31 July 2026

Timely Payments in Income Tax Self Assessment (ITSA)

Comments from Saffery LLP

1. Executive summary

1.1 We welcome the opportunity to comment on the proposals to implement more timely payment in Income Tax Self Assessment (ITSA).

1.2 In summary, our key points are as follows:

- While we support the objective of helping taxpayers manage future tax liabilities, we have significant concerns about the practical operation of the proposals.
- Collecting forecast ITSA liabilities through PAYE may create difficulties for taxpayers with irregular, fluctuating or one-off sources of income.
- The proposals rely on PAYE and self-assessment systems operating together effectively, which does not always reflect our experience in practice.
- Trustees and beneficiaries should be excluded from the proposed regime because of the significant additional complexity that would arise.
- Greater visibility of PAYE information and coding notices will be essential for taxpayers and agents.
- The existing 50% cap on PAYE deductions should be retained.
- If reforms proceed, HMRC should provide a clear implementation roadmap, a sufficient transition period and comprehensive guidance for taxpayers, employers and agents.
- Alternative approaches, including more frequent payments on account and greater use of existing payment management tools, should be considered.

1.3 Section 2 below covers our responses to the specific questions raised in the consultation document.

1.4 We would be happy to discuss the points raised here in further detail. If you have any questions, or would like any further information, please contact: Sean McGinness, National Tax Partner, on +44 (0)131 221 3217 or email sean.mcginness@saffery.com or Ami Jack, Partner, National Tax, on +44 (0)330 094 3079 or email ami.jack@saffery.com.

2. Specific consultation questions

2.1 Question 1: What are the benefits of the proposed approach, or are there alternative suggestions that would achieve the same policy objective?

2.1.1 We recognise the policy intention behind the proposals. Moving tax payments in ITSA closer to the point at which income is earned may help some taxpayers budget for their liabilities and reduce the risk of large unexpected balancing payments.

2.1.2 However, we have significant concerns about whether the proposed approach is the most effective way to achieve that objective.

2.1.3 In particular, collecting forecast self-assessment liabilities through Pay As You Earn (PAYE) may not align well with the way many ITSA taxpayers receive income. It assumes a level of regularity that will simply not exist for many individuals. For example, income may fluctuate significantly from year to year, or may be received as one annual or irregular payment rather than monthly. In those cases, collecting tax through PAYE in equal monthly instalments based on the prior year's ITSA return may require the taxpayer to pay tax before they have received, or know whether they might receive, the relevant income.

2.1.4 That could create real cashflow difficulties, particularly where the taxpayer's PAYE income is used to meet regular personal commitments such as mortgage payments, rent, council tax and other household costs. A proposal intended to smooth tax payments could therefore create financial pressure for some taxpayers if it reduces their regular net income before the corresponding self-assessment income has been received.

2.1.5 An alternative approach may be to build on the existing payments on account (POA) system, for example by considering whether more frequent direct POA could be offered or required in appropriate cases. A quarterly payment model may be easier to understand and administer than a PAYE-based system for many taxpayers and would avoid mixing two regimes that do not always interact well in practice.

2.1.6 HMRC should also consider whether greater promotion and improvement of existing payment management tools, including Budget Payment Plans, could achieve much of the policy objective without introducing a new and complex regime.

2.2 Question 2: What are the challenges of the proposed approach, or are there alternative suggestions that would achieve the same policy objective?

2.2.1 The main challenge is that the proposal relies on PAYE and self-assessment working together smoothly. In our experience, this is not always the case. We regularly see practical issues where PAYE and self-assessment systems do not always communicate effectively with each other in practice. We regularly see situations where PAYE and self-assessment records do not align, and where adjustments made in one part of the system are not reflected clearly or promptly in another. Unless this is addressed before implementation, there is a real risk that the proposals will generate errors, confusion and additional work for taxpayers, agents, payroll operators and HMRC.

2.2.2 A further challenge is the proposed use of historic self-assessment data to forecast current year liabilities. The last filed return may not reflect the taxpayer's current position. Income may have increased, reduced, ceased, or changed in character. A taxpayer may have received a one-off dividend, a large bonus, a non-recurring trust distribution, an exceptional property receipt or a one-off item of investment income. Basing future regular PAYE deductions on those figures could produce inaccurate and unfair results.

2.2.3 We consider that, if the proposals proceed, they should be limited to income that is genuinely regular and predictable. They should not apply automatically to income that may be received once a year or irregularly, such as close company dividends or trust distributions. Additional consideration would be needed for foreign income which is reported on a 'co-terminus' basis, for example, K-1 LP income and identifying the foreign tax credit and how this might interact with the additional UK liability due. Applying PAYE collection to that type of income could result in deductions from salary long before the relevant income is received, creating a mismatch between tax payment and cash receipt.

2.2.4 Another difficulty is how reliefs or claims against a person's income tax liability might interact with the more frequent collection of tax. Some individuals might make one-off significant pension contributions or investments attracting tax relief which significantly reduce their tax liability, change their marginal rate or affect their eligibility to the personal allowance. These are often not known until the year end and in the case of investments attracting tax relief, the claim form for relief may not be available until after the end of the tax year. Paying a higher liability earlier in the year might impact an individual's cash-flow and ability to make such investments. In the case of EIS, SEIS and VCT qualifying investments, it may prevent individuals having the funds to invest in the first place, potentially limiting investment in UK growth companies.

2.2.5 The proposals also risk increasing the compliance burden on taxpayers and agents. Even where the only additional task is checking that self-assessment estimates have transferred correctly into PAYE codes, that could be difficult in practice. Agents do not automatically receive digital copies of coding notices and often rely on clients forwarding PAYE information. This means agents may not be able to identify errors until after deductions have already affected the taxpayer's pay or pension.

2.2.6 Greater complexity will also arise where only part of a forecast liability can be collected through PAYE because of the existing 50% cap on deductions. In those cases, taxpayers may need to make payments through more than one route, with some tax collected through PAYE and some payable directly. That hybrid position will be difficult for taxpayers to understand and for taxpayers and agents to reconcile.

2.2.7 We recommend that trust returns (SA900) and ITSA returns for any connected beneficiaries are excluded from the proposed regime. Forecasting liabilities in trust structures may be particularly difficult where trustees are carrying on a trade, making distributions to multiple beneficiaries or allocating tax credits between beneficiaries. In such cases, the administrative burden and scope for error could be significant.

2.3 Question 3: Should the government use, or give the option to use, anything else (for example, MTD quarterly updates and in the future, reputable third-party data) to inform the forecasting approach for this change?

2.3.1 We understand why HMRC may consider using more current data, such as Making Tax Digital (MTD) quarterly updates, to inform the forecasting approach. In principle, current-year data may be more closely connected to known income than figures from an older tax return.

2.3.2 However, we would be cautious about using MTD quarterly updates as the basis for collecting tax. Quarterly updates are unlikely to reflect a final tax position. They will not include adjustments needed to calculate the true liability, especially for those not on a cash basis, and may therefore still overstate or understate the amount of tax ultimately due.

2.3.3 We would be particularly concerned if the proposals became a back-door route to quarterly business tax computations based on MTD updates. That would represent a significant expansion of the MTD regime and would place additional pressure on taxpayers and agents. If HMRC wishes to move towards quarterly tax computations, that should be consulted on separately and explicitly.

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2.3.4 Third-party data may also be useful in some circumstances, but should be approached with caution. Data from banks, investment managers, trustees or other third parties may help confirm that income has been received, but it may not be complete and may not reflect the taxpayer's full tax position. HMRC would also need to ensure that any third-party data is reliable, accurately matched to the correct taxpayer, clearly visible to taxpayers and agents and able to be challenged.

2.4 Question 4: What other safeguards should the government consider?

2.4.1 The existing cap on PAYE deductions is an important safeguard and should be retained as it protects taxpayers' regular net income.

2.4.2 If HMRC wishes to collect self-assessment liabilities through PAYE, there should also be safeguards to prevent tax being collected before the relevant income is received. This is particularly important for taxpayers with irregular income, annual dividends, seasonal income or income that may be received late in the tax year.

2.4.3 There should also be clear and accessible mechanisms for taxpayers and agents to reduce or remove PAYE adjustments where the forecast liability is incorrect. For example, where a rental property has been sold, a trade has ceased or a one-off receipt has not recurred, the taxpayer should be able to prevent inappropriate ongoing PAYE adjustments.

2.4.4 HMRC should also provide safeguards around penalties and interest. Taxpayers need to understand the consequences of reducing a forecast liability if the final liability is higher. The rules should distinguish clearly between reasonable estimates made in good faith and deliberate or careless understatements.

2.4.5 In addition, there should be specific safeguards for vulnerable taxpayers, digitally excluded taxpayers and those who rely on family members to manage their tax affairs. These taxpayers may be least able to monitor PAYE codes or update forecasts, but may be most affected by reduced monthly income.

2.5 Question 5: Which groups of taxpayers would find a different threshold helpful?

2.5.1 We do not think HMRC should increase the 50% PAYE deduction cap. Increasing the cap could have a significant impact on taxpayers' ability to meet regular financial commitments.

2.5.2 There may be some taxpayers who would benefit from a higher threshold, but only where they actively choose it and understand the consequences. For example, a taxpayer with irregular but high PAYE income may prefer more tax to be collected when that income is paid. However, that should be an opt-in choice made by the taxpayer, not a threshold imposed by HMRC.

2.5.3 If an opt-in higher threshold is offered, the guidance should be clear and include practical examples showing the impact on net pay. Taxpayers should be able to withdraw from the higher threshold if their circumstances change, without the need to provide evidence of that decision.

2.6 Question 6: Do employers and other payroll operators need additional safeguards for these changes?

2.6.1 Yes. Employers and payroll operators will need protection from additional administrative burdens and from being expected to explain matters outside their control.

2.6.2 Payroll teams do not generally have visibility of the taxpayer's self-assessment affairs. They only see that a PAYE code has changed, not why it has changed and are not in a position to comment on whether the change is correct. Employees and pensioners nevertheless often contact payroll teams when their net pay changes. The suggested change is expected to create significant additional queries for employers, pension providers and payroll bureaux.

2.6.3 HMRC should ensure that the taxpayer communications make it clear that payroll operators are not in a position to explain self-assessment liabilities or forecast calculations and that they cannot arrange for coding notices to be updated.

2.6.4 HMRC should also consider whether changes to PAYE codes can be limited or batched in a way that is workable for payroll systems, without reducing the taxpayer's ability to correct errors promptly. If codes change frequently as forecasts are updated, that will increase the administrative burden for payroll teams.

2.7 Question 7: What support or guidance might employers benefit from?

2.7.1 Employers and payroll operators will need clear, practical and timely guidance explaining:

a. What the changes are

b. What will appear in PAYE codes

c. What payroll operators are and are not responsible for explaining

d. Where employees and pensioners should be directed with queries

e. How the 50% cap applies

2.7.2 HMRC should provide standard wording that employers and payroll providers can use when responding to employee queries. This should include links to HMRC guidance and should make clear that the employer is operating the PAYE code issued by HMRC and is not responsible for calculating the self-assessment liability.

2.7.3 Employers may also need guidance on how to deal with employees having GDPR concerns over the sharing of this information with the employer.

2.7.4 Guidance should be available well before implementation and should be provided in different formats.

2.8 Question 8: Are there other impacts for payroll operators that the government should consider?

2.8.1 The proposals may increase the number of PAYE code changes. This will have practical implications for payroll teams, particularly where employees have fluctuating income or multiple employments or pensions.

2.8.2 Payroll operators may also face lots of queries from employees and pensioners whose take-home pay has changed. This is likely to be particularly difficult where taxpayers do not understand that the change relates to self-assessment income rather than their employment or pension income. The Employers do not receive the detail behind the coding notice and therefore would not be able to help taxpayers understand the detail behind any changes, which will create additional confusion.

2.8.3 There may also be confidentiality concerns. Where a PAYE code changes because it includes forecast tax on self-assessment income, an employer may infer that the employee has other income or tax affairs outside employment. The detail of the coding change must be kept hidden from the employer to protect the employee's privacy.

2.8.4 Employees often do not understand coding notices, even when simple and coding out for prior tax years is poorly understood and explained on the coding notice which the taxpayer receives. The coding notices will need to be much more explicit for a taxpayer to understand to avoid unnecessary burden on payroll operators.

2.9 Question 9: What options should the government consider to support taxpayers who might move in and out of paying their ITSA liabilities via PAYE?

2.9.1 Taxpayers with varying PAYE income or varying self-assessment income may move in and out of PAYE collection. This will be confusing unless the system provides clear visibility of what has happened and why.

2.9.2 Taxpayers and agents should be able to see a complete history of PAYE codes and coding notices for the tax year, not just the latest code. They should also be able to see how much self-assessment liability has been collected through PAYE, how much remains outstanding and whether any further direct payment is expected.

2.9.3 Agent access is particularly important. Many taxpayers rely on agents to help them understand their tax position, but agents often do not have sufficient access to PAYE coding information. To support taxpayers effectively, agents will need real-time or near real-time access to PAYE codes, code histories, forecast liability calculations and payment histories.

2.9.4 HMRC should also provide clear guidance on what happens where PAYE collection starts, stops and restarts within the same tax year. Without this, taxpayers may not understand whether they need to make a direct payment, whether an amount will be collected later through PAYE, or whether a balancing payment will be due after the return is filed.

2.10 Question 10: What potential approach, including frequency of payments, would be most appropriate to achieve the policy objective, taking account of different taxpayer circumstances?

2.10.1 If HMRC decides to reform direct POA, a quarterly model may be more appropriate than monthly payments. Quarterly payments would reduce the time between income being earned and tax being paid, while preserving some flexibility for taxpayers whose income does not arise evenly each month.

2.10.2 However, more frequent payments would inevitably create more administration. Agents would need to remind clients more often, HMRC would need to issue clearer payment schedules and taxpayers would need to understand how the payments are calculated.

Automated payment options, such as Direct Debit, may reduce the burden, but should not be the only method available.

2.10.3 HMRC should consider retaining the ability to reduce POA where the taxpayer reasonably expects the liability to be lower. This flexibility is essential where income fluctuates or where a one-off receipt in a previous year is not expected to recur.

2.11 Question 11: What could the impact of more frequent payments be on taxpayers?

2.11.1 More frequent payments may help some taxpayers budget and reduce the risk of large January and July payments. However, they may also create difficulties for taxpayers whose income is seasonal, irregular or concentrated in particular months.

2.11.2 Monthly payments may be particularly difficult for taxpayers who do not receive income monthly. A taxpayer who receives income annually, quarterly or sporadically may struggle to fund monthly tax payments during periods when no corresponding income has been received, especially if the payments are based on a prior year's income receipts.

2.11.3 More frequent payments may also increase the need for taxpayers to monitor and update forecasts. This assumes a level of understanding and engagement that may not exist, especially for unrepresented taxpayers.

2.11.4 The impact may be particularly acute for individuals with modest liabilities. We therefore do not support lowering the existing POA threshold simply to bring more taxpayers into more frequent payment arrangements.

2.12 Question 12: If these changes were introduced, what additional measures could the government consider to support taxpayers when their Self Assessment income changes during the year?

2.12.1 Taxpayers and agents should have simple routes to update forecasts where income changes during the year. Those routes should be available digitally, by telephone and, where necessary, by post.

2.12.2 The system should allow taxpayers to reduce payments where income has fallen, a source has ceased, or deductions and reliefs mean the liability will be lower than forecast. It should also allow taxpayers to increase payments where they wish to avoid a larger balancing payment.

2.12.3 HMRC should not assume that taxpayers will always know when forecasts need to be updated. Clear prompts and guidance will be needed, particularly for taxpayers with ceased businesses, sold rental properties, reduced dividends, exceptional one-off receipts, losses, major business expenditure or changes in PAYE income.

2.12.4 Where HMRC already knows that a source of income has ceased, for example because this is reported on a tax return, HMRC should not continue to collect tax based on that source without prompting the taxpayer to confirm the position.

2.13 Question 13: How else might the government support taxpayers to manage more regular payments?

2.13.1 HMRC should improve awareness and usability of existing payment management tools, including Budget Payment Plans.

2.13.2 HMRC should also consider whether taxpayers making voluntary regular payments should receive credit interest where payments are made before the liability is due. Without this, some taxpayers may prefer to save the money in their own account, particularly where they are concerned about the speed of HMRC repayments if they overpay. The current repayment process would need significant review as there are currently significant delays in taxpayers receiving refunds and the volume of repayment requests would potentially increase under these proposals.

2.13.3 Payment tools should be simple, flexible and easy to amend. Taxpayers should be able to pause or reduce payments where income falls or cashflow becomes difficult.

2.13.4 Agents should also have visibility of any payment plans or voluntary prepayments, so they can advise clients accurately when preparing tax returns and managing tax liabilities.

2.14 Question 14: Which groups of taxpayers might require additional support to access or use payment management tools?

2.14.1 Digitally excluded and digitally unwilling taxpayers will need particular support. This includes some older taxpayers, vulnerable taxpayers and those who do not have regular access to digital services.

2.14.2 Taxpayers with limited tax knowledge may also struggle to understand the distinction between PAYE, POA, voluntary payments, Time to Pay and Budget Payment Plans. Guidance should therefore use clear, plain language and practical examples.

2.14.3 Represented taxpayers may rely heavily on their advisers to understand and manage the new regime. This will create additional costs, which may fall disproportionately on taxpayers least able to manage the system themselves.

2.14.4 HMRC should ensure that non-digital routes remain available and that telephone support is sufficiently resourced and trained to deal with forecast payment queries.

2.15 Question 15: How might the government best support taxpayers to manage the transitional period?

2.15.1 The transitional period is likely to be one of the most difficult aspects of the proposals. Taxpayers may need to meet liabilities under the existing system while also starting to pay under the new system. This could create a substantial cashflow burden and confusion.

2.15.2 HMRC should provide clear and early communication explaining what will be payable, when and why. Taxpayers should be able to see a personalised payment timeline showing liabilities under the old and new systems.

2.15.3 There should be at least 12 months' notice of the final rules before implementation starts, with guidance, examples and agent access in place before the changes take effect.

2.15.4 HMRC should also consider a light-touch approach to penalties and interest during the transitional period, particularly where taxpayers are making reasonable efforts to comply.

The transition should not penalise taxpayers simply because the payment rules have become more complex.

2.16 Question 16: Would the option to make voluntary pre-payments, ahead of implementation, be helpful?

2.16.1 An option to make voluntary prepayments may be helpful for some taxpayers. However, this should remain voluntary.

2.16.2 HMRC should also explain whether credit interest or any repayment supplement would apply to amounts held before the liability becomes due. If no interest is paid, taxpayers may reasonably prefer to retain the money in an interest-bearing account until payment is required.

2.16.3 The option will only be effective if taxpayers have certainty that the reforms will proceed and know the final timetable. Last-minute changes or deferrals would cause confusion, especially for taxpayers who have already made voluntary prepayments, especially if there were then long delays in getting these amounts repaid.

2.17 Question 17: If changes were made, what transition period would be most appropriate?

2.17.1 We consider that HMRC should provide at least 12 months' clear notice before implementation and then a 12-month transitional period. During that period, HMRC should provide clear payment schedules, clear guidance and appropriate easements for taxpayers who struggle to pay both old and new liabilities.

2.17.2 HMRC should be cautious about varying transitional rules by liability size. While this may appear fair, it could add complexity. In any event, liability size does not necessarily indicate ability to pay. Some taxpayers with smaller liabilities may find the transition more difficult than taxpayers with larger liabilities but greater cash resources.

2.18 Question 18: What other support would help ITSA taxpayers during the transition period?

2.18.1 Taxpayers will need practical, personalised and repeated communication. This should include examples showing how the transition works for different types of taxpayer, including those with PAYE income, self-employment income, property income, dividend income and fluctuating income.

2.18.2 HMRC should also provide guidance for agents and payroll operators well in advance, so that they can support clients and employees. This should include clear explanations of how payments will be calculated, how forecasts can be changed and how overpayments will be repaid.

2.18.3 The transitional rules should also be built into HMRC digital accounts, so taxpayers and agents can see a clear payment position.

2.19 Question 19: How might the government best support new or returning taxpayers to make timely payments, when they start earning ITSA income?

2.19.1 New and returning taxpayers are at particular risk of bill shock. However, forecasting liabilities for a new business or new income source is inherently difficult.

2.19.2 HMRC should provide clear information when a taxpayer registers for self-assessment, explaining how POA work and what payment options are available. This should include Budget Payment Plans and a clear explanation of how they interact with PAYE.

2.19.3 We would not support mandatory in-year payments based on HMRC estimates for new or returning taxpayers where there is no reliable tax history. HMRC estimates could be particularly inaccurate for seasonal businesses, start-ups, businesses with significant initial expenditure or taxpayers with irregular income.

2.19.4 Instead, HMRC should offer voluntary tools that help taxpayers set aside money and understand the likely future liability, without imposing penalties where forecasts prove inaccurate.

2.20 Question 20: How might estimating appropriate liability for new or returning ITSA taxpayers be achieved?

2.20.1 Estimating appropriate liability for new or returning taxpayers will often be difficult and should not be mandatory unless the taxpayer has chosen to provide a forecast.

2.20.2 A voluntary forecast tool may be useful for taxpayers with reasonably predictable income. The tool should allow taxpayers to enter expected income, expenses and reliefs and should make clear that it is only an estimate.

2.20.3 HMRC should avoid automatic pro-rating based on early income without context. For example, income in the first few months of trading may not reflect the full year, especially for seasonal businesses or businesses with start-up costs.

2.20.4 Where a taxpayer chooses to make voluntary payments based on their own forecast, there should be no penalty if the forecast later proves inaccurate, provided it was made in good faith.

2.21 Question 21: What could be the impact of reducing the POA threshold, or are there alternative ways to support taxpayers below the current threshold to achieve the timely payment objectives?

2.21.1 We do not support reducing the current POA threshold. Reducing the threshold would bring lower-liability taxpayers into a more complex payment regime and would be most likely to affect taxpayers with smaller liabilities.

2.21.2 For those taxpayers, the administrative burden and potential confusion may outweigh any benefit of spreading payments. A lower threshold would also increase the number of PAYE coding adjustments and payment calculations needed.

2.21.3 If HMRC wishes to support taxpayers below the current threshold, it should focus on voluntary payment options, better guidance and improved Budget Payment Plans. Taxpayers should be encouraged to budget for future liabilities, but should not be brought into mandatory more frequent payments where the amounts involved are relatively small.

2.22 Question 22: In what circumstances could the government consider offering taxpayers with PAYE and ITSA income the choice between making ITSA payments through PAYE, or direct ITSA POAs, such as via Direct Debit?

2.22.1 If it is decided to proceed with expanding the collection of ITSA payments through PAYE, taxpayers with PAYE and ITSA income should be given a choice of making ITSA payments through PAYE, or direct ITSA POA wherever possible. Some taxpayers may prefer the convenience of PAYE collection, particularly where liabilities are modest. Others may want to keep their PAYE income and self-assessment liabilities separate.

2.22.2 That choice is important for privacy, cashflow and administrative reasons. Some taxpayers will not want their employer or pension provider to become aware, even indirectly, that they have other income sources. Others may prefer to manage their self-assessment liabilities separately because the related income is received separately.

2.22.3 We would support retaining flexibility for smaller liabilities to be collected through PAYE, subject to suitable caps and safeguards. However, for larger liabilities, a hybrid system involving both PAYE and direct payments is likely to become too complex for taxpayers, agents and HMRC.

2.22.4 If Direct Debit or another direct payment route is offered, agents should be able to see the election, the payment schedule and the amounts collected in real time.

2.23 Question 23: What would agents find useful to enable them to carry out their role effectively under the announced changes or possible reforms?

2.23.1 Agents will need full and timely access to the relevant PAYE and self-assessment information. This includes:

- Current PAYE codes
- Historic PAYE codes for the full tax year
- Details of coding adjustments relating to forecast self-assessment liabilities
- Amounts collected through PAYE
- Amounts still expected to be paid directly
- Any taxpayer elections or opt-ins
- Any forecast updates made by the taxpayer or HMRC

2.23.2 Agents should also be able to update forecasts and, where appropriate, request PAYE code changes digitally. It will not be workable if agents must rely on telephone calls, webchat or clients forwarding coding notices.

2.23.3 HMRC should provide a clear roadmap for implementation, with enough time for agents to update processes and advise clients. Guidance should include client-facing literature that agents can adapt or share, so that each firm is not required to prepare its own basic explanation from scratch.

2.23.4 Agents should also be involved in user testing before the system goes live.

2.24 Question 24: What support or guidance might be most effective for taxpayers with particular challenges and needs?

2.24.1 Guidance should be clear, accessible and provided in a variety of formats. Written guidance alone will not be sufficient. HMRC should also provide videos, worked examples, printable guidance and telephone support.

2.24.2 For taxpayers who are not comfortable online, HMRC should consider how to provide reliable paper communications that are clear, recognisable and not easily confused with scams.

2.24.3 Guidance should focus on practical questions taxpayers will actually have.

2.24.4 HMRC should also learn from the MTD experience. Where unrepresented taxpayers have not engaged with MTD communications, HMRC should consider what this indicates about the effectiveness of its communication channels before introducing another major change.

2.25 Question 25: What extra support or guidance might taxpayers who qualify for financial support from the government (such as Universal Credit) need?

2.25.1 Taxpayers receiving Universal Credit or other government support may be particularly affected by reductions in monthly net income. HMRC should consider carefully how PAYE deductions for forecast self-assessment liabilities will interact with means-tested benefits and household budgeting.

2.25.2 The system should include safeguards to prevent excessive deductions from taxpayers who may already have limited disposable income. HMRC should also ensure that Time to Pay or similar support is available where the interaction between tax deductions and financial support creates hardship.

2.26 Question 26: What support or guidance might be most effective for tax agents?

2.26.1 Tax agents will need clear technical guidance, system guidance and practical client communication materials.

2.26.2 Drop-in sessions or working groups would also be helpful, particularly during design and early implementation. These should include agents from a range of firm sizes, as well as those with significant experience of private clients, trusts, business owners and taxpayers with fluctuating income.

2.27 Question 27: Are there are any additional comments you would like to make regarding the ‘timely payments in ITSA’ announced changes and possible reforms?

2.27.1 We have significant concerns about the practical operation of the proposals. The current POA system is not always easy for taxpayers to understand, but it is established and relatively clear. Replacing or supplementing it with PAYE-based collection, direct in-year payments, forecast adjustments and hybrid payment routes (whether on a voluntary basis or due to the amount collected under PAYE being capped) risks creating significant additional complexity for taxpayers and agents.

2.27.2 The proposals also come at a time when taxpayers are already dealing with significant change, including MTD for ITSA. HMRC should not underestimate the cumulative burden of these changes.

2.27.3 In our view, the most proportionate approach would be to improve and develop existing payment mechanisms before introducing a new PAYE-based collection regime. This could include better promotion of Budget Payment Plans, clearer guidance, optional regular payments and consideration of quarterly rather than twice-yearly POA for taxpayers already within the POA regime.

2.27.4 Also restricting collection solely through PAYE would create an inconsistency in the timing of tax payments between taxpayers. Individuals with PAYE income sources would effectively be required to pay their tax earlier, while those with the same level and type of taxable income but no PAYE income source would see no change in payment timing. This would result in an unfair outcome, with the acceleration of tax payments applying only to taxpayers who happen to receive income through PAYE.

2.27.5 The government should proceed only once it is satisfied that HMRC's systems, agent access, payroll processes and taxpayer communications are capable of supporting the change in practice.

3. About Saffery LLP

3.1 At Saffery, we're more than just chartered accountants and tax and business advisers. We're a partner-led and people-focused firm, committed to our clients and honouring our heritage.

3.2 Since 1855, we've evolved in size and scope, but our unwavering dedication to exceptional client service remains the same.

3.3 As a proud member of Nexia, a worldwide network of trusted member firms, we've got access to local insight on a global scale.

3.4 In the UK, Saffery LLP is the 15th largest accountancy firm by fee income, with 90+ partners and 1,300+ staff across nine offices. Saffery also has an office in Dublin, Ireland.