HMRC - CTM97560 - CTSA: Apportion Payments At Closure

Immediately following the closing date for each group payment period (defined at CTM97500) the group payment team works out what is due from the nominated company under the arrangement. It takes account of any amendments made to the SA of the participating companies at any time up to the closing date.

Any adjustments made to the SA of participating companies after the closing date, including any reflecting amendments to the return before that date, are dealt with on an individual company basis.

The group payment team issues a notice of closure to the nominated company setting out the payments made and the liabilities of each participating company as at the date of closure. The notice invites the nominated company to:

pay any outstanding balance or indicate how it wishes to dispose of any net overpayment,

specify, within 30 days, how the payments are to be apportioned between the participating companies.

Where the nominated company does not pay the outstanding balance, the shortfall is likely to be allocated to a participating company whose liability is expected to decrease by the amount of the shortfall.

If that is not the case, or:

the decrease in liability does not actually occur, leaving the company in question underpaid,

and

we cannot secure payment from that company,

we can over-ride the nominated company’s allocation of the payments.

We will do this, for example, if the underpaid company was insolvent. This provision enables us to reallocate the underpayment to a solvent participating company and enforce payment against it.

The group payment team’s job in relation to a particular group payment period is essentially over once they have carried out the nominated company’s wishes regarding the apportionment of payments. It is, therefore, the co-ordinating officer who may need to use the provision. However, you should seek advice from the CT Process team (see CTM97450) before making such a reallocation.

The nominated company can allocate any surplus to one or more participating companies, or require its repayment.

The group payment team makes:

the apportionment,

and

any necessary repayment,

on the computer record.

COTAX then calculates any:

debit,

credit,

or

late payment,

interest in the normal way on the individual company’s record.

This is calculated on the basis that the payments apportioned to it were:

made by the company itself,

on its own behalf,

on the dates they were actually made by the nominated company.

Any amendment to the liability of the company for the relevant accounting period thereafter is handled for all purposes as if the company had never been within a group payment arrangement.

If the nominated company fails to make this apportionment, the Revenue has the power to make the apportionment, by notice in writing. The group payment team will issue an apportionment notice (CT631) and if there is no response to the notice within 30 days the proposed apportionment will take place.

See the On-line Company Tax Manual (COM) in the Pursuit business area for procedural guidance on handling such cases.

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