HMRC - CTM94240 - CTSA: More Than One Tax-Related Penalty For The Same Accounting Period

FA98/SCH18/PARA90 (TMA70/S97A)

Companies may be liable to two or more tax-related penalties in relation to the same amount of CT.

For example, a penalty can arise under both FA98/SCH18/PARA18 (formerly TMA70/S94 (6)) and FA98/SCH18/PARA20 (formerly TMA70/S96).

When a company incurs more than one tax-related penalty for the same accounting period,then only one such penalty, whichever is the greater or greatest, is imposed on each slice of relevant tax.

Example

Using an agreed penalty abatement for the Paragraph 20 penalty, the penalty calculationis:

If there had been no Paragraph 20 culpability attaching to the additional £5,000, the total Paragraph 18 penalty would have been £25,000 x 10% = £2,500.

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