HMRC - CFM98990 - Administration: Penalties: Introduction

The interest restriction provisions have their own penalty provisions, tailored to a regime that works primarily at the level of the worldwide group. Many of the general penalty provisions in FA07/SCH24 do not fit with a group level regime, or are unnecessary as they do not relate to matters involved with the interest restriction rules.

There are circumstances in which a company is required to amend its company tax return to take account of allocated tax-interest restrictions or reactivations or of the effects of elections it has made. The company becomes liable to a penalty of £500 if it fails to amend its return within the time limit. The penalty is administered in the same way as a penalty for failure to deliver an interest restriction return. For the circumstances in which such a company level penalty can arise, see CFM98630+.

Next page