HMRC - CH155340 - Penalties: Failure To Pay All Or Part Of Amounts Due - Default Penalty

A person can incur a default penalty where they do not pay the Machine Games Duty (MGD) by the due date. The penalty is incurred on the penalty date.

Calculate the default penalty

To calculate the default penalty for MGD unpaid at the penalty date, follow these steps,

Take the number of failures in the penalty period. A failure is a failure to pay all of the MGD by the due date.

Use the number of failures to work out the number of defaults in the penalty period. A default is any failure to pay an amount of MGD in full by the due date, except the first such failure.

Use the table below to find the penalty rate for the accounting period, which depends on the number of defaults in that penalty period.

Apply the percentage from the table to the amount of MGD not paid by the due date, even if part or all of these amounts have been paid in the meantime.

See examples at CH155370.

Table of default penalty rates

Calculate the default penalty

To calculate the default penalty for MGD unpaid at the penalty date, follow these steps,

Take the number of failures in the penalty period. A failure is a failure to pay all of the MGD by the due date.

Use the number of failures to work out the number of defaults in the penalty period. A default is any failure to pay an amount of MGD in full by the due date, except the first such failure.

Use the table below to find the penalty rate for the accounting period, which depends on the number of defaults in that penalty period.

Apply the percentage from the table to the amount of MGD not paid by the due date, even if part or all of these amounts have been paid in the meantime.

See examples at CH155370.

Table of default penalty rates {#IDAKWF3B} |

| ——————————————– | ——————————————– | ———————————————————————————————————————————————————————————————————————————————————————————————————————————————————————————————————————————————————————————————————————————————————————————————————————————————————————————————————————————————————————————————————————————————————————————————————————————————————————————————————————————————————————————— | | 1 | Nil | n/a | | 2 | 1 | 2% | | 3 | 2 | 3% | | 4 (and subsequent) | 3 (and subsequent) | 4% |

The penalty period ends 12 months after the due date for the person’s most recent failure. If the person fails to pay any amount of MGD by the due date after the penalty period has ended, then a new penalty period starts and this is the first failure in the new penalty period, and does therefore does not attract a default penalty.

All failures, whether or not they attract a default penalty, where payment continues not to be made within 6 and 12 months after the due date attract one or two further penalties, see CH155350.

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