

Changes to legislation: Finance Act 1994, Part V is up to date with all changes known to be in force on or before 07 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) [View outstanding changes](#)

SCHEDULES

SCHEDULE 7

INSURANCE PREMIUM TAX

Modifications etc. (not altering text)

C1 Sch. 7 extended (19.3.1997) by [1997 c. 16, s. 50, Sch. 5 Pt. I paras. 1, 4\(2\)](#)

PART V

INTEREST

Interest on tax etc.

- 21 (1) Where an assessment is made under any provision of section 56 of this Act, the whole of the amount assessed shall carry interest at [^{F1}the rate applicable under section 197 of the Finance Act 1996] from the reckonable date until payment; but this is subject to sub-paragraph (2) and paragraph 25(7) below.
- (2) Sub-paragraph (1) above shall not apply in relation to an assessment under section 56(1) of this Act unless at least one of the following conditions is fulfilled, namely—
- (a) that the assessment relates to an accounting period in respect of which either a return has previously been made, or an earlier assessment has already been notified to the person concerned;
 - (b) that the assessment relates to an accounting period which exceeds three months and begins on the date with effect from which the person was, or was required to be, registered under this Part of this Act.
- (3) In a case where—
- (a) the circumstances are such that a relevant assessment could have been made, but
 - (b) before such an assessment was made the tax due or other amount concerned was paid (so that no such assessment was necessary),
- the whole of the amount paid shall carry interest at [^{F1}the rate applicable under section 197 of the Finance Act 1996] from the reckonable date until the date on which it was paid; and for the purposes of this sub-paragraph a relevant assessment is an assessment in relation to which sub-paragraph (1) above would have applied if the assessment had been made.
- (4) The references in sub-paragraphs (1) and (3) above to the reckonable date shall be construed as follows—
- (a) where the amount assessed or paid is such an amount as is referred to in subsection (2) of section 56 of this Act, the reckonable date is the seventh day

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after the day on which a written instruction was issued by the Commissioners directing the making of the payment of the amount which ought not to have been paid to the person concerned;

- (b) in all other cases the reckonable date is the latest date on which (in accordance with regulations under this Part of this Act) a return is required to be made for the accounting period to which the amount assessed or paid relates;

and interest under this paragraph shall run from the reckonable date even if that date is a non-business day, within the meaning of section 92 of the ^{M1}Bills of Exchange Act 1882.

^{F2}(5)

- (6) Interest under this paragraph shall be paid without any deduction of income tax.

Textual Amendments

- F1** Words in Sch. 7 para. 21(1)(3) substituted (29.4.1996 with effect as mentioned in s. 197(7) of the amending Act) by 1996 c. 8, s. 197(6)(7); S.I. 1997/1015, art. 2
- F2** Sch. 7 para. 21(5) repealed (29.4.1996 with effect as mentioned in s. 197(7) of the repealing Act) by 1996 c. 8, s. ss. 197, 205, Sch. 41 Pt. VIII(1), Note; S.I. 1997/1015, art. 2

Modifications etc. (not altering text)

- C1** Sch. 7 para. 21: power to amend conferred (29.4.1996) by 1996 c. 8, s. 197(2)(b)

Marginal Citations

- M1** 1882 c. 61.

Interest payable by Commissioners

- 22 (1) Where, due to an error on the part of the Commissioners, a person—
- (a) has paid to them by way of tax an amount which was not tax due and which they are in consequence liable to repay to him,
 - (b) has failed to claim payment of an amount to the payment of which he was entitled in pursuance of provision made under section 55(3)(c), (d) or (f) of this Act, or
 - (c) has suffered delay in receiving payment of an amount due to him from them in connection with tax,
- then, if and to the extent that they would not be liable to do so apart from this paragraph, they shall (subject to the following provisions of this paragraph) pay interest to him on that amount for the applicable period.

[^{F3}(1A) In sub-paragraph (1) above—

- (a) the reference in paragraph (a) to an amount which the Commissioners are liable to repay in consequence of the making of a payment that was not due is a reference to only so much of that amount as is the subject of a claim that the Commissioners are required to satisfy or have satisfied; and
- (b) the amounts referred to in paragraph (c) do not include any amount payable under this paragraph.]

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- (2) Interest under this paragraph shall be payable at [^{F4}the rate applicable under section 197 of the Finance Act 1996]
- (3) The applicable period, in a case falling within sub-paragraph (1)(a) above, is the period—
- (a) beginning with the date on which the payment is received by the Commissioners, and
 - (b) ending with the date on which they authorise payment of the amount on which the interest is payable.
- (4) The applicable period, in a case falling within sub-paragraph (1)(b) or (c) above, is the period—
- (a) beginning with the date on which, apart from the error, the Commissioners might reasonably have been expected to authorise payment of the amount on which the interest is payable, and
 - (b) ending with the date on which they in fact authorise payment of that amount.
- [^{F5}(5) In determining the applicable period for the purposes of this paragraph there shall be left out of account any period by which the Commissioners' authorisation of the payment of interest is delayed by the conduct of the person who claims the interest.
- (5A) The reference in sub-paragraph (5) above to a period by which the Commissioners' authorisation of the payment of interest is delayed by the conduct of the person who claims it includes, in particular, any period which is referable to—
- (a) any unreasonable delay in the making of the claim for interest or in the making of any claim for the payment or repayment of the amount on which interest is claimed;
 - (b) any failure by that person or a person acting on his behalf or under his influence to provide the Commissioners—
 - (i) at or before the time of the making of a claim, or
 - (ii) subsequently in response to a request for information by the Commissioners,with all the information required by them to enable the existence and amount of the claimant's entitlement to a payment or repayment, and to interest on that payment or repayment, to be determined; and
 - (c) the making, as part of or in association with either—
 - (i) the claim for interest, or
 - (ii) any claim for the payment or repayment of the amount on which interest is claimed,of a claim to anything to which the claimant was not entitled.
- (6) In determining for the purposes of sub-paragraph (5A) above whether any period of delay is referable to a failure by any person to provide information in response to a request by the Commissioners, there shall be taken to be so referable, except so far as may be provided for by regulations, any period which—
- (a) begins with the date on which the Commissioners require that person to provide information which they reasonably consider relevant to the matter to be determined; and
 - (b) ends with the earliest date on which it would be reasonable for the Commissioners to conclude—

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- (i) that they have received a complete answer to their request for information;
- (ii) that they have received all that they need in answer to that request; or
- (iii) that it is unnecessary for them to be provided with any information in answer to that request.]

(8) The Commissioners shall only be liable to pay interest under this paragraph on a claim made in writing for that purpose.

[^{F6}(9) A claim under this paragraph shall not be made more than [^{F7}4 years] after the end of the applicable period to which it relates.]

[^{F8}(10) References in this paragraph to the authorisation by the Commissioners of the payment of any amount include references to the discharge by way of set-off of the Commissioners' liability to pay that amount.]

Textual Amendments

- F3** Sch. 7 para. 22(1A) inserted (*retrospectively*) by 1997 c. 16, s. 50(1), **Sch. 5, para. 9(1)(2)**
- F4** Words in Sch. 7 para. 22(2) substituted (29.4.1996 with effect as mentioned in s. 197(7) of the amending Act) by 1996 c. 8, s. 197(6)(c)(7); S.I. 1997/1015, art. 2
- F5** Sch. 7 para. 22(5)-(6) substituted for para. 22(5)-(7) (19.3.1997 with effect as mentioned in Sch. 5 para. 10(2) of the amending Act) by 1997 c. 16, s. 50(1), **Sch. 5 para. 10(1)(2)**
- F6** Sch. 7 para. 22(9) substituted (*retrospectively*) by 1997 c. 16, s. 50(1), **Sch. 5, para. 9(1)(3)**
- F7** Words in **Sch. 7 para. 22(9)** substituted (1.4.2010) by Finance Act 2009 (c. 10), s. 99(2), **Sch. 51 para. 3**; S.I. 2010/867, art. 2(1) (with art. 4)
- F8** Sch. 7 para. 22(10) substituted (*retrospectively*) by 1997 c. 16, s. 50(1), **Sch. 5, para. 9(1)(4)**

Modifications etc. (not altering text)

- C2** Sch. 7 para. 22: power to amend conferred (29.4.1996) by 1996 c. 8, s. 197(2)(b)

- 23 (1) In a case where—
- (a) any interest is payable by the Commissioners to a person on a sum due to him under this Part of this Act, and
 - (b) he is a person to whom regulations under section 55 of this Act apply,
- the interest shall be treated as an amount to which he is entitled by way of credit in pursuance of the regulations.
- (2) Sub-paragraph (1) above shall be disregarded for the purpose of determining a person's entitlement to interest or the amount of interest to which he is entitled.

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Changes and effects yet to be applied to the whole Act associated Parts and Chapters:

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- s. 16A(2)(g) inserted by [2023 c. 30 Sch. 13 para. 28](#)
- s. 160(2)-(7) modified by 2010 c. 8 s. 464(6) (as inserted) by [2017 c. 32 Sch. 5 para. 1](#)
- Sch. 5 para. 2(1)(pa) inserted by [S.I. 2022/109 reg. 4](#) (This amendment not applied to [legislation.gov.uk](#). The affecting statutory instrument has no legal effect. It was made under a procedure which meant that it ceased to have effect 28 days after signing unless it was debated and approved in Parliament within that time. It was not debated and approved within 28 days, so it has expired with no effect.)