

SCHEDULES

SCHEDULE 7

INSURANCE PREMIUM TAX

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 the prescribed rate 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 the prescribed rate 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 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

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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 Bills of Exchange Act 1882.

- (5) In this paragraph “the prescribed rate” means such rate as may be prescribed by order; and such an order—
- (a) may prescribe different rates for different purposes;
 - (b) shall apply to interest for periods beginning on or after the date when the order is expressed to come into force, whether or not interest runs from before that date.
- (6) Interest under this paragraph shall be paid without any deduction of income tax.

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.
- (2) Interest under this paragraph shall be payable at such rate as may from time to time be prescribed by order, and—
- (a) any such order may prescribe different rates for different purposes;
 - (b) any such order shall apply to interest for periods beginning on or after the date on which the order is expressed to come into force, whether or not interest runs from before that date.
- (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.
- (5) In determining the applicable period for the purposes of this paragraph, there shall be left out of account any period referable to the raising and answering of any

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reasonable enquiry relating to any matter giving rise to, or otherwise connected with, the person's entitlement to interest under this paragraph.

(6) In determining for the purposes of sub-paragraph (5) above whether any period is referable to the raising and answering of such an enquiry as is there mentioned, there shall be taken to be so referable any period which begins with the date on which the Commissioners first consider it necessary to make such an enquiry and ends with the date on which the Commissioners—

- (a) satisfy themselves that they have received a complete answer to the enquiry, or
- (b) determine not to make the enquiry or (if they have made it) not to pursue it further;

but excluding so much of that period as may be prescribed by regulations.

(7) For the purposes of sub-paragraph (6) above it is immaterial—

- (a) whether any enquiry is in fact made;
- (b) whether any enquiry is or might have been made of the person referred to in sub-paragraph (1) above or of an authorised person or of some other person.

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

(9) No claim shall be made under this paragraph after the expiry of six years from the date on which the claimant discovered the error or could with reasonable diligence have discovered it.

(10) Any reference in this paragraph to receiving a payment from the Commissioners includes a reference to the discharge, by way of set-off, of their liability to make it.

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.