HMRC - CFM99090 - Administration: Penalties: Payments Between Group Companies In Respect Of Penalties

TIOPA10/SCH7A/PARA37

TIOPA10/SCH7A/PARA37 provides that payments from members of a worldwide group to a reporting company in respect of an agreement in relation to a penalty are not taxable income, or treated as distributions, so long as those payments do not exceed the penalty. This allows the cost of a penalty to be shared amongst the members of a group without that causing tax complications, in a similar way to payments for group relief.

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