

SCHEDULES

SCHEDULE 11

PENALTY FOR FAILURE TO MAKE PAYMENTS ON TIME

7 After paragraph 8 insert—

“Amount of penalty: amounts in respect of periods of between 2 and 6 months

- 8A (1) Paragraphs 8B to 8E apply in the case of a payment of tax falling within any of items 6A, 6C and 11A to 11M in the Table which relates to a period of less than 6 months but more than 2 months.
- (2) But those paragraphs do not apply in the case of a payment mentioned in paragraph 3(1)(d).
- (3) Paragraph 8K sets out how payments on account of VAT (item 6A) are to be treated for the purposes of paragraphs 8B to 8E.
- 8B (1) A penalty period begins to run on the penalty date for the payment of tax.
- (2) The penalty period ends with the day 12 months after the date specified in or for the purposes of column 4 for the payment, unless it is extended under paragraph 8C(2)(c) or 8H(2)(c).
- 8C (1) This paragraph applies if—
- (a) a penalty period has begun under paragraph 8B or 8G because P has failed to make a payment (“payment A”), and
 - (b) before the end of the period, P fails to make another payment (“payment B”) falling within the same item in the Table as payment A.
- (2) In such a case—
- (a) paragraph 8B(1) does not apply to the failure to make payment B,
 - (b) P is liable to a penalty under this paragraph for that failure, and
 - (c) the penalty period that has begun is extended so that it ends with the day 12 months after the date specified in or for the purposes of column 4 for payment B.
- (3) The amount of the penalty under this paragraph is determined by reference to the number of defaults that P has made during the penalty period.
- (4) If the default is P’s first default during the penalty period, P is liable, at the time of the default, to a penalty of 2% of the amount of the default.
- (5) If the default is P’s second default during the penalty period, P is liable, at the time of the default, to a penalty of 3% of the amount of the default.

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- (6) If the default is P’s third or a subsequent default during the penalty period, P is liable, at the time of the default, to a penalty of 4% of the amount of the default.
- (7) For the purposes of this paragraph—
- (a) P makes a default when P fails to pay an amount of tax in full on or before the date on which it becomes due and payable;
 - (b) in accordance with sub-paragraph (1)(b), the references in sub-paragraphs (3) to (6) to a default are references to a default in relation to the tax to which payments A and B relate;
 - (c) a default counts for the purposes of those sub-paragraphs if (but only if) the period to which the payment relates is less than 6 months;
 - (d) the amount of a default is the amount which P fails to pay.
- (8) A penalty period may be extended more than once under sub-paragraph (2)(c).
- 8D If any amount of the tax is unpaid after the end of the period of 6 months beginning with the penalty date, P is liable to a penalty of 5% of that amount.
- 8E If any amount of the tax is unpaid after the end of the period of 12 months beginning with the penalty date, P is liable to a penalty of 5% of that amount.

Amount of penalty: amounts in respect of periods of 2 months or less

- 8F (1) Paragraphs 8G to 8J apply in the case of a payment of tax falling within any of items 6A, 6C and 11A to 11M in the Table which relates to a period of 2 months or less.
- (2) But those paragraphs do not apply in the case of a payment mentioned in paragraph 3(1)(d).
- 8G (1) A penalty period begins to run on the penalty date for the payment of tax.
- (2) The penalty period ends with the day 12 months after the date specified in or for the purposes of column 4 for the payment, unless it is extended under paragraph 8C(2)(c) or 8H(2)(c).
- 8H (1) This paragraph applies if—
- (a) a penalty period has begun under paragraph 8B or 8G because P has failed to make a payment (“payment A”), and
 - (b) before the end of the period, P fails to make another payment (“payment B”) falling within the same item in the Table as payment A.
- (2) In such a case—
- (a) paragraph 8G(1) does not apply to the failure to make payment B,
 - (b) P is liable to a penalty under this paragraph for that failure, and

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- (c) the penalty period that has begun is extended so that it ends with the day 12 months after the date specified in or for the purposes of column 4 for payment B.
- (3) The amount of the penalty under this paragraph is determined by reference to the number of defaults that P has made during the penalty period.
 - (4) If the default is P's first, second or third default during the penalty period, P is liable, at the time of the default, to a penalty of 1% of the amount of the default.
 - (5) If the default is P's fourth, fifth or sixth default during the penalty period, P is liable, at the time of the default, to a penalty of 2% of the amount of the default.
 - (6) If the default is P's seventh, eighth or ninth default during the penalty period, P is liable, at the time of the default, to a penalty of 3% of the amount of the default.
 - (7) If the default is P's tenth or a subsequent default during the penalty period, P is liable, at the time of the default, to a penalty of 4% of the amount of the default.
 - (8) For the purposes of this paragraph—
 - (a) P makes a default when P fails to pay an amount of tax in full on or before the date on which it becomes due and payable;
 - (b) in accordance with sub-paragraph (1)(b), the references in sub-paragraphs (3) to (7) to a default are references to a default in relation to the tax to which payments A and B relate;
 - (c) a default counts for the purposes of those sub-paragraphs if (but only if) the period to which the payment relates is less than 6 months;
 - (d) the amount of a default is the amount which P fails to pay.
 - (9) A penalty period may be extended more than once under sub-paragraph (2)(c).
- 8I If any amount of the tax is unpaid after the end of the period of 6 months beginning with the penalty date, P is liable to a penalty of 5% of that amount.
- 8J If any amount of the tax is unpaid after the end of the period of 12 months beginning with the penalty date, P is liable to a penalty of 5% of that amount.”