HMRC - CTM94060 - CTSA: Tax-Related Penalties

FA98/SCH18/PARA18 (TMA70/S94 (6))

If a company fails to deliver a company tax return for an accounting period:

within 18 months after the end of the accounting period,

or

if the filing date is later than 18 months after the end of the accounting period, by the filing date,

it is liable to a tax-related penalty.

The amount of the penalty is:

10% of the tax unpaid if the return is delivered within two years after the end of the accounting period,

20% of the tax unpaid in any other case.

When a notice to deliver is given late, or there is a short accounting period at the beginning of a long period of account, the filing date may fall after the 18-month point.In this case, the company incurs no tax-related penalty provided it delivers its return by the filing date.

CTSA accounting periods

The unpaid tax is the amount of the tax payable by the company for the accounting period that remains unpaid on the date that the company first incurs a tax-related penalty. This is the later of:

18 months plus one day after the end of the accounting period,

and

the filing date.

Note: COTAX may calculate this amount incorrectly when the filing date is later than 18 months after the end of the accounting period. This is because it follows the CTPF rule mentioned below, for all accounting periods.

For more information, see the On-line Company Tax Manual (COM), in the ‘Penalties’ business area.

CTPF accounting periods

The unpaid tax is the amount of the tax payable by the company for the accounting period that remains unpaid 18 months after the end of the accounting period. This is the case even if the penalty is not incurred until after that date.

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