

Chapter 3 Interest and penalties

Interest payable by accountable persons. VATA s. 21

114.—(1) Where any amount of tax becomes payable under section 76 or 77 and is not paid, simple interest on the amount shall be paid by the accountable person, and such interest shall be calculated from the date on which the amount became payable and at a rate of 0.0274 per cent for each day or part of a day during which the amount remains unpaid.

(2) Where an amount of tax is refunded to a person and—

(a) no amount of tax was properly refundable to that person under section 99 (1), or

(b) the amount of tax refunded is greater than the amount properly refundable to that person under section 99 (1),

then simple interest shall be paid by that person on any amount of tax refunded to that person which was not properly refundable to that person under section 99 (1), from the date the refund was made, at the rate of 0.0274 per cent for each day or part of a day during which the person does not correctly account for any such amount refunded which was not properly refundable.

(3)(a) Subject to paragraph (b), where the amount of the balance of tax remaining to be paid in accordance with section 77 (2)(b) and (c) by an authorised person referred to in section 77 (5) (in this subsection referred to as the “balance”) represents more than 20 per cent of the tax which the authorised person became accountable for in respect of his or her accounting period, then, for the purposes of this subsection, that balance shall be deemed to be payable on a day (in this subsection referred to as the “accrual day”) which is 6 months prior to the final day for the furnishing of a return in accordance with section 77 (2)(b) and simple interest in accordance with this section shall apply from that accrual day.

(b) Where an authorised person can demonstrate to the satisfaction of the Collector-General that the amount of interest payable on the balance, in accordance with this subsection, is greater than the sum of the amounts of interest which would have been payable in accordance with this section if—

(i) the authorised person were not so authorised,

(ii) the person had submitted a return in accordance with section 76 (1) for each taxable period comprising the accounting period, and

(iii) the amounts which were paid by direct debit during a taxable period are deemed to have been paid on the due date for submission of that return for that taxable period,

then that sum of the amounts of interest is payable.

(4) Subsections (1) and (2) shall apply—

(a) to tax recoverable by virtue of a notice under section 110 as if the tax were tax which the person was liable to pay for the respective taxable period or periods comprised in the notice, and

(b) to tax recoverable by virtue of a notice under section 111 (whether a notice of appeal under that section is received or not) as if the tax were tax which the person was liable to pay for the taxable period or, as the case may be, the later or latest taxable period included in the period comprised in the notice.