

Interest on overdue income tax and corporation tax in cases of fraud or neglect. FA71 s20(1) to (4) and (6); FA74 s86 and Sch2 Ptl; CTA76 s145(4); FA80 s14(2); FA82 s59 1082.—(1) In this section, “neglect”, in the case of corporation tax, has the same meaning as in section 919 (5) (a) and, in the case of income tax, has the same meaning as in section 924 (2) (a).

(2) Where for any year of assessment or accounting period an assessment is made for the purpose of recovering an undercharge to income tax or corporation tax, as the case may be, attributable to the fraud or neglect of any person, the amount of the tax undercharged shall carry interest at the rate of 2 per cent for each month or part of a month from the date or dates on which the tax undercharged for that year or accounting period, as the case may be, would have been payable if it had been included in an assessment made—

(a) in the case of income tax, before the 1st day of October in that year, and

(b) in the case of corporation tax, on the expiration of 6 months from the end of that accounting period,

to the date of payment of the tax undercharged.

(3) Subject to subsection (5), section 1080 (1) shall not apply to tax carrying interest under this section.

(4) Subsections (2) to (4) of section 1080 and, in the case of income tax, section 1081 shall apply to interest chargeable under this section as they apply to interest chargeable under section 1080.

(5) Where an assessment of the kind referred to in subsection (2) is made—

(a) the inspector concerned shall give notice to the person assessed that the tax charged by the assessment will carry interest under this section,

(b) the person assessed may appeal against the assessment on the ground that interest should not be charged under this section, and the provisions of the Tax Acts relating to appeals against assessments shall apply with any necessary modifications in relation to the appeal as they apply in relation to those appeals, and

(c) if on the appeal it is determined that the tax charged by the assessment should not carry interest under this section, section 1080 (1) shall apply to that tax.