



HM Revenue
& Customs

Dan Neidle

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Dear Dan Neidle

Freedom of Information Act 2000 (FOIA)

Thank you for your request, which was received on 10 May, for the following information:

“This is request under the FOIA.

You kindly responded to an FOI request our team sent you sent last year, under reference FOI2022/26092, regarding penalties and the low paid. I attach a copy of your response for your ease of reference.

I would be grateful if you could provide the same data, in the same format, for the most recent tax years where it is available - 2020/21 and, if you have it yet, 2021/22 (and if you don't have 2021/22 data as yet, it would be helpful to have an indication of when it will be available). No need to consider other penalties, just the LSPs and LPPs covered by your previous response.”

Our response

We can confirm we hold the information requested.

In interpreting what follows, it should be noted that income analysis for late submission penalty recipients is limited to late filers only, i.e. customers who failed to submit a return by the deadline but have since filed. The analysis therefore excludes cases where the penalty recipient has not filed and their Self-Assessment income for the year therefore remains unknown. As the deadlines for tax year 2021/22 have only recently passed, this means there are comparatively more Self-Assessment returns and payments still being received for this tax year compared to earlier tax years.

In comparing the tables, it should also be noted that, there are numerous reasons why penalties can be cancelled. Many cancellations will be customers appealing with reasonable excuses. Further information detailing late submission and late payment penalties and the grounds for reasonable excuse appeals are available online:

<https://www.gov.uk/self-assessment-tax-returns/penalties>

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Text Relay service prefix number – 18001

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There are numerous penalty types issued under LSPs and LPPs, which are available via the previous link. This response focuses on the first late submission penalty (PF1) and late payment penalty (LPP1) only, in line with our response to your earlier FOI request.

These penalties are defined as:

- **PF1** (1 day first fixed penalty): £100 penalty issued when individual taxpayers do not submit their self-assessment return on time. Mostly issued shortly after the online filing deadline (31st January). This is an automated penalty for which the only criteria for issuing is whether filing obligations have not been met. This penalty is issued to individuals and does not include partnerships.
- **LPP1** (30-day Late Payment Penalty): 5% of the outstanding tax value charged if the taxpayer fails to pay within 30 days of the required payment date. This is an automated penalty for which the only criteria for issuing is whether payment has not been received on time. This penalty is issued to individuals and partnerships.

1. Analysis of customers receiving a PF1 (first late submission penalty), by income decile.

Tables 1 and 2 below set out the number and proportion of customers receiving a PF1 late submission penalty in Self-Assessment for the tax years 2020/21 to 2021/22. Table 1 shows this information based on penalties issued, i.e., ignoring any cancellations; table 2 shows this information excluding those that have since been cancelled.

Table 1: Late submission penalties, including penalties later cancelled

Decile	2020/21		2021/22	
	Customers	%	Customers	%
1st	92,000	8%	50,000	4%
2nd	52,000	5%	28,000	3%
3rd	40,000	4%	22,000	2%
4th	35,000	3%	19,000	2%
5th	33,000	3%	18,000	2%
6th	31,000	3%	17,000	1%
7th	28,000	3%	16,000	1%
8th	26,000	2%	14,000	1%
9th	31,000	3%	16,000	1%
10 th	39,000	3%	26,000	2%
Total	407,000	4%	226,000	2%

Table 1: The number and proportion of customers who received a first late submission penalty, including penalties that have since been cancelled, 2020/21 to 2021/22. See 'Notes to tables' for more information on this data and assumptions used.

Table 2: Late submission penalties, excluding cancelled penalties

Decile	2020/21		2021/22	
	Customers	%	Customers	%
1st	60,000	5%	40,000	4%
2nd	37,000	3%	24,000	2%
3rd	29,000	3%	19,000	2%
4th	25,000	2%	17,000	1%
5th	24,000	2%	15,000	1%
6th	22,000	2%	14,000	1%
7th	20,000	2%	14,000	1%
8th	18,000	2%	12,000	1%
9th	22,000	2%	14,000	1%
10 th	29,000	3%	22,000	2%
Total	287,000	3%	190,000	2%

Table 2: The number and proportion of customers who received a first late submission penalty, ignoring penalties that have since been cancelled, 2020/21 to 2021/22. See 'Notes to tables' for more information on this data and assumptions used.

2. Analysis of customers receiving an LPP1 (first late payment penalty), by income decile.

Tables 3 and 4 set out the number and proportion of customers receiving a LPP1 late payment penalty in Self-Assessment for the tax years 2020/21 to 2021/22. Table 3 shows this information based on penalties issued, i.e., ignoring any cancellations; table 4 shows this information excluding those that have since been cancelled.

Table 3: Late payment penalties, including penalties later cancelled

Decile	2020/21		2021/22	
	Customers	%	Customers	%
1st	6,000	1%	6,000	1%
2nd	4,000	0%	3,000	0%
3rd	6,000	1%	12,000	1%
4th	44,000	4%	44,000	4%
5th	50,000	4%	45,000	4%
6th	59,000	5%	51,000	5%
7th	60,000	5%	50,000	4%
8th	56,000	5%	51,000	5%
9th	63,000	6%	58,000	5%
10 th	50,000	4%	49,000	4%
Total	398,000	4%	368,000	3%

Table 3: The number and proportion of customers who received a first late payment penalty, including penalties that have since been cancelled, 2020/21 to 2021/22. See 'Notes to tables' for more information on this data and assumptions used.

Table 4: Late payment penalties, excluding cancelled penalties

Decile	2020/21		2021/22	
	Customers	%	Customers	%
1st	4,000	0%	5,000	0%
2nd	3,000	0%	2,000	0%
3rd	4,000	0%	11,000	1%
4th	40,000	4%	42,000	4%
5th	46,000	4%	43,000	4%
6th	54,000	5%	49,000	4%
7th	55,000	5%	48,000	4%
8th	51,000	5%	49,000	4%
9th	56,000	5%	55,000	5%
10 th	42,000	4%	46,000	4%
Total	355,000	3%	349,000	3%

Table 4: The number and proportion of customers who received a first late payment penalty, ignoring penalties that have since been cancelled, 2020/21 to 2021/22. See 'Notes to tables' for more information on this data and assumptions used.

Notes to tables

1. These figures have been produced using an extract of the data provided for analytical purposes, and there may be small differences between this and the live Self-Assessment system. The information provided is correct to 2 May 2023 but is not final. Counts are rounded to the nearest 1,000. Percentages are rounded to the nearest 1%.
2. These figures remain subject to change because Self-Assessment returns are still being received for both tax years under consideration.
3. The numbers of customers are presented as absolute numbers, so any differences between years may in part reflect changes in the size or makeup of the Self-Assessment population from year to year. Caution must therefore be applied when comparing figures across different tax years.
4. In response to the COVID pandemic, in January 2022, HMRC announced that customers who did not pay their Self-Assessment tax in the time allowed would not receive a late payment penalty if they paid their tax in full or set up a Time to Pay arrangement by 1st April of that year. This may have contributed to higher volatility in the value of penalties raised and cancelled in periods impacted by COVID.
5. For the tax year 2020/21, HMRC announced that taxpayers who filed their return between 1 February - 28 February would not receive a late filing penalty.
6. The calculation of income deciles uses income data specific to each tax year. This means that there are small differences when comparing income deciles across different tax years. Table 5 below sets out the income banding used per decile in both tax years reported:

Table 5: Income deciles

	2020/21	2021/22
1st	£5,714	£6,576
2nd	£10,227	£11,230
3rd	£13,975	£14,949
4th	£18,534	£19,970
5th	£24,322	£26,055
6th	£31,583	£33,793
7th	£41,605	£44,650
8th	£53,406	£57,395
9th	£90,046	£99,909
10th	Over £90,046	Over £99,909

Table 5: The boundaries calculated for the different income deciles in each of the tax years 2020/21 to 2021/22.

If you are not satisfied with our reply, you may request a review within 40 working days of receiving this letter by emailing foi.review@hmrc.gov.uk or by writing to our address at the top.

If you are not content with the outcome of an internal review you can [complain to the Information Commissioner's Office](#).

Yours sincerely,

HM Revenue and Customs