



# Finance Act 2001

## 2001 CHAPTER 9

### PART 3

#### INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

### CHAPTER 2

#### OTHER PROVISIONS

##### *Miscellaneous*

#### **85 Deduction of tax: payments between companies etc**

<sup>F1</sup>(1) .....

(2) In section 98 of the Taxes Management Act 1970 (c. 9) (penalties for failing to make, or making incorrectly, certain returns etc.), after subsection (4) insert—

“(4A) If—

- (a) a failure to comply with section 350(1) of, or Schedule 16 to, the principal Act arises from a person’s failure to deliver an account, or show the amount, of a payment, and
- (b) the payment is within subsection (4B) below,

subsection (1) above shall have effect as if for “£300” there were substituted “£3,000” and as if for “£60” there were substituted “£600”.

(4B) A payment is within this subsection if—

- (a) the payment is made by a company without an amount representing the income tax on the payment being deducted from the payment,
- (b) at the time the payment is made, the company—
  - (i) does not believe that either of the conditions specified in section 349B of the principal Act is satisfied, or

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*Changes to legislation: There are currently no known outstanding effects for the Finance Act 2001, Section 85. (See end of Document for details)*

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- (ii) where it believes that either of those conditions is satisfied, could not reasonably so believe,
  - (c) the payment is one from which tax is deductible under section 349 of the principal Act unless the company reasonably believes that one of those conditions is satisfied, and
  - (d) neither of those conditions is satisfied at the time the payment is made.
- (4C) In subsection (4B) above “company” includes a partnership of which any member is a company.”.

<sup>F2</sup>(3) .....

- (4) Subsections (1) to (3) apply to payments made on or after 1st April 2001.
- (5) Sections 247 and 248 of the Taxes Act 1988 (companies within a group may elect for section 349 not to apply to payments between them) shall cease to have effect.
- (6) Subsection (5) applies in relation to payments made after the day on which this Act is passed.

**Textual Amendments**

**F1** S. 85(1) repealed (with effect in accordance with s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\), s. 1034\(1\), Sch. 3 Pt. 1](#) (with [Sch. 2](#))

**F2** S. 85(3) repealed (with effect in accordance with s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\), s. 1034\(1\), Sch. 3 Pt. 1](#) (with [Sch. 2](#))

**Changes to legislation:**

There are currently no known outstanding effects for the Finance Act 2001, Section 85.