HMRC - CTM94070 - CTSA: Amount Of Tax Unpaid

Tax unpaid CTSA periods (FA98/SCH18/PARA18 (3)

‘Tax unpaid’ for these purposes means:

the CT chargeable on the profits of the return period (including tax chargeable under ICTA88/S419 and ICTA88/S747) remaining unpaid on the date when the liability to the penalty arises,

less

all set-offs in terms of tax, including CIS deductions suffered before 6 April 2002, except as shown below.

Tax unpaid CTPF periods (TMA70/S94 (7))

‘Tax unpaid’ for these purposes means:

the CT chargeable on the profits of the return period remaining unpaid 18 months after the end of the return period,

less

all set-offs in terms of tax, including SC60 deductions, except as shown below.

In this context ‘CT chargeable’ in both regimes means the final figure, after deduction of:

group relief,

carry-backs from later accounting periods of:

trade losses,

surplus ACT,

non-trade deficits and so on.

However, in determining the amount of tax unpaid take no account:

for CTSA periods:

of any relief under ICTA88/S419 (4) that is deferred under ICTA88/S419 (4A) to a date after the date on which the penalty is incurred,

for CTPF periods:

of any ACT carried back from a subsequent accounting period ending more than two years after the end of the relevant accounting period.

For the date at which unpaid tax must be calculated see CTM94060.Except as mentioned therein COTAX should normally calculate unpaid tax correctly.

Example 1

This example shows a tax-related penalty in a straightforward case.

Example 2

This example shows the tax-related penalty when the notice to deliver is issued late and the return is delivered late. We allow four working days from the date of issue of the notice to deliver for postal delay. The filing date in this case is, therefore, three months and four days after the date when the notice to deliver was issued.

Example 3

This example shows the tax-related penalty when the liability includes a loan to a participator.

You take no account of relief under ICTA88/S419 (4). This is because the company receives repayment of the loan more than nine months after the end of the accounting period in which it was lent. ICTA88/S419 (4A) defers the giving of relief until the normal due date for the accounting period in which the loan is repaid (1 April 2002). This is after the date on which the penalty is incurred.

If the company receives the loan repayment within 9 months after the end of the accounting period (on or before 30 June 2000) the unpaid tax at 1 April 2001 is NIL. No penalty is then due.

Example 4

This example shows a case where ACT is carried back to the accounting period in whichthe tax-related penalty is incurred.

For the purpose of calculating the tax-related penalty, the amount of tax unpaid is:

Later, company has surplus ACT of £5,000 for each of its accounting periods ending on 31 December 1995 and 31 December 1996.

It claims to carry back both surpluses to the accounting period ended 31 December 1993.

The amount of the tax ‘unpaid’ for penalty purposes is reduced as follows.

Note: You take no account of the £5,000 ACT carried back from the accounting periodended 31 December 1996.

The CT chargeable may not be final for the accounting period when you charge the tax-related penalty. If you revise the amount of CT on which you based a penalty you must also revise or make a further tax-related penalty determination. This will occur, for example,when:

you have based the penalty on the tax charged in a Revenue determination under FA98/SCH18/PARA36 and the company subsequently delivers a return

an SA is amended or you issue a further assessment.

For more details see CTM94210.

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