HMRC - CTM94080 - CTSA: Amount Of Tax Unpaid: Surrender Of Refund

Under FA89/S102 a group company may surrender a refund of tax to another group company.

To calculate tax ‘unpaid’ for the purposes of a tax-related penalty you treat the receiving company as having paid the amount of the refund on the day the companies jointly gave notice of the surrender. You do not use the ‘relevant date’, which is the date on which the surrender is effective for interest purposes (FA89/S102 (5)).

Following reallocation of a repayment surrendered, COTAX automatically calculates any tax-related penalty payable by the receiving company taking account of this restriction.

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