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ZMARTLY FACTSHEET SERIES

LIMITED COMPANIES

HMRC Time to Pay, Explained

If your company cannot pay its Corporation Tax bill, you are not stuck and you are not in trouble for asking. HMRC will usually agree a Time to Pay plan that spreads the bill into instalments. This guide shows how it works, what it costs, and how we set it up for you.

Tax year **2026/27** · Prepared by **Harvey Dhillon** · Last reviewed **11 March 2026** · Sources: gov.uk

CORPORATION TAX	LATE FILING PENALTY
19% – 25%	**£100**

01 What a Time to Pay arrangement is

Time to Pay is a payment plan you agree with HMRC. Instead of paying the whole bill on the due date, you pay it off in instalments, usually monthly, over a period that fits what your company can genuinely afford. It pauses HMRC enforcement for as long as you keep to it, and it is the official, routine way HMRC deals with a business that wants to pay but cannot pay all at once.

- Spreads the bill into affordable monthly instalments
- Pauses enforcement, such as debt-collection visits or court action, while the plan runs
- Covers most company tax debts: Corporation Tax, VAT, and PAYE and National Insurance

GOOD TO KNOW

Asking for Time to Pay is a normal, everyday request. HMRC agrees hundreds of thousands of these arrangements, and contacting them to set one up is seen as the responsible thing to do, not an admission that something has gone wrong.

02 How to set up a plan, step by step

Setting up Time to Pay is a conversation, not a form. HMRC wants to know what you can pay now, what you can afford each month, and that the company will keep its future obligations on time. Come prepared and most plans are agreed on the call. For company Corporation Tax this is normally arranged by phone.

- Phone HMRC before the deadline if you can, or as soon as possible after
- Payment Support Service: 0300 200 3835, Monday to Friday, 8am to 6pm
- Corporation Tax payments line: 0300 200 3840
- Self Assessment debts can sometimes be set up online without a call

GOOD TO KNOW

Be realistic about the monthly figure: offer an instalment the company can actually sustain, because a plan you cannot keep up will fail. This is exactly the kind of conversation we handle for clients, working out an affordable plan and dealing with HMRC for you.

03 What it costs, and what a plan will not do

There is no penalty for arranging a Time to Pay plan, but it does not stop interest. The HMRC late-payment interest rate is 7.75% a year from 9 January 2026, tracking the Bank of England base rate plus 4%, so it can change when the base rate moves. On a £20,000 Corporation Tax bill that is roughly £129 a month on the full balance, which is why clearing the debt sooner always costs less.

- A plan will spread the bill, pause enforcement, and give you a clear end date

- A plan will not write off or reduce the debt, or stop interest running
- A plan will not survive a missed instalment, or excuse future returns and payments

GOOD TO KNOW
A Time to Pay plan only holds if you stay current. Miss an instalment, or file or pay a new return late, and HMRC can cancel the arrangement and ask for the full balance at once.

04 Before you call HMRC: the checklist

Going into the call prepared is what gets a realistic plan agreed first time, often on the same call. Gather everything below before you ring.

- Your company UTR, the exact amount owed, and the due date
- A list of any other taxes the company owes: VAT, PAYE, NI
- What you can pay today, and a realistic monthly instalment the company can sustain
- Company bank details for the Direct Debit, and your upcoming tax deadlines

GOOD TO KNOW
Ring before the deadline if you can, ask HMRC to confirm the plan in writing once agreed, then pay every instalment on time and keep future returns current so the plan is not cancelled.

Common questions

Will HMRC agree a Time to Pay plan for my Corporation Tax?

Usually, yes. HMRC would far rather agree a realistic instalment plan and be paid in full over time than chase a debt. For company Corporation Tax you normally arrange it by phone through the Payment Support Service on 0300 200 3835, or the Corporation Tax payments line on 0300 200 3840. As long as the plan is affordable and you keep to it, enforcement stops.

Does a Time to Pay plan stop interest and penalties?

There is no penalty for agreeing a Time to Pay plan, but it does not stop interest. The HMRC late-payment interest rate is 7.75% a year from 9 January 2026 and runs on the unpaid tax for as long as any of it is outstanding, plan or no plan. Clearing the balance sooner always costs less, so pay faster where you can.

What happens if I miss a Time to Pay instalment?

A plan only holds if you stay current. If you miss an instalment, or file or pay a new return late, HMRC can cancel the arrangement and ask for the full balance at once. If your position changes, tell HMRC early rather than simply missing a payment, and the plan can often be adjusted.

NEXT STEP

Get expert eyes on your tax

Book a free 30-minute Tax Health Check — we review your situation, sense-check the figures and show you where you could save.

Scan to book a free call

For guidance only — this factsheet does not constitute professional advice and is not a substitute for advice based on your specific circumstances. Whilst every care has been taken in its preparation, it may contain errors for which we cannot be responsible. Figures are for the 2026/27 UK tax year (England, Wales & Northern Ireland) and may change. Scottish taxpayers face different income tax rates; dividend rates are UK-wide. Last reviewed 11 March 2026.

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