
*Changes to legislation: There are currently no known outstanding effects
for the Finance Act 1998, SCHEDULE 4. (See end of Document for details)*

SCHEDULES

SCHEDULE 4

Section 35.

INTEREST PAYABLE UNDER THE TAX ACTS BY OR TO COMPANIES

Interest on overpaid or early paid corporation tax

- 1 (1) In section 826(2) of the Taxes Act 1988 (which defines “the material date” for the purposes of interest on overpaid corporation tax) at the beginning there shall be inserted “ Subject to section 826A(2), ”.
- (2) After section 826 of the Taxes Act 1988 there shall be inserted—

“826A Interest on payments in respect of corporation tax and meaning of “the material date”.

- (1) The Treasury may by regulations make provision applying section 826, with such modifications as may be prescribed, for the purpose of conferring on companies of such descriptions as may be prescribed a right to interest—
- (a) on such payments made by them in respect of corporation tax as may be prescribed,
 - (b) at the rate applicable under section 178 of the ^{M1}Finance Act 1989, and
 - (c) for such period as may be prescribed,
- and for treating any such interest for the purposes, or prescribed purposes, of the Tax Acts as interest under section 826(1)(a) on a repayment of corporation tax.
- (2) The Treasury may by regulations make provision modifying section 826(2) in relation to companies of such description as may be prescribed.
- (3) Subsections (1) and (2) above do not apply in relation to companies in relation to which section 826(2) is modified or otherwise affected by regulations under section 59E of the Management Act (alteration of date on which corporation tax becomes due and payable) in relation to the accounting period to which the corporation tax in question relates.
- (4) Where the Treasury make regulations under subsection (2) above in relation to companies of any description, they may also make regulations modifying section 59DA(2) of the Management Act in relation to those companies, or any description of such companies, by varying the date before which the claim there mentioned may not be made.
- (5) Regulations under this section—
- (a) may make different provision in relation to different cases or circumstances or in relation to companies or accounting periods of different descriptions;

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- (b) may make such supplementary, incidental, consequential or transitional provision as appears to the Treasury to be necessary or expedient.
- (6) Regulations under this section may not make provision in relation to accounting periods ending before the day appointed under section 199 of the ^{M2}Finance Act 1994 for the purposes of Chapter III of Part IV of that Act (corporation tax self-assessment).
- (7) In this section “prescribed” means prescribed by regulations made under this section.”
- (3) In section 178 of the ^{M3}Finance Act 1989 (setting of rates of interest) in subsection (2) (m) (which lists the provisions of the Taxes Act 1988 to which the section applies) for “and 826” there shall be substituted “ 826 and 826A(1)(b) ”.

Marginal Citations

- M1** 1989 c. 26.
M2 1994 c. 9.
M3 1989 c. 26.

The “material date” for interest on a repayment of income tax

- 2 (1) In section 826 of the Taxes Act 1988 (interest on tax overpaid) in subsection (3) (date from which interest runs on a repayment of income tax, or a payment of tax credit, to a company) for the words from “the material date is” to “for the accounting period” there shall be substituted “ the material date is the day after the end of the accounting period ”.
- (2) This paragraph has effect in relation to accounting periods ending on or after the day appointed under section 199 of the ^{M4}Finance Act 1994 for the purposes of Chapter III of Part IV of that Act (corporation tax self-assessment).

Marginal Citations

- M4** 1994 c. 9.

Recovery of interest overpaid under section 826(1)(a)

- 3 (1) In section 826 of the Taxes Act 1988 (interest on tax overpaid) after subsection (8) there shall be inserted—
- “(8A) Where—
- (a) interest has been paid to a company under subsection (1)(a) above,
- (b) there is a change in the company’s assessed liability to corporation tax, other than a change which in whole or in part corrects an error made by the Board or an officer of the Board, and
- (c) as a result only of that change (and, in particular, not as a result of any error in the calculation of the interest), it appears to an officer of the Board that the interest ought not to have been paid, either at all or to any extent,

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the interest that ought not to have been paid may be recovered from the company as if it were interest charged under Part IX of the Management Act (interest on overdue tax).

- (8B) For the purposes of subsection (8A) above, the cases where there is a change in a company's assessed liability to corporation tax are those cases where—
- (a) an assessment, or an amendment of an assessment, of the amount of corporation tax payable by the company for the accounting period in question is made, or
 - (b) a determination of that amount is made under paragraph 36 or 37 of Schedule 18 to the Finance Act 1998 (which until superseded by a self-assessment under that Schedule has effect as if it were one),
- whether or not any previous assessment or determination has been made.
- (8C) In subsection (8A)(b) above “error” includes—
- (a) any computational error; and
 - (b) the allowance of a claim or election which ought not to have been allowed.”

^{F1}(2)

- (3) The amendments made by this paragraph have effect in relation to interest on repayments of corporation tax paid for accounting periods ending on or after the day appointed under section 199 of the ^{M5}Finance Act 1994 for the purposes of Chapter III of Part IV of that Act (corporation tax self-assessment).

Textual Amendments

F1 Sch. 4 para. 3(2) repealed (11.5.2001 with effect as mentioned in Sch. 33 Pt. 2 (14)(2) Note 2 of the amending act) by 2001 c. 9, s. 110, Sch. 33 Pt. 2(14)

Marginal Citations

M5 1994 c. 9.

Interest on underpaid tax where reliefs are carried back

- 4 (1) Section 87A of the ^{M6}Taxes Management Act 1970 (interest on overdue corporation tax etc) shall be amended as follows.
- (2) In each of subsections (4), (4A) and (6) (which refer to corporation tax becoming due and payable as mentioned in subsection (1) of that section) for the words “as mentioned in subsection (1) above” there shall be substituted “ as mentioned in subsection (8) below ”.
- (3) After subsection (7) there shall be inserted—
- “(8) In subsections (4), (4A) and (6) above, any reference to the date on which corporation tax for an accounting period became, or would have become, due and payable shall be construed on the basis that corporation tax for an accounting period becomes due and payable on the day following the expiry of nine months from the end of the accounting period.”
- (4) After subsection (8) there shall be inserted—

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“(9) The power conferred by section 59E of this Act (alteration of date on which corporation tax becomes due and payable) does not include power to make provision in relation to subsection (4), (4A), (6) or (8) above the effect of which would be to change the meaning of references in subsection (4), (4A) or (6) above to the date on which corporation tax for an accounting period became, or would have become, due and payable (as mentioned in subsection (8) above).”

- (5) The amendments made by this paragraph have effect where the accounting period whose due and payable date falls to be determined is an accounting period ending on or after the day appointed under section 199 of the ^{M7}Finance Act 1994 for the purposes of Chapter III of Part IV of that Act (corporation tax self-assessment).
- (6) In sub-paragraph (5) above “due and payable date”, in relation to an accounting period, means the date on which corporation tax for that period becomes, or (as the case may be) would become, due and payable.

Marginal Citations

- M6** 1970 c. 9.
M7 1994 c. 9.

Interest on overpaid tax where reliefs are carried back

- 5 (1) Section 826 of the Taxes Act 1988 (interest on tax overpaid) shall be amended as follows.
- (2) In each of subsections (7), (7A), (7B) and (7C) (which refer to corporation tax becoming due and payable as mentioned in subsection (2) of that section) for the words “as mentioned in subsection (2) above” there shall be substituted “as mentioned in subsection (7D) below”.
- (3) After subsection (7CA) there shall be inserted—
- “(7D) In subsections (7), (7A), (7B) and (7C) above, any reference to the date on which corporation tax for an accounting period became, or would have become, due and payable shall be construed on the basis that corporation tax for an accounting period becomes due and payable on the day following the expiry of nine months from the end of the accounting period.”
- (4) After subsection (7D) there shall be inserted—
- “(7E) The power conferred by section 59E of the Management Act (alteration of date on which corporation tax becomes due and payable) does not include power to make provision in relation to subsection (7), (7A), (7B), (7C) or (7D) above the effect of which would be to change the meaning of references in subsection (7), (7A), (7B) or (7C) above to the date on which corporation tax for an accounting period became, or would have become, due and payable (as mentioned in subsection (7D) above).”
- (5) The amendments made by this paragraph have effect where the accounting period whose due and payable date falls to be determined is an accounting period ending on or after the day appointed under section 199 of the ^{M8}Finance Act 1994 for the purposes of Chapter III of Part IV of that Act (corporation tax self-assessment).

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(6) In sub-paragraph (5) above “due and payable date”, in relation to an accounting period, means the date on which corporation tax for that period becomes, or (as the case may be) would become, due and payable.

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Marginal Citations

M8 1994 c. 9.

Company liquidations

F26

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Textual Amendments

F2 Sch. 4 para. 6 repealed (with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), s. 1184(1), Sch. 3 Pt. 1 (with Sch. 2)

Loan relationships

F37

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Textual Amendments

F3 Sch. 4 para. 7 repealed (24.7.2002 with effect as mentioned in Sch. 40 Pt. 3(10) Note 2 of the amending Act) by 2002 c. 23, s. 141, Sch. 40 Pt. 3(10) Note 2

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