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SCHEDULES.

SCHEDULE 6

ADMINISTRATION OF CORPORATION TAX ACTS.

Returns.

- 2 (1) A company may be required by a notice served on the company by an inspector or other officer of the Board to deliver to the officer within the time limited by the notice a return of the profits of the company computed in accordance with the Corporation Tax Acts—
- (a) specifying the income taken into account in computing those profits, with the amount from each source,
 - (b) giving particulars of all disposals giving rise to chargeable gains or allowable losses under Parts III and IV of the Finance Act 1965, and particulars of those chargeable gains or allowable losses, and
 - (c) giving particulars of all charges on income to be deducted against those profits for the purpose of the assessment to corporation tax.
- (2) A notice under this paragraph may require a return of profits arising in any period during which the company was within the charge to corporation tax.
- (3) Every return under this paragraph shall include a declaration to the effect that the return is correct and complete.
- (4) A return under this paragraph which includes profits which are payments on which the company has borne income tax by deduction shall specify the amount of income tax so borne.
- (5) A notice under this paragraph may require the inclusion in the return of particulars of management expenses, capital allowances and balancing charges which have been taken into account in arriving at the profits included in the return.
- (6) Paragraph 6 of Schedule 10 to the Finance Act 1965 (power to demand information about the acquisition of assets) shall apply in relation to a notice under this paragraph as it applies in relation to a notice under section 7 of the Income Tax Management Act 1964.
- (7) Section 31 of the Income Tax Act 1952 (production of books and accounts) shall apply where a company is required to make, or makes, a return under this paragraph relating to profits which consist of or comprise those arising from a trade as it applies where a person is required to make, or makes, a return for the purposes of income tax of the profits or gains arising to him from any trade.
- 3 (1) If any company has been required by a notice served under paragraph 2 of this Schedule to deliver a return and the company fails to comply with the notice the company shall be liable, subject to sub-paragraph (3) of this paragraph—
- (a) to a penalty not exceeding, except in the case mentioned under sub-paragraph (2) of this paragraph, fifty pounds, and

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- (b) if the failure continues after it has been declared by the court or Commissioners before whom proceedings for the penalty have been commenced, to a further penalty not exceeding ten pounds for each day on which the failure so continues.
- (2) If the failure continues after the end of the period of two years beginning with the date on which the notice was served, the penalty under sub-paragraph (1)(a) above shall be an amount not exceeding the aggregate of fifty pounds and the total amount of the tax with which the said company is charged (whether for one or more accounting periods) in assessments to corporation tax—
- (a) based wholly or partly on any profits that ought to have been included in the return required by the notice, and
 - (b) made after the end of the said period of two years,
- and in arriving at the amount of corporation tax with which the company is so charged no account shall be taken of any income tax which under section 48(6) or section 50(3) of the Finance Act 1965 (income tax borne by deduction from receipts) may be set off against corporation tax.
- (3) Except in the case mentioned in sub-paragraph (2) above, the company shall not be liable to any penalty incurred under this paragraph for failure to comply with a notice, if the failure is remedied before proceedings for the recovery of the penalty are commenced.
- (4) If in proceedings under this paragraph it is proved that there were no profits to be included in the return, the penalty under this paragraph shall not exceed five pounds.
- (5) The Finance Act 1960 shall have effect as if this and the next following paragraph were contained in Part III of that Act (provisions relating to penalties).
- 4 (1) Where a company fraudulently or negligently—
- (a) delivers an incorrect return under paragraph 2 of this Schedule, or
 - (b) makes any incorrect return, statement or declaration in connection with any claim for any allowance, deduction or relief in respect of corporation tax, or
 - (c) submits to an inspector or any Commissioners any incorrect accounts in connection with the ascertainment of the company's liability to corporation tax,
- the company shall be liable to a penalty not exceeding the aggregate of—
- (i) fifty pounds, and
 - (ii) the amount or, in the case of fraud, twice the amount of the difference specified in sub-paragraph (2) below.
- (2) The difference is that between—
- (a) the amount of corporation tax payable by the said company for the accounting period or accounting periods comprising the period to which the return, statement, declaration or accounts relate, and
 - (b) the amount which would have been the amount so payable if the return, statement, declaration or accounts had been correct.
- (3) Section 47(3) and section 48(3) of the Finance Act 1960 (failure to correct an error not made fraudulently or negligently and presumption as to accounts submitted by one person on behalf of another) shall apply for the purposes of this paragraph as they apply for the purposes of the said section 47.

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- (1) Section 66 of the Income Tax Act 1952 (relief in respect of error or mistake in returns) shall apply in relation to corporation tax as it applies in relation to income tax under Schedule D.
 - (2) Any return under the Corporation Tax Acts shall be in such form as the Board prescribe.
 - (3) In this paragraph " return " includes any statement, declaration or list.