

PART 7 Payment and Recovery of Tax, Interest and Penalties

Payment of tax and interest on tax. CATA 1976 s41(1), (2), (2A) and (3) to (6) and (8); FA 1989 s76(2) 51.—(1) Tax shall be due and payable on the valuation date.

(2) Simple interest at the rate of 0.0322 per cent per day or part of a day, without deduction of income tax, is payable on the tax from the valuation date to the date of payment of the tax and is chargeable and recoverable in the same manner as if it were part of the tax.

(3) Notwithstanding subsection (2), interest is not payable on the tax—

(a) to the extent to which section 89 (4)(a) applies, for the duration of the period from the valuation date to the date the agricultural value ceases to be applicable,

(b) to the extent to which section 77 (3) and (4) applies, for the duration of the period from the valuation date to the date the exemption ceases to apply,

(c) to the extent to which section 101 (2) applies, for the duration of the period from the valuation date to the date the reduction which would otherwise fall to be made under section 92 ceases to be applicable,

(d) to the extent to which section 78 (6) applies, for the duration of the period from the valuation date to the date the exemption ceases to apply,

(e) to the extent to which section 86 (6) or (7) applies, for the duration of the period from the valuation date to the date the exemption ceases to apply.

(4) Notwithstanding subsection (2), interest is not payable on tax which is paid within 3 months of the valuation date, and where tax and interest, if any, on that tax is paid within 30 days of the date of assessment of that tax, interest shall not run on that tax for the period of 30 days from the date of the assessment or any part of that period, but, in relation to an assessment of tax made by an accountable person on a return delivered by that accountable person, interest is not payable on tax which is paid within 4 months of the valuation date.

(5) A payment on account of tax shall be applied—

(a) if there is interest due on tax at the date of the payment, to the discharge, so far as may be, of the interest so due, and

(b) if there is any balance of that payment remaining, to the discharge of so much tax as is equal to that balance,

and a payment by an accountable person of tax is treated as a payment on account of tax for the purposes

of this section, notwithstanding that the payment may be conditional or that the assessment of tax is incorrect.

(6) Subject to subsections (2), (4) and (5), payments on account may be made at any time, and when a payment on account is made, interest is not chargeable in respect of any period subsequent to the date of such payment on so much of the payment on account as is to be applied in discharge of the tax.

(7) In the case of a gift which becomes an inheritance by reason of its being taken under a disposition where the date of the disposition is within 2 years prior to the death of the disponer, this section has effect as if the references to the valuation date in subsections (1), (2), (3) and (4) were references to the date of death of the disponer.

(8) Where the value of a limited interest is to be ascertained in accordance with rule 8 of Schedule 1 as if it were a series of absolute interests, this section has effect, in relation to each of those absolute interests, as if the references to the valuation date in subsections (1), (2), (3) and (4) were references to the date of the taking of that absolute interest.