the business is registered for the tax.

NOVEMBER

- 1st November - For companies with January year ends Corporation Tax is due
- 7th November - Electronic Payments of VAT must have reached HMRC
- 7th November - Electronic Submission of VAT returns deadline
- 19th November - October's PAYE and Class 1 NIC Postal Payment must reach HMRC
- 22nd November - October's PAYE and Class 1 NIC Electronic Payment must be cleared to HMRC
- 30th November - For companies with November year ends Corporation Tax Returns are due

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