

Self-assessment tax returns abolished

Move towards new online digital tax account

The Chancellor, George Osborne, announced that self-assessment tax returns would be replaced by a new online digital tax account.

HM Revenue & Customs (HMRC) has already been moving towards a more digital world with the introduction of real-time information payroll and online filing for share schemes.

When you log on to your account, you will be able to see how your tax is calculated, as HMRC automatically updates it with information from your employer, the Department for Work and Pensions, pension providers, and banks. You will be able to pay the tax you owe when it suits you – for example, by linking to a bank account so you pay in instalments or by Direct Debit.

The Chancellor announced that millions of people will have their tax automatically managed through digital accounts from next year.

Mr Osborne said: '12 million people and small businesses are forced to complete a self-assessment tax return every year. It is complex, costly and time-consuming.

'We will abolish the annual tax return altogether.

'Businesses will feel like they are paying a simple, single business tax – and for most, the information needed will be automatically received.

'Tax really doesn't have to be taxing, and this spells the death of the annual tax return.'

According to the Treasury, the switch will be completed by 2020. In early 2016, all 5 million small businesses and the first 10 million individuals will have access to their own digital tax account. By 2017, the first group of customers with simple tax affairs will no longer have to complete an annual return.

By 2020, businesses will be able to link their accounting software to their digital tax account so they can feed in information as they choose. By the same year, 55 million people and 5 million small firms will have an online account.

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ARE YOUR FINANCIAL PLANS STILL ON TRACK AFTER BUDGET 2015?

There may have been a number of key announcements in Budget 2015 that will impact on your financial plans. If you would like to review your current situation to ensure that your plans are still on track, please contact us.