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# WEALTH KNOWLEDGE

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## Thousands benefit from time to pay

**More than 142,000 people have used the tax catchup scheme known as 'time to pay' (TPP) with HMRC to spread the cost of their self-assessment tax bill since April 2021.**

The deadline for self-assessment tax returns and payments for 2020/21 was 31 January, but HMRC gave people until 1 April to pay outstanding tax before they faced financial penalties.

The Government also extended the date after which penalties would apply for late filing of self-assessment tax returns from 31 January to 28 February.

Since April 2021, self-assessment customers have paid almost £475 million in tax through the TTP service.

Taxpayers who did not pay their tax bill by 5 April will face a 5% late payment penalty on their outstanding tax.

Those with a tax bill under £30,000 who couldn't pay in full were able to use TPP to easily spread the cost of their tax without even having to contact HMRC.

Meanwhile, those with an unpayable bill above £30,000 had to contact HMRC to arrange their payment schedule.

Myrtle Lloyd, director general for customer services at HMRC, said:

"I'd like to thank the millions of customers and agents who have sent us their tax returns and paid their tax bills."

Taxpayers can file their 2021/22 returns as of 6 April 2021.

## New law to resolve Covid rent debt

**The Government has set up an arbitration system to help resolve outstanding commercial rent debts as the general moratorium on commercial eviction ends.**

From 25 March, a legally binding arbitration process is available for eligible landlords and tenants who have not yet reached an agreement.

The Government hopes this will resolve disputes about pandemic-related rent debt and help the market return to normal.

The law applies to commercial rent debts of businesses that were mandated to close under Covid lockdowns, in part or in full, from March 2020 until date the restrictions ended for their sector.

During the pandemic, commercial tenants received a moratorium on evictions, which ended on 24 March 2022 in England and Wales.

However, eligible businesses remain protected for the next six months, during which time arbitration can be applied for.

Business minister, Paul Scully, said:

"This new law will give commercial tenants and landlords the ability to draw a line under the uncertainty caused by the pandemic so they can plan ahead and return to normality.

"Landlords and tenants should keep working together to reach their own agreements where possible, using our code of practice to help them, and we've made arbitration available as a last resort."

## National Insurance and dividend 1.25% uplift underway

**The Government has at last increased National Insurance (NI) and dividend tax by 1.25 percentage points after months of anticipation.**

The 1.25% uplift came into effect on 6 April 2022 and will apply to until April 2023, after which point a separate health and social care levy will apply on peoples' income at 1.25%.

The Government said it expects the levy to raise £39 billion over the next three years to help reduce the Covid-induced NHS backlog and reform adult social care.

The change means employees will pay NI at 13.25% on their earnings up to £50,270 a year and 3.25% of earnings above that in 2022/23.

Some employees are exempt from the uprate, including apprentices under 25 years old, employees under 21 years old, armed forces veterans and freeport employees.

Employers will pay 15.5% on earnings above £9,100 and the self-employed will pay 10.25%.

Some have criticised the Government for going ahead with the plan it first announced in September 2021, saying it is mistimed with the current cost of living crisis as inflation runs at 6.2%.

However, from July 2022, the point at which individuals pay NI will rise by £3,000 to £12,570 – equal to the income tax personal allowance.

The Government said this means around 70% of taxpayers will end up paying less in NI even when taking into account the 1.25% uplift.

## Government reintroduces pension triple lock

**The Government has committed to reinstating the pension triple lock in April 2023 after having paused the policy for a year during the pandemic.**

The commitment came from Chancellor Rishi Sunak, who confirmed to the Treasury select committee on 28 March that he would increase state pensions with the pension triple lock.

The twelve-year-old policy ensures state pensions rise in line with whichever is highest out of inflation as measured by the Consumer Prices Index (CPI), average earnings or 2.5%.

The Government suspended the triple lock for the 2022/23 tax year after it was concerned big post-pandemic rises in average earnings would have seen pensions increase by 8%.

As a result, pensions increased by 3.1% in April 2022 – far below the rate of inflation, which was 6.2% according to the CPI at the time of the uplift.

But the Government's recommitment could rise by almost 9% next year if the Office for Budget Responsibility's inflation forecasts come true.

Steve Cameron, director of pensions at Aegon, said:

"The Chancellor has given state pensioners further assurances that next April, they'll benefit from the full state pension triple lock.

"The work and pensions secretary had already made a similar commitment, but pensioners will be relieved to hear this repeated by the Chancellor who ultimately holds the purse strings."