



Get ready for new VAT penalties from 1 January 2023

For VAT periods starting on or after 1 January 2023, HMRC is replacing the default surcharge with separate penalties for late returns and late payment of VAT. At the same time, HMRC is introducing a new approach to charging interest on late-paid VAT.

The new points-based system for late submissions is designed to be more lenient for the occasional slip-up, whilst still penalising those who repeatedly fail to comply. It will operate in a similar way to the penalty points system for motoring offences. Also, like the system for motoring penalties, the points expire after a period of time.

If your business submits its return late (which also applies if you submit a nil or repayment return late), you could face penalty points and a £200 fine.

See the attached for details of the new points-based system: [Prepare for upcoming changes to VAT penalties and VAT interest charges - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/prepare-for-upcoming-changes-to-vat-penalties-and-vat-interest-charges)