

# FINANCE ACT 2013

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## EXPLANATORY NOTES

### INTRODUCTION

#### *Section 232: Overpayment Relief: Time Limit for Claims*

#### Summary

1. [Section 232](#) ensures that the time limit for claims to relief for tax which has been over assessed as a result of a mistake in a return runs from the tax year or chargeable period to which the mistake relates.

#### Details of the Section

2. Subsection (1) amends the overpayment relief provision for income tax and capital gains tax in Schedule 1AB to TMA 1970. Paragraph 3 of that Schedule provides that claims to relief must be made within four years of the end of the “relevant tax year”. In the case of claims to relief where a person has been assessed as liable to pay an amount which is not due as a result of a mistake in a return this subsection provides that the relevant tax year is the tax year to which the return relates.
3. Subsections (2) to (3) make similar amendments to the overpayment relief provisions for petroleum revenue tax and corporation tax.
4. Subsection (4) provides that the amendments will have effect for claims made six months or more after Royal Assent to the Finance Act.

#### Background

5. The four overpayment relief provisions provide relief where tax has been paid or a person is liable to tax as a result of an assessment, determination or direction and the taxpayer believes that the tax is not due. There are four such provisions applying to income tax and capital gains tax, corporation tax, petroleum revenue tax and stamp duty land tax. (The stamp duty land tax provision is not affected by this amendment.) Overpayment or over assessment may arise from a mistake in a return or for other reasons.
6. A four year time limit for claims to the relief runs from the end of “the relevant tax year”, “relevant accounting period” or “relevant chargeable period”. If tax has been overpaid the relevant tax year, etc is that to which the return relates and otherwise it is the tax year in respect of which the payment was made. If a person is liable to tax as a result of an assessment, determination or direction there is no separate provision for claims resulting from a mistake in a return. Instead there is only one rule for the relevant tax year, etc and that is the year to which the assessment, determination or direction relates.
7. The section corrects this and ensures that the time limit runs in all cases from the year or period to which the return in respect of which the mistake was made relates.