

# Tic Tac Taxes: More than 475,000 will miss self-assessment deadline

*Handelsbanken Wealth & Asset Management research highlights self-assessment worries of the self-employed.*

Temps de lecture : minute

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*"In this world nothing can be said to be certain, except death and taxes." - Benjamin Franklin*

The only different between death and taxes is that death has the advantage to come around just once.

But they both fill the same purpose: allowing the perpetual circle of life, for it marks the end of a period and the beginning of a new era.

But with taxes comes stress. As a matter of fact, one can be worried about the financial consequences of making a mistake when filing, or the financial repercussions of missing the deadline.

Consequently, more than 475,000 self-employed people believe they will miss the January 31<sup>st</sup> deadline for completing self-assessment tax returns and paying any money owed, new research from *Handelsbanken Wealth & Asset Management* shows.

# The youth vs taxes

Data from *HM Revenue and Customs (HMRC)* said that as of January 23<sup>rd</sup>, around 3.8 million people were yet to file their returns for the 22/23 tax year, and that it is expecting 12.1 million returns to be filed in total, along with any money owed. With just over a week to go, 8.3 million online returns had been received.

Handelsbanken Wealth & Asset Management's research shows substantial numbers of self-employed workers struggle with completing self-assessment returns, with around 475,000 admitting they have missed the deadline in the past.

Around 10% say completing self-assessment returns is challenging because of their lack of financial knowledge, and 8% say completing returns is tough because calculating their income is complex. The group most likely to miss the deadline is men aged 25-34, with 16% saying they are likely to file their return late.

Around half of self-employed people complete their self-assessment returns themselves, with 30% being confident about completing their self-assessment form correctly.

*“HMRC says that those with a reasonable excuse for missing the deadline may avoid penalties, but there is the risk of a £100 fine even if there is no tax to pay, and penalties can mount up if returns are more than three months late, with additional penalties for paying outstanding tax late.” says Mark Collins, Head of Tax at Handelsbanken*

### The cost of passion

The rising number of self-assessment returns reflects changes in the way people are employed, the study also showed. Over half of the working adults surveyed describe themselves as PAYE employee with no additional income, nearly one third as fully retired, while nearly a fifth have some form of self-employed income. Around 9% are self-employed with one or more sources of income.

A quarter of adults aged between 18 and 34 have some self-employed income, compared with just 9% of those aged 55+, and 22% of those aged between 35 and 54.

The main reason identified by the research for becoming self-employed is people's desire to "follow their passion". Around a 33% cited that as their motivation, compared with 17% who became self-employed to boost their income due to the cost-of-living crisis.

Around 15% of the self-employed took the plunge following redundancy. Nearly one in eight (12%) came out of retirement to become self-employed, as they needed the additional money because of the cost-of-living crisis.

Becoming self-employed has an impact on people's contributions to their pensions and saving pots, the study shows. Around one in 10 of the self-employed contribute less to their pension, while 7% save less and 3% invest less.

