

What Happens If I'm Late Filing or Paying My VAT Return?

VAT

Last updated 8 October 2026

With Mighty's support, we'd hope you're never late filing or paying your VAT return. Between our automated reminders and the occasional human nudge, we'll do everything we can to keep you on track.

But we get it. Client work, travel, or just life in general can take over. So if a VAT deadline slips past you, here's what happens, what it means for your business, and how to get things back on track.

What happens if you file your VAT late?

Since January 2023, HMRC has used a penalty points system for late VAT returns. Think of it like getting points on your driving licence.

Each time you miss a filing deadline, you get one penalty point. Once you reach a certain number of points, you'll get a £200 fine. After that, every further late return brings another £200 penalty until your record resets.

How many points before you get fined?

Filing frequency	Points threshold
Annually	2 points
Quarterly	4 points
Monthly	5 points

So if you file quarterly (as most Mighty clients do), your fourth missed deadline within a 24-month period will trigger the first £200 penalty.

How to clear your penalty points

You can reset your points to zero if you:

1. Catch up on any outstanding returns, even if they're late, and
2. Submit all VAT returns on time for a set "compliance period":
 - 24 months if you file annually

- 12 months if you file quarterly
- 6 months if you file monthly

So, given most of our clients file quarterly, if you're on time for your next four VAT returns (roughly the next 12 months), your points will automatically reset to zero.

In essence, if you've been late once, don't worry. We'll help you get back on track and make sure your future returns go in on time.

What happens if you pay your VAT late?

Submitting your VAT return and paying your VAT bill are treated separately. You could file on time but still get a penalty for paying late, or vice versa.

Here's how HMRC charges penalties for late payments

From the first day the VAT payment is late interest is charged at the Bank of England base rate plus 4% from 6 April 2025 (was plus 2.5% on or before 5 April 2025), so it can build up if left unpaid.

- **1–15 days late:** No penalty if you pay in full or agree a *Time to Pay* arrangement with HMRC.
- **16–30 days late:** A 3% penalty on the amount still owed at day 15.
- **31+ days late:** A further 3% penalty.

Our recommendation:

We strongly recommend setting up a Direct Debit with HMRC ([see how to set this up here](#)) to avoid missing a payment deadline.

If you think you'll struggle to pay, let us know early. You'll usually be able to set up a payment plan with HMRC to avoid further penalties, but it's important to act quickly.

FAQs

Will Mighty remind me?

Of course. You'll get automated reminders after your VAT quarter ends, and if we still haven't received the information we need to review or file your return, your dedicated accountant will politely nag you (for lack of a better phrase!) to update Mighty.

For payments, we'll email the payment details to you alongside your VAT return. However, we don't send further email reminders once the return has been approved, so setting up a [Direct Debit](#) is the best way to make sure payments happen automatically.

Do penalty points expire automatically?

Yes, if you have caught up and met the compliance period (e.g. being on time for 12 months if you file quarterly).

Can I appeal a penalty?

Yes. If you had a genuine reason, such as illness or technical issues, you can appeal directly through your VAT account or by writing to HMRC. You can find out more about this [here](#).

What if I'm late for both filing and payment?

They're treated separately, so you might get a penalty point for filing and an additional charge for late payment. The best thing you can do is file and pay as soon as possible, then let us know so we can help you get back on track.

In short

With Mighty keeping an eye on your VAT deadlines (and sending the occasional friendly reminder), you should rarely have to worry about missing one.

If you do file or pay late, don't panic. HMRC's system is designed to give you a fair few chances before things get serious, and we'll help you sort things quickly and stay compliant in future.

If you have any questions with this, please contact your dedicated accountant or support@mightyaccounting.com. We're always happy to help.