



LIMITED COMPANY TAX SERIES

TIME TO PAY 2026

LIMITED COMPANIES · CANNOT PAY

# Cannot Pay Your Tax Bill? **There Is a Way Out**

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.

LATE-PAYMENT INTEREST	PENALTY FOR A TTP	SUPPORT LINE, MON TO FRI
<b>7.75%</b>	<b>£0</b>	<b>8-6</b>

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# Cannot pay? The worst thing you can do is nothing

A tax bill you cannot meet feels like a crisis. It is a cash-flow problem with a known solution. HMRC would far rather agree a realistic instalment plan and be paid in full over time than chase a debt. The one mistake that turns a manageable bill into a real problem is ignoring it.



### THE ONE THING TO TAKE FROM THIS GUIDE

If your company cannot pay its Corporation Tax (or VAT or PAYE) on time, **contact HMRC before the deadline if you can**, or as soon as you can after. HMRC will usually agree a **Time to Pay** arrangement, an instalment plan that spreads the bill, as long as the plan is realistic and you keep to it. Interest still runs, but enforcement stops.

## What changes the moment you make contact

LATE-PAYMENT INTEREST	PENALTY FOR A TTP ITSELF	TYPICAL PLAN LENGTH	ENFORCEMENT WHILE YOU PAY
<b>7.75%</b>	<b>£0</b>	<b>6-12<sub>mo</sub></b>	<b>On hold</b>
On the tax until cleared	No fine for agreeing a plan	Monthly instalments	If you keep to the plan

## What this guide covers

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### DO NOT WAIT FOR A DEMAND TO LAND

Interest runs from the day the tax is late, whether or not you have a plan, so the sooner you act the less it costs. And a plan agreed **before** the bill is overdue is the calmest, cheapest version of this. If the deadline has already passed, it is still far better to ring today than to wait another week.

01 THE BASICS

# 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.

In plain terms, it spreads a bill you cannot meet in one go into manageable payments, and it pauses HMRC enforcement action for as long as you keep to it. It is the official, routine way HMRC deals with a business that wants to pay but cannot pay all at once.

## 🛡️ What it does for you

Spreads the debt into instalments you can afford. Pauses enforcement, such as debt-collection visits or court action, while the plan runs. Gives you breathing room to get cash flow back on track without the bill hanging over the company.

## 📁 What it covers

Most company tax debts can be included: **Corporation Tax**, VAT, and PAYE and National Insurance owed as an employer. HMRC looks at the whole picture, so it helps to be ready to talk about every tax the company owes, not just one.

WITHOUT A PLAN	WITH A TIME TO PAY PLAN	RESULT
<b>Bill stays overdue</b>	Bill is split into affordable instalments	<b>Manageable</b>
<b>Enforcement can begin</b>	Enforcement is paused while you pay	<b>On hold</b>
<b>Interest runs</b>	Interest still runs on the unpaid tax	<b>Same either way</b>
<b>Stress and uncertainty</b>	A clear, agreed end date	<b>Certainty</b>

Source: GOV.UK, If you cannot pay your tax bill on time. A Time to Pay arrangement does not remove interest, but it stops enforcement and gives a fixed plan to clear the debt.



### HMRC EXPECTS THIS, IT IS NOT A BLACK MARK

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



### IT IS A PLAN, NOT A WRITE-OFF

Time to Pay spreads what you owe, it does not reduce or cancel it. You still pay the full tax, plus interest, just over a longer period. If the company genuinely cannot pay at all, that is a different conversation, and one we can help you have.

02 THE PROCESS

# 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.

STEP	WHAT HAPPENS	HAVE READY
1. Make contact	Phone HMRC before the deadline if you can, or as soon as possible after	Your tax references
2. Explain the position	Tell them the bill, what you can pay today, and what you can afford monthly	Income and outgoings
3. Agree the plan	HMRC checks the plan is affordable and sets up the instalments	Bank details
4. Pay and keep current	Pay each instalment on time and file and pay future taxes on time	A diary reminder

Source: GOV.UK, If you cannot pay your tax bill on time, Setting up a payment plan. HMRC assesses affordability before agreeing the arrangement.

## Company tax: usually by phone

For company **Corporation Tax**, a Time to Pay plan is normally arranged by phone. The general Payment Support Service line is **0300 200 3835**, open Monday to Friday, 8am to 6pm. There is also a dedicated Corporation Tax payments line on **0300 200 3840**.

## Some debts can be set up online

If the debt is **Self Assessment**, you may be able to set up a plan online through your HMRC account without calling, provided you meet the conditions. Company Corporation Tax is generally the phone route, so plan for a short call.



### CALL BEFORE THE DEADLINE IF YOU POSSIBLY CAN

A plan agreed **before** the due date is the smoothest version of all, and it shows good faith. If you have already missed the date, ring anyway. HMRC still agrees plans on overdue bills, and acting now stops things getting worse.



### YOU DO NOT HAVE TO MAKE THE CALL YOURSELF

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 from your figures and dealing with HMRC for you. See page 6 to get started.

03 COST AND CONDITIONS

# 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. Interest keeps running on the unpaid tax at HMRC’s late-payment rate until the bill is cleared. Knowing this up front means no surprises.

**+** **The cost of waiting · how interest adds up**

Corporation Tax owed	<b>£20,000</b>
HMRC late-payment interest rate	<b>7.75% a year</b>
Roughly per month on the full balance	<b>about £129</b>
Penalty for agreeing the plan itself	<b>£0</b>

**Interest reduces as you pay it down, so pay faster where you can** **No fine for a TTP**

**⚠ INTEREST DOES NOT PAUSE, SO A TTP DOES NOT ERASE IT**

The HMRC late-payment interest rate is **7.75%** a year from 9 January 2026. It tracks the Bank of England base rate plus 4%, so it can change when the base rate moves. Interest runs on the outstanding tax for as long as any of it is unpaid, plan or no plan, which is why clearing the balance sooner always costs less.

## What a Time to Pay plan will and will not do

A TIME TO PAY PLAN WILL	A TIME TO PAY PLAN WILL NOT
<b>Spread the bill into instalments</b>	Write off or reduce the debt
<b>Pause enforcement while you pay</b>	Stop interest running on the tax
<b>Give you a clear end date</b>	Survive a missed instalment automatically
<b>Cover Corporation Tax, VAT and PAYE</b>	Excuse you from future returns and payments

Source: GOV.UK, If you cannot pay your tax bill on time. HMRC can cancel an arrangement if you miss a payment or fail to keep future taxes up to date.

**+** **KEEP FUTURE FILINGS AND PAYMENTS ON TIME**

A Time to Pay plan only holds if you stay current going forward. 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. So the plan and your ongoing deadlines work together: keep both on track and the arrangement runs cleanly to its end.

04 GET READY

# Before you call HMRC: the checklist

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

## References and the bill

- Have your company **UTR** (Unique Taxpayer Reference) to hand
- Note the **exact amount** owed and which tax it is KEY
- Note the **due date** and whether it has already passed
- List **any other taxes** the company owes: VAT, PAYE, NI
- Have the **company bank details** ready for the Direct Debit

## What you can afford

- Work out what you can **pay today** as a first payment HIGH VALUE
- Work out a realistic **monthly instalment** the company can sustain HIGH VALUE
- Have a simple view of **money in and money out** each month
- Know your **upcoming tax deadlines** so the plan fits around them

## Make the contact

- Ring **before the deadline** if you can, or as soon as possible after DO FIRST
- Payment Support Service: **0300 200 3835**, Mon to Fri 8am–6pm
- Corporation Tax payments line: **0300 200 3840**
- For Self Assessment, check if you can set it up **online** first
- Ask HMRC to **confirm the plan in writing** once agreed

## Keep the plan alive

- Pay **every instalment on time**, by Direct Debit if offered
- File and pay **future returns on time** so the plan is not cancelled CRITICAL
- If your position changes, **tell HMRC early**, do not just miss a payment
- Keep a **note of the agreement** and the reference for the call
- Where you can, **clear it faster** to cut the interest you pay



### OR HAND THE WHOLE CALL TO US

If working through this list raises more questions than answers, that is the natural point to hand it over. We build the affordable plan from your figures, make the call to HMRC, and get your filings current so the arrangement is approved and stays approved.



— FREE, CONFIDENTIAL CALL

# Cannot pay? Let us **sort it** for you

Book a free, confidential call and a CIMA-qualified accountant will work out an affordable plan, deal with HMRC on your behalf, and get your filings up to date so the arrangement holds. No judgement, no jargon.

- ✓ We build a realistic Time to Pay plan from your actual figures
- ✓ We make the call to HMRC and negotiate the arrangement for you
- ✓ We get your accounts and returns current so the plan is approved and stays approved

Reviewed by a **CIMA-qualified** accountant (ACMA, CGMA)

★★★★★ 4.9 on Google · 56 reviews



SCAN OR VISIT

**zmartly.co.uk/contact**

Or call **020 8175 5145** · info@zmartly.co.uk  
Mon–Fri, 9am–5pm

**About this guide.** Reviewed by Harvey Dhillon, ACMA CGMA. Figures verified against GOV.UK for the 2026/27 tax year, including the HMRC late-payment interest rate of 7.75% from 9 January 2026. This guide is general information, not advice for your specific circumstances; rates and thresholds can change. Always confirm your position with a qualified accountant before acting. © Zmartly 2026.