

## Case Study for a Sole Trader / Partner regarding Payments on Account

### Base Position - If Coronavirus hadn't happened

Assume business has stable profits / tax bills - tax is normally £2,000 PA, i.e. £1,000 every six months

			Amount due £	
31 January 2020	1st POA 19/20 (half of 18/19 tax bill)		1,000	31 January 2020
31 July 2020	2nd POA 19/20 (half of 18/19 tax bill)		1,000	31 July 2020
31 January 2021	Balance for 2019/20	2,000		
	Less Payments on account made	(2,000)		
	Balance due /(overpaid)	0		
	1st POA 20/21 (half of 19/20 tax bill)	1,000		
	Total due /(refund)		1,000	31 January 2021
31 July 2021	2nd POA 20/21 (half of 19/20 tax bill)		1,000	31 July 2021
31 January 2022	Balance for 2020/21	2,000		
	Less Payments on account made	(2,000)		
	Balance due /(overpaid)	0		
	1st POA 21/22 (half of 20/21 tax bill)	1,000		
	Total due /(refund)		1,000	31 January 2022
31 July 2022	2nd POA 21/22 (half of 20/21 tax bill)		1,000	31 July 2022
31 January 2023	Balance for 2021/22	2,000		
	Less Payments on account made	(2,000)		
	Balance due /(overpaid)	0		
	1st POA 22/23 (half of 21/22 tax bill)	1,000		
	Total due /(refund)		1,000	31 January 2023
31 July 2023	2nd POA 22/23 (half of 21/22 tax bill)		1,000	31 July 2023

### Small Profit dip 2019/20, larger dip 2020/21, then recover to previous levels

No deferral of July 2020 payment, no change to 2020/21 POAs

Tax bills (est)	2018/19	2,000
	2019/20	1,500
	2020/21	500
	2021/22	2,000

			Amount due £	
31 January 2020	1st POA 19/20 (half of 18/19 tax bill)		1,000	31 January 2020
31 July 2020	2nd POA 19/20 (half of 18/19 tax bill)		1,000	31 July 2020
31 January 2021	Balance for 2019/20	1,500		
	Less Payments on account made	(2,000)		
	Balance due /(overpaid)	(500)		
	1st POA 20/21 (half of 19/20 tax bill)	750		
	Total due /(refund)		250	31 January 2021
31 July 2021	2nd POA 20/21 (half of 19/20 tax bill)		750	31 July 2021
31 January 2022	Balance for 2020/21	500		
	Less Payments on account made	(1,500)		
	Balance due /(overpaid)	(1,000)		
	1st POA 21/22 (half of 20/21 tax bill)	250		
	Total due /(refund)		(750)	31 January 2022
31 July 2022	2nd POA 21/22 (half of 20/21 tax bill)		250	31 July 2022
31 January 2023	Balance for 2021/22	2,000		
	Less Payments on account made	(500)		
	Balance due /(overpaid)	1,500		
	1st POA 22/23 (half of 21/22 tax bill)	1,000		
	Total due /(refund)		2,500	31 January 2023
31 July 2023	2nd POA 22/23 (half of 21/22 tax bill)		1,000	31 July 2023

Small Profit dip 2019/20, larger dip 2020/21, then recover to previous levels

Defer July 2020 payment, adjust 2020/21 POAs to £275 based on estimated profit

Tax bills (est)	2018/19	2,000		
	2019/20	1,500		
	2020/21	500		
	2021/22	2,000		
			Amount due £	
31 January 2020	1st POA 19/20 (half of 18/19 tax bill)		1,000	31 January 2020
31 July 2020	2nd POA 19/20 (deferred)		0	31 July 2020
31 January 2021	Balance for 2019/20	1,500		
	Less Payments on account made	(1,000)		
	Balance due /(overpaid)	500		
	1st POA 20/21 (reduced based on estimate)	275		
	Total due /(refund)		775	31 January 2021
31 July 2021	2nd POA 20/21 (reduced based on estimate)		275	31 July 2021
31 January 2022	Balance for 2020/21	500		
	Less Payments on account made	(550)		
	Balance due /(overpaid)	(50)		
	1st POA 21/22 (half of 20/21 tax bill)	250		
	Total due /(refund)		200	31 January 2022
31 July 2022	2nd POA 21/22 (half of 20/21 tax bill)		250	31 July 2022
31 January 2023	Balance for 2021/22	2,000		
	Less Payments on account made	(500)		
	Balance due /(overpaid)	1,500		
	1st POA 22/23 (half of 21/22 tax bill)	1,000		
	Total due /(refund)		2,500	31 January 2023
31 July 2023	2nd POA 22/23 (half of 21/22 tax bill)		1,000	31 July 2023

Small Profit dip 2019/20, then recover to previous levels

Deferral of July 2020 payment. Profits recover 2020/21 due to Government support

Tax bills (est)	2018/19	2,000		
	2019/20	1,500		
	2020/21	2,000		
	2021/22	2,000		
			Amount due £	
31 January 2020	1st POA 19/20 (half of 18/19 tax bill)		1,000	31 January 2020
31 July 2020	2nd POA 19/20 (deferred)		0	31 July 2020
31 January 2021	Balance for 2019/20	1,500		
	Less Payments on account made	(1,000)		
	Balance due /(overpaid)	500		
	1st POA 20/21 (half of 19/20 tax bill)	750		
	Total due /(refund)		1,250	31 January 2021
31 July 2021	2nd POA 20/21 (half of 19/20 tax bill)		750	31 July 2021
31 January 2022	Balance for 2020/21	2,000		
	Less Payments on account made	(1,500)		
	Balance due /(overpaid)	500		
	1st POA 21/22 (half of 20/21 tax bill)	1,000		
	Total due /(refund)		1,500	31 January 2022
31 July 2022	2nd POA 21/22 (half of 20/21 tax bill)		1,000	31 July 2022
31 January 2023	Balance for 2021/22	2,000		
	Less Payments on account made	(2,000)		
	Balance due /(overpaid)	0		
	1st POA 22/23 (half of 21/22 tax bill)	1,000		
	Total due /(refund)		1,000	31 January 2023
31 July 2023	2nd POA 22/23 (half of 21/22 tax bill)		1,000	31 July 2023