



Tax stories

Our beneficiary experiences of tax
and its challenges



Advice changes lives

TaxAid and Tax Help for Older People support vulnerable people with their tax challenges. TaxAid works with working age people in precarious and/or multiple employment and self-employed people of any age. Tax Help for Older People supports vulnerable retired and working older people facing pension and other tax challenges.

Working within tax you will understand how your advice can make a difference to the outcomes of your clients. We see this first hand through our helpline and tax advice services for vulnerable people in poverty.

Here are some of the stories of the vulnerable people we help, how they have struggled with their tax and how we have helped them through our expert advice.

TaxAid stories

Emma's story
Michael's story
Greg's Story

Tax Help for Older People stories

Tony's Story
Andrew's Story
Barbara's Story



Emma paid over £4,000 in late penalties

We frequently encounter problems with self-assessment. In addition to having problems with accessing the system, many people like Emma cannot understand what is required of them without our support. We are particularly adept at working with people with learning challenges to help them with their tax.

Emma's tax problems mounted due to her dyslexia and digital illiteracy but she was too embarrassed to turn to others for help. Eventually, as problems mounted, her sister got in touch with TaxAid on Emma's behalf.

Emma has been a single mother since the death of her son's father in 2013. This loss resulted in the family home being sold and Emma and her son moving into a one-bedroom flat. Emma became self-employed in 2015, carrying out work such as gardening, cleaning and childcare.

Although Emma registered as self-employed, she did not understand HMRC's letters telling her she needed to complete a tax return. When she contacted HMRC for help she was pointed towards online resources. Her dyslexia and lack of digital skills made her even more confused.

Letters continued to arrive from HMRC, with penalties for not submitting returns. Emma paid the penalties as they came through to her, hoping this would help, but the letters and the penalties did not stop coming.

Over a prolonged period of time, Emma ended up paying over £4,700 in penalties to HMRC when her annual income was only approximately £6,000.

Emma finally turned to her sister for help after being unable to claim benefits due to her tax records not being up to date. When Emma's sister contacted TaxAid on her behalf, Emma had been scraping by on the bare minimum as her work had dried up due to the pandemic.

At TaxAid, we were able to complete her tax returns and successfully appeal against the late filing penalties. This meant that Emma received a refund of the penalties of £4,711.17 from HMRC, lifting an enormous weight off her shoulders. Emma was finally free of the tax stress she had endured for so long.



Michael's story

PAYE coding error

Michael received a £3,200 late filing penalty

People with more than one job and people who change jobs frequently often have mistakes in their PAYE coding. They are more likely to be in poverty and unable to pay an unexpected tax bill to rectify any mistakes.

Michael got in touch with TaxAid after receiving letters from HMRC informing him he owed £3,200 in late filing penalties. Michael has never been self-employed and did not understand why he was being asked to complete a tax return.

Michael suffers from severe stress anxiety and the letters he received with the surprise tax bill were causing him sleepless nights.

We discovered that HMRC had previously written to Michael, however, Michael's father had passed away in 2017. As a result of this Michael had moved out of the family home and he did not receive any of the

correspondence, it was returned to HMRC as undelivered.

The tax bill that Michael had received was the result of a PAYE underpayment from 2015/16 of £179. This came about as Michael had changed jobs that year and for one month he received double his personal allowance. He had not paid this debt or communicated with HMRC so he had been put into Self Assessment for the years 2015/16, 2016/17 and 2017/18.

On speaking with HMRC our volunteers discovered that for the 2017/18 tax year, Michael had overpaid by nearly £900 and a refund was due to him. HMRC agreed to cancel the requirement for tax returns in 2016/17 and 2017/18, cancelling all corresponding penalties.

Our volunteers submitted the return for 2015/16 and successfully appealed the penalties for that tax year. This was hugely beneficial to Michael, as he no longer had to feel severe stress over the £3,200 tax bill he received. HMRC owed him over £700, which was repaid to him.



Greg's story

Tax debt

In tax debt after grave illness affected cognitive abilities

Vulnerable people with cognitive challenges can find it particularly hard to understand their tax situation.

Steve contacted TaxAid on his brother, Greg's, behalf. By the time Steve had realised that Greg needed help, Greg had over 10 years' worth of outstanding tax returns and determinations. And he had received a bankruptcy notice from HMRC for £17,450, putting his home at risk.

When they first phoned us, the court hearing for Greg was scheduled for the following week.

Greg used to work as a self-employed electrician. That was until he suffered hospital-acquired bacterial meningitis in 1998, which left him with the brain capacity of a 5-year-old child. Then, Greg's former wife emptied his bank account, and transferred his damages award to her, before she left him.

With no one to help Greg with his administrative duties, the outstanding tax returns and determinations piled up. Due to his disability, he wasn't able to understand the significance of the letters he had received until his brother Steve found out.

TaxAid were able to help Greg complete all of his outstanding tax returns, appeal against the late filing penalties and file a claim for special relief to displace the determinations. The claims were accepted by HMRC and Greg's debt was reduced to nil. He no longer had to worry about bankruptcy or losing his house.





Tony's story

PAYE error & pension

Tony was still working when he claimed his pension

Many of the people who contact Tax Help for Older people have not fully understood the tax implications of drawing down private or claiming their state pensions. This can lead to unexpected tax debt especially when there are other tax issues to address such as PAYE errors. People in poverty live on very tight margins and cannot afford unexpected tax demands.

Tony came to us when HMRC contacted him about his tax debt. We were able to help Tony with some simple understanding of his PAYE situation, allowing us to advocate on his behalf. Tony had always struggled with dyslexia but also had other difficulties with COPD, heart disease and peripheral vascular disease. He contacted us in June 2021 as he had received a letter showing a tax underpayment of £246 for the tax year 2019/20. This was a complete surprise. He wasn't sure what he was supposed to do or why he had received this demand.

The underpayment was due to a coding error because he had received his pension and had ongoing PAYE employment. When his pension had started no code had been issued in respect of his ongoing employment. As a result, his employer continued to use his code from the previous year. He had underpaid his tax in the year his pension started. As this error on his code continued into 2020/21 it meant that his tax for the year 2020/21 would be underpaid and the error continued in 2021/22. Tony had a low income and was unable to pay the tax underpayment.

Tax Help made an appeal on the grounds of hardship due to Tony's vulnerability and low income. HMRC agreed that, taking into account Tony's personal circumstances, they would not look to collect his underpayment. HMRC also agreed this approach for the underpayment that arose in

2020/21 and Tax Help ensured that Tony's codes for 2021/22 were correct so that he did not have to worry about this anymore.

This is a simple fix for a simple coding error, but for Tony it was transformational. He had found the paperwork and terminology impenetrable and he couldn't pay unexpected bills.



Andrew's story

Pension scam

Andrew received a tax bill of £20,000 due to a pension scam

The liberalisation of pensions in 2015 opened the door to myriad pension scams. Pension draw downs and their tax implications are poorly understood by the wider public. Considerable tax debt can accrue from HMRC many years after the original scam.

Andrew called us because he had received a tax bill of £20,000 that he was unable to pay.

Andrew had no idea why he had received this but when we looked at the facts we found out that in 2013/14 he had been the victim of a pension scam.

Andrew used to be in the army. And, at the time of the scam, he was 50 and had disabilities that had stemmed from his military service. He also has diabetes and Meniere's disease, both of which are exacerbated by stress.

In 2013/14 Andrew had been contacted by an old colleague, from his time in the army, about transferring his pension. He was certain he could trust this person as he knew him, and was further assured this person was professionally qualified as he was shown fake documentation as proof.

This person convinced Andrew to switch his MOD pension to another pension scheme.

It all seemed very above-board until the pension transfer took place. Andrew received cash of £36,000 but he lost £22,000 in the transfer to the scammer. To add to Andrew's distress, because he had trusted this person, he had also referred his brother to the same advisor before he knew it was a scam.

In 2016 Andrew was contacted by the police and advised that this was a scam. He co-operated with them to assist in their case, but he did not hear anything further about it.

When he was finally contacted by HMRC with the tax of £15,000 due and penalties of £5,000 he did not understand why, nor did he have the funds to pay. He had no assets and no disposable income.

Through ringing Tax Help for Older People we were able to appeal the surcharge, and are working with HMRC to see if it is possible to secure remission, although bankruptcy could still be an outcome.



Barbara's story

Self-assessment

From living on £3,000 to receiving a lump sum of £50,000

Many of our beneficiaries do not understand what they need to do to pay tax and therefore do not claim their entitlements.

Barbara is in her 70s and did not understand what she owed or what she was entitled to. She had been working as a dog trainer and behaviourist but had not completed any tax returns since 2006.

Barbara had not been claiming her state pension and had been living on an income of only £3,000 per year, surviving by receiving handouts from friends. Her friend, Patricia, became involved as she was concerned about Barbara's level of poverty.

Patricia helped by getting in touch with HMRC and they advised that Barbara would need to complete her tax returns from 2006/07 to 2018/19. They were put in touch with Tax Help for Older people and we worked with them to prepare tax returns for the last four years.

HMRC accepted the figures that were supplied and no longer required the returns for the previous years. No tax was due on the returns that were submitted.

As a result of this Barbara was now able to claim her state pension and no longer had to survive in absolute poverty. When she claimed her pension this had accumulated for many years and she was now entitled to a lump sum of £50,000. She came to Tax Help for assistance to ensure that the tax liability was paid on her lump sum.

Barbara's life was completely turned around since her friend contacted us on her behalf. She had been living on an income of only £3,000 a year but following this intervention she was now able to draw her weekly state pension and had £50,000 in savings.



We need you to help us resolve more tax stories

Thank you for reading our tax stories. The lives of the people who come to us for tax support are often complicated. The reasons why they need our support are varied. The work that the tax charities do can help to give people in vulnerable positions a lifeline when they truly need it.

We hear people say on our helplines that they weren't sure where else to turn before they found our helpline and got in touch.

The tax community understands how simple it is to fix these tax issues with the correct advice and expertise. As a tax professional, we hope you will support us to continue our work by a gift or by hosting your own fundraising event. The funds tax professionals donate will ensure we can help more people like Emma, Michael, Greg, Tony, Andrew and Barbara.

Fundraise for us



Download your tax community fundraising pack, for ideas and tips, by scanning the QR code above or by visiting our website: taxaid.org.uk/tax-community-fundraising-pack

Your bake-off, fitness challenge or quiz night can help us change lives. Please fundraise for us!



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