

*These notes refer to the Tax Credits Act 2002
(c.21) which received Royal Assent on 8 July 2002*

TAX CREDITS ACT 2002

EXPLANATORY NOTES

COMMENTARY ON SECTIONS

Part 1: Tax Credits

Section 26: Liability of officers for sums paid to employers

109. The purpose of this section is to prevent officers of bodies corporate from using for some other purpose funding provided by the Board to enable them to pay tax credits to their employees. In particular, it deals with the situation where officers deliberately set out to exploit limited liability through "phoenixism" (the practice of carrying on what is effectively the same business successively through a series of companies, each of which in turn becomes insolvent with substantial debts to the Government).
110. This section allows for regulations to be made to deal with cases where a body corporate has received funding from the Board for the purposes of paying the working tax credit. If that body corporate fails to repay the funds to the Board and the provision of the funding or the failure to repay appears to the Board to be attributable to the fraud or neglect of one or more of the officers of that body corporate, regulations may provide for the culpable officers to be made personally responsible for that debt.