

Income tax payment can place a significant burden on cashflow, particularly when it is met by a Firm on behalf of its partners. Key Business Finance offers an account that is specifically designed to spread the payment of income tax over the course of the year.

### What is it?

The income tax payment account is a flexible way to spread the payment of your Firm's partner's income tax liability. This can be done in two ways. Either open an account in January to cover the liability for the year (using a mid year estimate, if the precise amount is not known at that point) repayable by 12 payments or by means of two separate loans, one in January and one in July, each of 6 payments to settle the liabilities as they become due.

The advantage of using the whole year option is that your monthly payments will remain unchanged throughout the year.

### What are the benefits to you?

**Flexible Funding Options.** You can choose to spread your tax liability across a whole year, with a loan repayable over 12 equal payments or two loans for the January and July liabilities repayable with 6 payments each.

**A Highly Competitive Fixed Interest Rate.** The interest is fixed for the term of the loan, which allows for accurate budgeting and cashflow planning.

**An Additional Line Of Credit.** A Key Business Finance loan will allow firms to leave existing banking arrangements for other appropriate uses.

**Direct settlement to Her Majesty's Revenue and Customs (HMRC).** Key Business Finance will pay HMRC direct for you, ensuring that the tax liability is paid promptly.

### How does it work?

You have a choice of two options. You choose whether you want to fund the whole year's liability via one loan or fund the January and July liabilities separately.

#### Annual liability option

You take the January tax bill and add to it an estimate of the mid year tax liability, if this is not already known, to enable us to set the monthly payment. This is calculated so you will only pay interest on the amount outstanding on your loan at any time. We will then make a payment to HMRC in January and July on your behalf. If the mid year estimate is less than expected we will remit the difference directly back to you, if it is more than expected you have the option of paying the balance independently of us or making an application for a further loan to cover the additional amount.

#### Half yearly option

Simply contact us with the amount required. We will send to you an agreement to sign and return. On receipt of a signed agreement we will pay HMRC directly on your behalf. This same process can be repeated at the mid year, when that liability is known.

Creative solutions that make your life easier

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