



Revenue Scotland and Tax Powers Act 2014

2014 asp 16

PART 8

PENALTIES

CHAPTER 3

PENALTIES RELATING TO INACCURACIES

Penalties for inaccuracies in taxpayer documents

182 Penalty for inaccuracy in taxpayer document

- (1) A penalty is payable by a person (“P”) where—
 - (a) P gives Revenue Scotland a document of a kind mentioned in the table below, and
 - (b) conditions A and B below are met.
- (2) Condition A is that the document contains an inaccuracy which amounts to, or leads to—
 - (a) an understatement of a liability to tax,
 - (b) a false or inflated statement of a loss, exemption or relief, or
 - (c) a false or inflated claim for relief or to repayment of tax.
- (3) Condition B is that the inaccuracy was—
 - (a) deliberate on P’s part (“a deliberate inaccuracy”), or
 - (b) careless on P’s part (“a careless inaccuracy”).
- (4) An inaccuracy is careless if it is due to a failure by P to take reasonable care.
- (5) An inaccuracy in a document given by P to Revenue Scotland, which was neither deliberate nor careless on P’s part when the document was given, is to be treated as careless if P—

Changes to legislation: Revenue Scotland and Tax Powers Act 2014, CHAPTER 3 is up to date with all changes known to be in force on or before 10 September 2021. 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

- (a) discovered the inaccuracy at some later time, and
 (b) did not take reasonable steps to inform Revenue Scotland.
- (6) Where a document contains more than one inaccuracy, a penalty is payable for each inaccuracy.

| | <i>Tax</i> | <i>Document</i> |
|----|------------------------------------|---|
| 1. | Land and buildings transaction tax | <p>(a) Return under section 29, 31, 33 or 34 of the LBTT(S) Act 2013.</p> <p>(b) Return under paragraph 10, 11, 20, 22 or 30 of Schedule 19 to the LBTT(S) Act 2013.</p> <p>(c) Application under section 41 of the LBTT(S) Act 2013.</p> <p>(d) Amended return under section 83 of this Act.</p> <p>(e) Claim under section 106, 107 or 108 of this Act.</p> |
| 2. | Scottish landfill tax | <p>(a) Return under regulations made under section 25 of the LT(S) Act 2014.</p> <p>(b) Amended return under section 83 of this Act.</p> <p>(c) Claim under section 106, 107 or 108 of this Act.</p> |

- (7) Section 183 applies in the case of a document falling within item 1 or 2 of the table.

Modifications etc. (not altering text)

- C1** S. 182 modified by SSI 2015/3 reg. 39(2) (as inserted (1.4.2015) by [The Scottish Landfill Tax \(Administration\) Amendment Regulations 2015 \(S.S.I. 2015/152\)](#), regs. 1(2), **11**)

Commencement Information

- 11** S. 182 in force at 1.4.2015 by [S.S.I. 2015/110](#), art. **2(1)**

Changes to legislation: Revenue Scotland and Tax Powers Act 2014, CHAPTER 3 is up to date with all changes known to be in force on or before 10 September 2021. 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

183 Amount of penalty for inaccuracy in taxpayer document

- (1) This section sets out the penalty payable under section 182.
- (2) For a deliberate inaccuracy, the penalty is 100% of the potential lost revenue.
- (3) For a careless inaccuracy, the penalty is 30% of the potential lost revenue.
- (4) In this section and sections 185 and 186 “potential lost revenue” has the meaning given in sections 187 to 190.

Modifications etc. (not altering text)

- C2** S. 183 applied by SSI 2015/3 reg. 39(2) (as inserted (1.4.2015) by [The Scottish Landfill Tax \(Administration\) Amendment Regulations 2015 \(S.S.I. 2015/152\)](#), regs. 1(2), 11)

Commencement Information

- I2** S. 183 in force at 1.4.2015 by [S.S.I. 2015/110](#), art. 2(1)

184 Suspension of penalty for careless inaccuracy under section 182

- (1) Revenue Scotland may suspend all or part of a penalty for a careless inaccuracy under section 182 by notice to P.
- (2) A notice must specify—
 - (a) what part of the penalty is to be suspended,
 - (b) a period of suspension not exceeding 2 years, and
 - (c) conditions of suspension to be complied with by P.
- (3) Revenue Scotland may suspend all or part of a penalty only if compliance with a condition of suspension would help P to avoid becoming liable to further penalties under section 182 for careless inaccuracy.
- (4) A condition of suspension may specify—
 - (a) action to be taken,
 - (b) a period within which it may be taken.
- (5) On the expiry of the period of suspension—
 - (a) if P satisfies Revenue Scotland that the conditions of suspension have been complied with, the suspended penalty or part is cancelled, and
 - (b) otherwise, the suspended penalty or part becomes payable.
- (6) If, during the period of suspension of all or part of a penalty under section 182, P becomes liable for another penalty under that section, the suspended penalty or part becomes payable.

Commencement Information

- I3** S. 184 in force at 1.4.2015 by [S.S.I. 2015/110](#), art. 2(1)

Changes to legislation: Revenue Scotland and Tax Powers Act 2014, CHAPTER 3 is up to date with all changes known to be in force on or before 10 September 2021. 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

Penalty for inaccuracy attributable to another person

185 Penalty for inaccuracy in taxpayer document attributable to another person

- (1) A penalty is payable by a person (“T”) where—
 - (a) another person (“P”) gives Revenue Scotland a document of a kind mentioned in the table in section 182,
 - (b) the document contains a relevant inaccuracy, and
 - (c) the inaccuracy was attributable—
 - (i) to T deliberately supplying false information to P (whether directly or indirectly), or
 - (ii) to T deliberately withholding information from P,
 with the intention of the document containing the inaccuracy.
- (2) A “relevant inaccuracy” is an inaccuracy which amounts to, or leads to—
 - (a) an understatement of a liability to tax,
 - (b) a false or inflated statement of a loss, exemption or relief, or
 - (c) a false or inflated claim for relief or to repayment of tax.
- (3) A penalty is payable by T under this section in respect of an inaccuracy whether or not P is liable to a penalty under section 182 in respect of the same inaccuracy.
- (4) The penalty payable under this section is 100% of the potential lost revenue.

Commencement Information

I4 S. 185 in force at 1.4.2015 by [S.S.I. 2015/110](#), [art. 2\(1\)](#)

Penalty for failure to notify under-assessment

186 Penalty for failure to notify under-assessment

- (1) A penalty is payable by a person (“P”) where—
 - (a) a Revenue Scotland assessment understates P's liability to a devolved tax, and
 - (b) P has failed to take reasonable steps to notify Revenue Scotland, within the period of 30 days beginning with the date of the assessment, that it is an under-assessment.
- (2) In deciding what steps (if any) were reasonable, Revenue Scotland must consider—
 - (a) whether P knew, or should have known, about the under-assessment, and
 - (b) what steps it would have been reasonable to take to notify Revenue Scotland.
- (3) The penalty payable under this section is 30% of the potential lost revenue.
- (4) In this section—
 - (a) “Revenue Scotland assessment” includes “Revenue Scotland determination”, and
 - (b) accordingly, references to an under-assessment include an under-determination.

Changes to legislation: Revenue Scotland and Tax Powers Act 2014, CHAPTER 3 is up to date with all changes known to be in force on or before 10 September 2021. 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

Commencement Information

I5 S. 186 in force at 1.4.2015 by S.S.I. 2015/110, art. 2(1)

Penalties under Chapter 3: general

187 Potential lost revenue: normal rule

- (1) The “potential lost revenue” in respect of—
 - (a) an inaccuracy in a document (including an inaccuracy attributable to a supply of false information or withholding of information), or
 - (b) a failure to notify an under-assessment,
 is the additional amount due and payable in respect of tax as a result of correcting the inaccuracy or under-assessment.
- (2) The reference in subsection (1) to the additional amount due and payable includes a reference to—
 - (a) an amount payable to Revenue Scotland having been erroneously paid by way of repayment of tax, and
 - (b) an amount which would have been repayable by Revenue Scotland had the inaccuracy or assessment not been corrected.

Commencement Information

I6 S. 187 in force at 1.4.2015 by S.S.I. 2015/110, art. 2(1)

188 Potential lost revenue: multiple errors

- (1) Where P is liable to a penalty under section 182 in respect of more than one inaccuracy, and the calculation of potential lost revenue under section 187 in respect of each inaccuracy depends on the order in which they are corrected, careless inaccuracies are to be taken to be corrected before deliberate inaccuracies.
- (2) In calculating potential lost revenue where P is liable to a penalty under section 182 in respect of one or more understatements in one or more documents relating to a tax period, account is to be taken of any overstatement in any document given by P which relates to the same tax period.
- (3) In subsection (2)—
 - (a) “understatement” means an inaccuracy that meets condition A in section 182, and
 - (b) “overstatement” means an inaccuracy that does not meet that condition.
- (4) For the purpose of subsection (2) overstatements are to be set against understatements in the following order—
 - (a) understatements in respect of which P is not liable to a penalty,
 - (b) careless understatements,
 - (c) deliberate understatements.

Changes to legislation: Revenue Scotland and Tax Powers Act 2014, CHAPTER 3 is up to date with all changes known to be in force on or before 10 September 2021. 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

- (5) In calculating for the purposes of a penalty under section 182 potential lost revenue in respect of a document given by or on behalf of P, no account is to be taken of the fact that a potential loss of revenue from P is or may be balanced by a potential overpayment by another person (except to the extent that an enactment requires or permits a person's tax liability to be adjusted by reference to P's).

Commencement Information

I7 S. 188 in force at 1.4.2015 by S.S.I. 2015/110, art. 2(1)

189 Potential lost revenue: losses

- (1) Where an inaccuracy has the result that a loss is wrongly recorded for purposes of a devolved tax and the loss has been wholly used to reduce the amount due and payable in respect of tax, the potential lost revenue is calculated in accordance with section 187.
- (2) Where an inaccuracy has the result that a loss is wrongly recorded for purposes of a devolved tax and the loss has not been wholly used to reduce the amount due and payable in respect of tax, the potential lost revenue is—
- (a) the potential lost revenue calculated in accordance with section 187 in respect of any part of the loss that has been used to reduce the amount due and payable in respect of tax, plus
 - (b) 10% of any part that has not.
- (3) Subsections (1) and (2) apply both—
- (a) to a case where no loss would have been recorded but for the inaccuracy, and
 - (b) to a case where a loss of a different amount would have been recorded (but in that case subsections (1) and (2) apply only to the difference between the amount recorded and the true amount).
- (4) The potential lost revenue in respect of a loss is nil where, because of the nature of the loss or P's circumstances, there is no reasonable prospect of the loss being used to support a claim to reduce a tax liability (of any person).

Commencement Information

I8 S. 189 in force at 1.4.2015 by S.S.I. 2015/110, art. 2(1)

190 Potential lost revenue: delayed tax

- (1) Where an inaccuracy resulted in an amount of tax being declared later than it should have been (“the delayed tax”), the potential lost revenue is—
- (a) 5% of the delayed tax for each year of the delay, or
 - (b) a percentage of the delayed tax, for each separate period of delay of less than a year, equating to 5% per year.
- (2) This section does not apply to a case to which section 189 applies.

Changes to legislation: Revenue Scotland and Tax Powers Act 2014, CHAPTER 3 is up to date with all changes known to be in force on or before 10 September 2021. 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

Commencement Information

I9 S. 190 in force at 1.4.2015 by S.S.I. 2015/110, art. 2(1)

191 Special reduction in penalty under this Chapter

- (1) Revenue Scotland may reduce a penalty under this Chapter if it thinks it right to do so because of special circumstances.
- (2) In subsection (1) “special circumstances” does not include—
 - (a) ability to pay, or
 - (b) the fact that a potential loss of revenue from one taxpayer is balanced by a potential over-payment by another.
- (3) In subsection (1) the reference to reducing a penalty includes a reference to—
 - (a) remitting a penalty entirely,
 - (b) suspending a penalty, and
 - (c) agreeing a compromise in relation to proceedings for a penalty.
- (4) In this section references to a penalty include references to any interest in relation to the penalty.
- (5) The powers in this section also apply after a decision of a tribunal or a court in relation to the penalty.

Commencement Information

I10 S. 191 in force at 1.4.2015 by S.S.I. 2015/110, art. 2(1)

192 Reduction in penalty under this Chapter for disclosure

- (1) Revenue Scotland may reduce a penalty under this Chapter where a person makes a qualifying disclosure.
- (2) A “qualifying disclosure” means disclosure of—
 - (a) an inaccuracy,
 - (b) a supply of false information or withholding of information, or
 - (c) a failure to disclose an under-assessment.
- (3) A person makes a qualifying disclosure by—
 - (a) telling Revenue Scotland about it,
 - (b) giving Revenue Scotland reasonable help in quantifying the inaccuracy, the inaccuracy attributable to the supply of false information or withholding of information, or the under-assessment, and
 - (c) allowing Revenue Scotland access to records for the purpose of ensuring that the inaccuracy, the inaccuracy attributable to the supply of false information or withholding of information, or the under-assessment is fully corrected.
- (4) Reductions under this section may reflect—
 - (a) whether the disclosure was prompted or unprompted, and
 - (b) the quality of the disclosure.

Changes to legislation: Revenue Scotland and Tax Powers Act 2014, CHAPTER 3 is up to date with all changes known to be in force on or before 10 September 2021. 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

- (5) Disclosure of relevant information—
- (a) is “unprompted” if made at a time when the person making it has no reason to believe that Revenue Scotland has discovered or is about to discover the inaccuracy, the supply of false information or withholding of information, or the under-assessment, and
 - (b) otherwise, is “prompted”.
- (6) In relation to disclosure, “quality” includes timing, nature and extent.

Commencement Information

III S. 192 in force at 1.4.2015 by S.S.I. 2015/110, art. 2(1)

193 Assessment of penalties under this Chapter

- (1) Where a person becomes liable to a penalty under this Chapter, Revenue Scotland must—
 - (a) assess the penalty,
 - (b) notify the person, and
 - (c) state in the notice the period in respect of which the penalty is assessed.
- (2) A penalty under this Chapter must be paid before the end of the period of 30 days beginning with the day on which notification of the penalty is issued.
- (3) An assessment of a penalty under this Chapter—
 - (a) is to be treated for enforcement purposes as an assessment to tax, and
 - (b) may be combined with an assessment to tax.
- (4) An assessment of a penalty under section 182 or 185 must be made before the end of the period of 12 months beginning with—
 - (a) the end of the appeal period for the decision correcting the inaccuracy, or
 - (b) if there is no assessment to the tax concerned within paragraph (a), the date on which the inaccuracy is corrected.
- (5) An assessment of a penalty under section 186 must be made before the end of the period of 12 months beginning with—
 - (a) the end of the appeal period for the assessment of tax which corrected the understatement, or
 - (b) if there is no assessment within paragraph (a), the date on which the understatement is corrected.
- (6) In subsections (4) and (5) “appeal period” means the period during which—
 - (a) an appeal could be brought, or
 - (b) an appeal that has been brought has not been determined or withdrawn.
- (7) Subject to subsections (4) and (5), a supplementary assessment may be made in respect of a penalty if an earlier assessment operated by reference to an underestimate of potential lost revenue.

Changes to legislation: Revenue Scotland and Tax Powers Act 2014, CHAPTER 3 is up to date with all changes known to be in force on or before 10 September 2021. 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

Commencement Information

I12 S. 193 in force at 1.4.2015 by S.S.I. 2015/110, art. 2(1)

194 Power to change penalty provisions in Chapter 3

- (1) The Scottish Ministers may by regulations make provision (or further provision) about penalties under this Chapter.
- (2) Provision under subsection (1) includes provision—
 - (a) about the circumstances in which a penalty is payable,
 - (b) about the amounts of penalties,
 - (c) about the procedure for issuing penalties,
 - (d) about appealing penalties,
 - (e) about enforcing penalties.
- (3) Regulations under subsection (1) may not create criminal offences.
- (4) Regulations under subsection (1) may modify any enactment (including this Act).
- (5) Regulations under subsection (1) do not apply to—
 - (a) a failure which began before the date on which the regulations come into force, and
 - (b) an inaccuracy in any information or document provided to Revenue Scotland before that date.

Commencement Information

I13 S. 194 in force at 1.4.2015 by S.S.I. 2015/110, art. 2(1)

Changes to legislation:

Revenue Scotland and Tax Powers Act 2014, CHAPTER 3 is up to date with all changes known to be in force on or before 10 September 2021. 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.

[View outstanding changes](#)

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. 141(3A)(3B) inserted by [2017 asp 2 Sch. 2 para. 2\(2\)](#)
- s. 215A-215G and cross-headings inserted by [2017 asp 2 Sch. 2 para. 21](#)
- s. 223(1)(d)(e) inserted by [2017 asp 2 Sch. 2 para. 24](#)
- s. 233(1)(j) inserted by [2017 asp 2 Sch. 2 para. 25\(2\)](#)
- s. 233(3A) inserted by [2017 asp 2 Sch. 2 para. 25\(3\)](#)