

Corporation tax— late returns: restriction of certain claims for relief. FA92 s55(1) and (2); FA95 s66(1) and (2) 1085.—(1) (a) In this section—

“chargeable period” means an accounting period of a company;

“group relief” has the meaning assigned to it by section 411;

“return of income” means a return which a company is required to deliver under section 951;

“specified return date for the chargeable period” has the same meaning as in section 950.

(b) Subparagraphs (i), (ii) and (iii) of paragraph (b) of subsection (1) of section 1084 shall apply for the purposes of this section as they apply for the purposes of that section.

(2) Notwithstanding any other provision of the Tax Acts, where in relation to a chargeable period a company fails to deliver a return of income for the chargeable period on or before the specified return date for the chargeable period, then, subject to subsections (3) and (4), the following provisions shall apply:

(a) any claim in respect of the chargeable period under section 308 (4), 396 (2) or 399 (2) shall be so restricted that the amount by which the company's profits of that or any other chargeable period are to be reduced by virtue of the claim shall be 50 per cent of the amount it would have been if this section had not been enacted,

(b) the total amount of group relief which the company may claim in respect of the chargeable period shall not exceed 50 per cent of the company's profits of the chargeable period as reduced by any other relief from tax other than group relief,

(c) the total amount of the loss referred to in subsection (1) of section 420 for the chargeable period and the total amount of the excess referred to in subsection (2), (3) or (6) of that section for that period shall each be treated for the purposes of Chapter 5 of Part 12 as reduced by 50 per cent,

(d) any claim in respect of the chargeable period under section 160 (3) shall be so restricted that the amount of advance corporation tax which is treated as if it were advance corporation tax paid in respect of distributions made by the company in any preceding chargeable period shall be 50 per cent of the amount which would have been so treated if this section had not been enacted, and

(e) the company may not surrender under section 166 (1) more than 50 per cent of the excess of the total amount of advance corporation tax it has paid (and which has not been repaid) in respect of a dividend or dividends paid by it in the chargeable period over the amount of such advance corporation tax which under section 160 (2) is set against its liability to corporation tax for the chargeable period.

(3) Subject to subsection (4), any restriction or reduction imposed by paragraph (a), (b), (c), (d) or (e) of subsection (2) in respect of a chargeable period in the case of a company which fails to deliver a

return of income on or before the specified return date for the chargeable period shall apply subject to—

(a) in the case of the restrictions or reductions imposed by paragraph (a), (b) or (c) of subsection (2), a maximum restriction or reduction, as the case may be, of £125,000 in each case for the chargeable period, and

(b) in the case of the restrictions imposed by paragraph (d) or (e) of subsection (2), a maximum restriction of £50,000 in each case for the chargeable period.

(4) Where in relation to a chargeable period a company, having failed to deliver a return of income on or before the specified return date for the chargeable period, delivers that return before the expiry of 2 months from the specified return date for the chargeable period, paragraphs (a) to (e) of subsection (2) shall apply—

(a) as if the references in those paragraphs to “50 per cent” were references to “75 per cent” in the case of paragraphs (a), (b), (d) and (e) and “25 per cent” in the case of paragraph (c), and

(b) subject to—

(i) in the case of the restrictions or reductions imposed by paragraph (a), (b) or (c) of subsection (2), a maximum restriction or reduction, as the case may be, of £25,000 in each case for the chargeable period, and

(ii) in the case of the restrictions imposed by paragraph (d) or (e) of subsection (2), a maximum restriction of £10,000 in each case for the chargeable period.