

SCHEDULES

SCHEDULE 5

INDIRECT TAXES: OVERPAYMENTS ETC

PART I

UNJUST ENRICHMENT

Application of Part I

- 1 (1) This Part of this Schedule has effect for the purposes of the following provisions (which make it a defence to a claim for repayment that the repayment would unjustly enrich the claimant), namely—
- (a) section 137A(3) of the Customs and Excise Management Act 1979 (excise duties);
 - (b) paragraph 8(3) of Schedule 7 to the Finance Act 1994 (insurance premium tax); and
 - (c) paragraph 14(3) of Schedule 5 to the Finance Act 1996 (landfill tax).
- (2) Those provisions are referred to in this Part of this Schedule as unjust enrichment provisions.
- (3) In this Part of this Schedule—
- “the Commissioners” means the Commissioners of Customs and Excise;
 - “relevant repayment provision” means—
- (a) section 137A of the Customs and Excise Management Act 1979 (recovery of overpaid excise duty);
 - (b) paragraph 8 of Schedule 7 to the Finance Act 1994 (recovery of overpaid insurance premium tax); or
 - (c) paragraph 14 of Schedule 5 to the Finance Act 1996 (recovery of overpaid landfill tax);
- “relevant tax” means any duty of excise, insurance premium tax or landfill tax; and
- “subordinate legislation” has the same meaning as in the Interpretation Act 1978.

Disregard of business losses

- 2 (1) This paragraph applies where—
- (a) there is an amount paid by way of relevant tax which (apart from an unjust enrichment provision) would fall to be repaid under a relevant repayment provision to any person (“the taxpayer”), and

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- (b) the whole or a part of the cost of the payment of that amount to the Commissioners has, for practical purposes, been borne by a person other than the taxpayer.
- (2) Where, in a case to which this paragraph applies, loss or damage has been or may be incurred by the taxpayer as a result of mistaken assumptions made in his case about the operation of any provisions relating to a relevant tax, that loss or damage shall be disregarded, except to the extent of the quantified amount, in the making of any determination—
 - (a) of whether or to what extent the repayment of an amount to the taxpayer would enrich him; or
 - (b) of whether or to what extent any enrichment of the taxpayer would be unjust.
- (3) In sub-paragraph (2) above “the quantified amount” means the amount (if any) which is shown by the taxpayer to constitute the amount that would appropriately compensate him for loss or damage shown by him to have resulted, for any business carried on by him, from the making of the mistaken assumptions.
- (4) The reference in sub-paragraph (2) above to provisions relating to a relevant tax is a reference to any provisions of—
 - (a) any enactment, subordinate legislation or Community legislation (whether or not still in force) which relates to that tax or to any matter connected with it; or
 - (b) any notice published by the Commissioners under or for the purposes of any such enactment or subordinate legislation.
- (5) This paragraph has effect for the purposes of making any repayment on or after the day on which this Act is passed, even if the claim for that repayment was made before that day.

Reimbursement arrangements

- 3 (1) The Commissioners may by regulations make provision for reimbursement arrangements made by any person to be disregarded for the purposes of any or all of the unjust enrichment provisions except where the arrangements—
 - (a) contain such provision as may be required by the regulations; and
 - (b) are supported by such undertakings to comply with the provisions of the arrangements as may be required by the regulations to be given to the Commissioners.
- (2) In this paragraph “reimbursement arrangements” means any arrangements for the purposes of a claim under a relevant repayment provision which—
 - (a) are made by any person for the purpose of securing that he is not unjustly enriched by the repayment of any amount in pursuance of the claim; and
 - (b) provide for the reimbursement of persons who have for practical purposes borne the whole or any part of the cost of the original payment of that amount to the Commissioners.
- (3) Without prejudice to the generality of sub-paragraph (1) above, the provision that may be required by regulations under this paragraph to be contained in reimbursement arrangements includes—

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- (a) provision requiring a reimbursement for which the arrangements provide to be made within such period after the repayment to which it relates as may be specified in the regulations;
 - (b) provision for the repayment of amounts to the Commissioners where those amounts are not reimbursed in accordance with the arrangements;
 - (c) provision requiring interest paid by the Commissioners on any amount repaid by them to be treated in the same way as that amount for the purposes of any requirement under the arrangements to make reimbursement or to repay the Commissioners;
 - (d) provision requiring such records relating to the carrying out of the arrangements as may be described in the regulations to be kept and produced to the Commissioners, or to an officer of theirs.
- (4) Regulations under this paragraph may impose obligations on such persons as may be specified in the regulations—
 - (a) to make the repayments to the Commissioners that they are required to make in pursuance of any provisions contained in any reimbursement arrangements by virtue of sub-paragraph (3)(b) or (c) above;
 - (b) to comply with any requirements contained in any such arrangements by virtue of sub-paragraph (3)(d) above.
- (5) Regulations under this paragraph may make provision for the form and manner in which, and the times at which, undertakings are to be given to the Commissioners in accordance with the regulations; and any such provision may allow for those matters to be determined by the Commissioners in accordance with the regulations.
- (6) Regulations under this paragraph may—
 - (a) contain any such incidental, supplementary, consequential or transitional provision as appears to the Commissioners to be necessary or expedient; and
 - (b) make different provision for different circumstances.
- (7) Regulations under this paragraph may have effect (irrespective of when the claim for repayment was made) for the purposes of the making of any repayment by the Commissioners after the time when the regulations are made; and, accordingly, such regulations may apply to arrangements made before that time.
- (8) Regulations under this paragraph shall be made by statutory instrument subject to annulment in pursuance of a resolution of the House of Commons.

Contravention of requirement to repay Commissioners

- 4 (1) Where any obligation is imposed by regulations made by virtue of paragraph 3(4) above, a contravention or failure to comply with that obligation shall, to the extent that it relates to amounts repaid under section 137A of the Customs and Excise Management Act 1979, attract a penalty under section 9 of the Finance Act 1994 (penalties in connection with excise duties).
- (2) For the purposes of Schedule 7 to the Finance Act 1994 (insurance premium tax), a contravention or failure to comply with an obligation imposed by regulations made by virtue of paragraph 3(4) above shall be deemed, to the extent that it relates to amounts repaid under paragraph 8 of that Schedule (recovery of overpaid insurance premium tax), to be a failure to comply with a requirement falling within paragraph 17(1)(c) of that Schedule (breach of regulations).

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- (3) Paragraph 23 of Schedule 5 to the Finance Act 1996 (power to provide for penalty) shall have effect as if an obligation imposed by regulations made by virtue of paragraph 3(4) above were, to the extent that it relates to amounts repaid under paragraph 14 of that Schedule (recovery of overpaid landfill tax), a requirement imposed by regulations under Part III of that Act; and the provisions of that Schedule in relation to penalties under Part V of that Schedule shall have effect accordingly.