HMRC - CTM94090 - CTSA: Interaction Of Flat-Rate & Tax-Related Penalties

Tax-related penalties due under FA98/SCH18/PARA18 (formerly TMA70/S94 (6)) do not affect flat-rate penalties due under FA98/SCH18/PARA17 (formerly TMA70/S94 (1)). You can charge a penalty under both paragraphs in relation to the same accounting period and company tax return.

A company usually incurs a flat-rate penalty before a tax-related penalty. However, it is possible for a company to incur a penalty under both paragraphs at the same time.

A company incurs a flat-rate penalty on the day following the filing date.

A company usually incurs a tax-related penalty on the day following the expiry of 18 months after the end of the return period.

However, as explained at CTM94060, the filing date may be later than this 18-month point in which case the company also incurs the tax-related penalty on the day following the filing date.

Note: For CTSA periods you base the tax-related penalty on the tax unpaid at the date on which the company incurs the penalty (FA98/SCH18/PARA18 (3)). This willbe 18 months and one day after the end of the accounting period or, if the filing date islater than that, the day after the filing date - see CTM94060.

This is different from CTPF where you calculate the tax-related penalty on the amount oftax unpaid at the 18 month point regardless of the date on which the notice to deliver is issued. This is so even if the company does not incur the penalty until after that time.

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