

**Changes to legislation:** Finance Act 2007, Part 2 is up to date with all changes known to be in force on or before 27 April 2024. 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

## SCHEDULES

### SCHEDULE 24

#### PENALTIES FOR ERRORS

##### Modifications etc. (not altering text)

- C1** Sch. 24 applied (N.I.) (1.4.2008) by [The Education \(Student Loans\) \(Repayment\) Regulations \(Northern Ireland\) 2000](#) (S.R. 2000/121), **regs. 7(2A)(b)**, 26(4) (as amended by S.R. 2008/129, **regs. 1**, 3(a), 4)
- C1** Sch. 24 applied (N.I.) (6.4.2009) by [The Education \(Student Loans\) \(Repayment\) Regulations \(Northern Ireland\) 2009](#) (S.R. 2009/128), **regs. 1(1)**, 9(3)(b), 35(4), 54(8)(b)
- C1** Sch. 24 applied (E.W.) (6.4.2009) by [The Education \(Student Loans\) \(Repayment\) Regulations 2009](#) (S.I. 2009/470), **regs. 1(1)**, 13(3)(b), 40(4), 59(8)(b) (with **reg. 1(4)(6)**)
- C1** Sch. 24 modified (8.4.2010) by [Finance Act 2010](#) (c. 13), **Sch. 1 para. 37**
- C1** Sch. 24 applied (6.4.2008) by [The Social Security \(Contributions\) Regulations 2001](#) (S.I. 2001/1004), **reg. 81(1)(1A)**, **Sch. 4 paras. 21A(8)**, 21D(9), 21F(12), 22(7), **31(8)** (as amended by S.I. 2008/636, **reg. 7**; S.I. 2010/721, **reg. 4**; S.I. 2012/821, **reg. 11**)
- C1** Sch. 24 applied (with modifications) (19.4.2013) by [The Small Charitable Donations Regulations 2013](#) (S.I. 2013/938), **regs. 1**, **15**
- C1** Sch. 24 excluded (17.7.2014) by [Finance Act 2014](#) (c. 26), **Sch. 35 para. 13(a)**
- C1** Sch. 24 applied by 1993 c. 34, Sch. 20A para. 9A(6) (as inserted (19.12.2014) by [The Lloyd's Underwriters \(Conversion of Partnerships to Underwriting through Successor Companies\) \(Tax\) Regulations 2014](#) (S.I. 2014/3133), **regs. 1**, **5(4)**)
- C1** Sch. 24 applied (with modifications) by 1992 c. 4, s. 11A(1)(3) (as inserted (with effect in accordance with Sch. 1 para. 35 of the amending Act) by [National Insurance Contributions Act 2015](#) (c. 5), **Sch. 1 para. 3**)
- C1** Sch. 24 applied (with modifications) by 1992 c.7 (N.I.) s. 11A(1)(3) (as inserted (with effect in accordance with Sch. 1 para. 35 of the amending Act) by [National Insurance Contributions Act 2015](#) (c. 5), **Sch. 1 para. 12**)
- C1** Sch. 24 applied (with application in accordance with reg. 1 of the amending S.I.) by [The Education \(Postgraduate Masters Degree Loans\) Regulations 2016](#) (S.I. 2016/606), **regs. 1(1)**, **24(3)**
- C1** Sch. 24 applied (with application in accordance with reg. 1 of the amending S.I.) by [The Education \(Postgraduate Masters Degree Loans\) Regulations 2016](#) (S.I. 2016/606), **regs. 1(1)**, **50(3)**
- C1** Sch. 24 applied (with application in accordance with reg. 1 of the amending S.I.) by [The Education \(Postgraduate Masters Degree Loans\) Regulations 2016](#) (S.I. 2016/606), **regs. 1(1)**, **85(4)**
- C1** Sch. 24 applied (with modifications) (1.5.2023) by [The Value Added Tax \(Margin Schemes and Removal or Export of Goods: VAT-related Payments\) Order 2023](#) (S.I. 2023/68), **arts. 1(1)**, **14** (with **art. 1(2)**)
- C1** Sch. 24 applied (14.9.2023) by [The Public Service Pension Schemes \(Rectification of Unlawful Discrimination\) \(Tax\) \(No. 2\) Regulations 2023](#) (S.I. 2023/912), **regs. 1(2)**, **40(2)** (with **reg. 1(3)**)

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## PART 2

### AMOUNT OF PENALTY

#### *Standard amount*

- [<sup>F1</sup>4 (1) This paragraph sets out the penalty payable under paragraph 1.
- (2) If the inaccuracy is in category 1, the penalty is—
- (a) for careless action, 30% of the potential lost revenue,
  - (b) for deliberate but not concealed action, 70% of the potential lost revenue, and
  - (c) for deliberate and concealed action, 100% of the potential lost revenue.
- (3) If the inaccuracy is in category 2, the penalty is—
- (a) for careless action, 45% of the potential lost revenue,
  - (b) for deliberate but not concealed action, 105% of the potential lost revenue, and
  - (c) for deliberate and concealed action, 150% of the potential lost revenue.
- (4) If the inaccuracy is in category 3, the penalty is—
- (a) for careless action, 60% of the potential lost revenue,
  - (b) for deliberate but not concealed action, 140% of the potential lost revenue, and
  - (c) for deliberate and concealed action, 200% of the potential lost revenue.
- (5) Paragraph 4A explains the 3 categories of inaccuracy.

#### Textual Amendments

- F1** Sch. 24 paras. 4-4D substituted for Sch. 24 para. 4 (6.4.2011) by [Finance Act 2010 \(c. 13\)](#), s. 35(2), [Sch. 10 para. 2](#); [S.I. 2011/975](#), art. 2(1) (with art. 3)

- 4A (1) An inaccuracy is in category 1 if—
- (a) it involves a domestic matter, or
  - (b) it involves an offshore matter and—
    - (i) the territory in question is a category 1 territory, or
    - (ii) the tax at stake is a tax other than income tax or capital gains tax.
- (2) An inaccuracy is in category 2 if—
- (a) it involves an offshore matter [<sup>F2</sup>or an offshore transfer] ,
  - (b) the territory in question is a category 2 territory, and
  - (c) the tax at stake is income tax [<sup>F3</sup>, capital gains tax or inheritance tax] .
- (3) An inaccuracy is in category 3 if—
- (a) it involves an offshore matter [<sup>F4</sup>or an offshore transfer] ,
  - (b) the territory in question is a category 3 territory, and
  - (c) the tax at stake is income tax [<sup>F5</sup>, capital gains tax or inheritance tax] .
- (4) An inaccuracy “involves an offshore matter” if it results in a potential loss of revenue that is charged on or by reference to—
- (a) income arising from a source in a territory outside the UK,

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- (b) assets situated or held in a territory outside the UK,
- (c) activities carried on wholly or mainly in a territory outside the UK, or
- (d) anything having effect as if it were income, assets or activities of a kind described above.

[<sup>F6</sup>(4A) Where the tax at stake is inheritance tax, assets are treated for the purposes of subparagraph (4) as situated or held in a territory outside the UK if they are so situated or held immediately after the transfer of value by reason of which inheritance tax becomes chargeable.

- (4B) An inaccuracy “involves an offshore transfer” if—
- (a) it does not involve an offshore matter,
  - (b) it is deliberate (whether or not concealed) and results in a potential loss of revenue,
  - (c) the tax at stake is income tax, capital gains tax or inheritance tax, and
  - (d) the applicable condition in paragraph 4AA is satisfied.]
- (5) An inaccuracy “involves a domestic matter” if it results in a potential loss of revenue [<sup>F7</sup>and does not involve either an offshore matter or an offshore transfer ] .
- (6) If a single inaccuracy is in more than one category (each referred to as a “relevant category”)—
- (a) it is to be treated for the purposes of this Schedule as if it were separate inaccuracies, one in each relevant category according to the matters [<sup>F8</sup>or transfers] that it involves, and
  - (b) the potential lost revenue is to be calculated separately in respect of each separate inaccuracy.
- (7) “Category 1 territory”, “category 2 territory” and “category 3 territory” are defined in paragraph 21A.
- (8) “Assets” has the meaning given in section 21(1) of TCGA 1992, but also includes sterling.

#### Textual Amendments

- F1** Sch. 24 paras. 4-4D substituted for Sch. 24 para. 4 (6.4.2011) by [Finance Act 2010 \(c. 13\), s. 35\(2\)](#), [Sch. 10 para. 2](#); S.I. 2011/975, art. 2(1) (with art. 3)
- F2** Words in Sch. 24 para. 4A(2)(a) inserted (with effect in accordance with art. 3(2) of the commencing S.I.) by [Finance Act 2015 \(c. 11\), s. 120\(2\)](#), [Sch. 20 para. 3\(3\)\(a\)](#); S.I. 2016/456, art. 3(1)
- F3** Words in Sch. 24 para. 4A(2)(c) substituted (with effect in accordance with art. 3(2) of the commencing S.I.) by [Finance Act 2015 \(c. 11\), s. 120\(2\)](#), [Sch. 20 para. 3\(3\)\(b\)](#); S.I. 2016/456, art. 3(1)
- F4** Words in Sch. 24 para. 4A(3)(a) inserted (with effect in accordance with art. 3(2) of the commencing S.I.) by [Finance Act 2015 \(c. 11\), s. 120\(2\)](#), [Sch. 20 para. 3\(4\)\(a\)](#); S.I. 2016/456, art. 3(1)
- F5** Words in Sch. 24 para. 4A(3)(c) substituted (with effect in accordance with art. 3(2) of the commencing S.I.) by [Finance Act 2015 \(c. 11\), s. 120\(2\)](#), [Sch. 20 para. 3\(4\)\(b\)](#); S.I. 2016/456, art. 3(1)
- F6** Sch. 24 para. 4A(4A)(4B) inserted (with effect in accordance with art. 3(2) of the commencing S.I.) by [Finance Act 2015 \(c. 11\), s. 120\(2\)](#), [Sch. 20 para. 3\(5\)](#); S.I. 2016/456, art. 3(1)
- F7** Words in Sch. 24 para. 4A(5) substituted (with effect in accordance with art. 3(2) of the commencing S.I.) by [Finance Act 2015 \(c. 11\), s. 120\(2\)](#), [Sch. 20 para. 3\(6\)](#); S.I. 2016/456, art. 3(1)
- F8** Words in Sch. 24 para. 4A(6)(a) inserted (with effect in accordance with art. 3(2) of the commencing S.I.) by [Finance Act 2015 \(c. 11\), s. 120\(2\)](#), [Sch. 20 para. 3\(7\)](#); S.I. 2016/456, art. 3(1)

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[<sup>F9</sup>4AA(1) This paragraph makes provision in relation to offshore transfers.

- (2) Where the tax at stake is income tax, the applicable condition is satisfied if the income on or by reference to which the tax is charged, or any part of the income—
  - (a) is received in a territory outside the UK, or
  - (b) is transferred before the filing date to a territory outside the UK.
- (3) Where the tax at stake is capital gains tax, the applicable condition is satisfied if the proceeds of the disposal on or by reference to which the tax is charged, or any part of the proceeds—
  - (a) are received in a territory outside the UK, or
  - (b) are transferred before the filing date to a territory outside the UK.
- (4) Where the tax at stake is inheritance tax, the applicable condition is satisfied if—
  - (a) the disposition that gives rise to the transfer of value by reason of which the tax becomes chargeable involves a transfer of assets, and
  - (b) after that disposition but before the filing date the assets, or any part of the assets, are transferred to a territory outside the UK.
- (5) In the case of a transfer falling within sub-paragraph (2)(b), (3)(b) or (4)(b), references to the income, proceeds or assets transferred are to be read as including references to any assets derived from or representing the income, proceeds or assets.
- (6) In relation to an offshore transfer, the territory in question for the purposes of paragraph 4A is the highest category of territory by virtue of which the inaccuracy involves an offshore transfer.
- (7) “Filing date” means the date when the document containing the inaccuracy is given to HMRC.
- (8) “Assets” has the same meaning as in paragraph 4A.]

#### Textual Amendments

- F1** Sch. 24 paras. 4-4D substituted for Sch. 24 para. 4 (6.4.2011) by [Finance Act 2010 \(c. 13\)](#), s. 35(2), [Sch. 10 para. 2](#); [S.I. 2011/975](#), art. 2(1) (with art. 3)
- F9** Sch. 24 para. 4AA inserted (with effect in accordance with art. 3(2) of the commencing S.I.) by [Finance Act 2015 \(c. 11\)](#), s. 120(2), [Sch. 20 para. 4](#); [S.I. 2016/456](#), art. 3(1)

4B The penalty payable under paragraph 1A is 100% of the potential lost revenue.

#### Textual Amendments

- F1** Sch. 24 paras. 4-4D substituted for Sch. 24 para. 4 (6.4.2011) by [Finance Act 2010 \(c. 13\)](#), s. 35(2), [Sch. 10 para. 2](#); [S.I. 2011/975](#), art. 2(1) (with art. 3)

4C The penalty payable under paragraph 2 is 30% of the potential lost revenue.

#### Textual Amendments

- F1** Sch. 24 paras. 4-4D substituted for Sch. 24 para. 4 (6.4.2011) by [Finance Act 2010 \(c. 13\)](#), s. 35(2), [Sch. 10 para. 2](#); [S.I. 2011/975](#), art. 2(1) (with art. 3)

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4D Paragraphs 5 to 8 define “potential lost revenue”.]

#### Textual Amendments

- F1** Sch. 24 paras. 4-4D substituted for Sch. 24 para. 4 (6.4.2011) by [Finance Act 2010 \(c. 13\)](#), s. 35(2), [Sch. 10 para. 2](#); [S.I. 2011/975](#), art. 2(1) (with art. 3)

#### *Potential lost revenue: normal rule*

- 5 (1) “The potential lost revenue” in respect of an inaccuracy in a document [<sup>F10</sup>(including an inaccuracy attributable to a supply of false information or withholding of information)] or a failure to notify an under-assessment is the additional amount due or payable in respect of tax as a result of correcting the inaccuracy or assessment.
- (2) The reference in sub-paragraph (1) to the additional amount due or payable includes a reference to—
- (a) an amount payable to HMRC having been erroneously paid by way of repayment of tax, and
  - (b) an amount which would have been repayable by HMRC had the inaccuracy or assessment not been corrected.
- (3) In sub-paragraph (1) “tax” includes national insurance contributions.
- (4) The following shall be ignored in calculating potential lost revenue under this paragraph—
- [<sup>F11</sup>(za) any CIR alteration, other than a permitted reduction, in respect of the tax period to which the document relates,]
  - (a) group relief, and
  - [<sup>F12</sup>(b) any relief under [<sup>F13</sup>section 458 of CTA 2010] (relief in respect of repayment etc of loan) which is deferred under [<sup>F14</sup>subsection (5)] of that section;]
- (but this sub-paragraph does not prevent a penalty being charged in respect of an inaccurate claim for relief).
- [<sup>F15</sup>(5) For the purposes of sub-paragraph (4)(za)—
- (a) a “CIR alteration” means an alteration made to an amount disallowed, or reactivated, under Part 10 of the Taxation (International and Other Provisions) Act 2010 as a result of the submission of a revised interest restriction return under paragraph 8(4) of Schedule 7A to that Act;
  - (b) a CIR alteration is a “permitted reduction” if it has the effect of—
    - (i) reducing the allocated disallowance of a company by no more than the relevant proportion, or
    - (ii) increasing the allocated reactivation of a company by no more than the relevant proportion.
  - (c) the “relevant proportion” is—
    - (i) for the purposes of paragraph (b)(i), the proportion by which the total disallowed amount of the worldwide group for the period is reduced, as a result of the submission of the revised interest restriction return;
    - (ii) for the purposes of paragraph (b)(ii) the proportion by which the interest reactivation cap of the worldwide group is increased, as a result of the submission of the revised interest restriction return.

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(6) In sub-paragraph (5), the following terms have the same meaning as in Part 10 of the Taxation (International and Other Provisions) Act 2010—

“allocated disallowance” (see paragraph 22(2) of Schedule 7A to that Act);

“allocated reactivation” (see paragraph 25(2) of that Schedule);

“total disallowed amount of the worldwide group” and “interest reactivation cap of the worldwide group” (see section 373 of that Act).]

#### Textual Amendments

- F10** Words in Sch. 24 para. 5(1) inserted (1.4.2009) by [Finance Act 2008 \(c. 9\)](#), s. 122(2), **Sch. 40 para. 7**; [S.I. 2009/571](#), art. 2
- F11** [Sch. 24 para. 5\(4\)\(za\)](#) inserted (with effect in accordance with [Sch. 3 paras. 30-36](#) of the amending Act) by [Finance \(No. 2\) Act 2023 \(c. 30\)](#), **Sch. 3 para. 26(2)**
- F12** Sch. 24 para. 5(4)(b) substituted (21.7.2009) by [Finance Act 2009 \(c. 10\)](#), **Sch. 57 para. 3**
- F13** Words in Sch. 24 para. 5(4)(b) substituted (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), **Sch. 1 para. 575(a)** (with [Sch. 2](#))
- F14** Words in Sch. 24 para. 5(4)(b) substituted (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), **Sch. 1 para. 575(b)** (with [Sch. 2](#))
- F15** [Sch. 24 para. 5\(5\)\(6\)](#) inserted (with effect in accordance with [Sch. 3 paras. 30-36](#) of the amending Act) by [Finance \(No. 2\) Act 2023 \(c. 30\)](#), **Sch. 3 para. 26(3)**

#### Modifications etc. (not altering text)

- C2** Sch. 24 para. 5 applied (3.11.2017) by [The Sections 106B, 106C and 106D of the Taxes Management Act 1970 \(Specified Threshold Amount\) Regulations 2017 \(S.I. 2017/988\)](#), regs. 1, **4(c)**, 8, 9

#### Commencement Information

- II** Sch. 24 para. 5 in force at 1.4.2008 for certain purposes, 1.7.2008 for certain purposes, 1.1.2009 for certain purposes, and 1.4.2009 in so far as not already in force by [S.I. 2008/568](#), **art. 2** (with [art. 3](#))

#### Potential lost revenue: multiple errors

- 6 (1) Where P is liable to a penalty [<sup>F16</sup>under paragraph 1] in respect of more than one inaccuracy, and the calculation of potential lost revenue under paragraph 5 in respect of each inaccuracy depends on the order in which they are corrected—
- careless inaccuracies shall be taken to be corrected before deliberate inaccuracies, and
  - deliberate but not concealed inaccuracies shall be taken to be corrected before deliberate and concealed inaccuracies.
- (2) In calculating potential lost revenue where P is liable to a penalty [<sup>F17</sup>under paragraph 1] in respect of one or more understatements in one or more documents relating to a tax period, account shall be taken of any overstatement in any document given by P which relates to the same tax period.
- (3) In sub-paragraph (2)—
- “understatement” means an inaccuracy that satisfies Condition 1 of paragraph 1, and
  - “overstatement” means an inaccuracy that does not satisfy that condition.



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- (4) For the purposes of sub-paragraph (2) overstatements shall 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 but not concealed understatements, and
  - (d) deliberate and concealed understatements.
- (5) In calculating [<sup>F18</sup>for the purposes of a penalty under paragraph 1] potential lost revenue in respect of a document given by or on behalf of P no account shall be taken of the fact that a potential loss of revenue from P is or may be balanced by a potential over-payment 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).

#### Textual Amendments

- F16** Words in Sch. 24 para. 6(1) inserted (1.4.2009) by [Finance Act 2008 \(c. 9\)](#), s. 122(2), [Sch. 40 para. 8\(2\)](#); [S.I. 2009/571](#), art. 2
- F17** Words in Sch. 24 para. 6(2) inserted (1.4.2009) by [Finance Act 2008 \(c. 9\)](#), s. 122(2), [Sch. 40 para. 8\(2\)](#); [S.I. 2009/571](#), art. 2
- F18** Words in Sch. 24 para. 6(5) inserted (1.4.2009) by [Finance Act 2008 \(c. 9\)](#), s. 122(2), [Sch. 40 para. 8\(3\)](#); [S.I. 2009/571](#), art. 2

#### Modifications etc. (not altering text)

- C3** Sch. 24 para. 6 applied (3.11.2017) by [The Sections 106B, 106C and 106D of the Taxes Management Act 1970 \(Specified Threshold Amount\) Regulations 2017 \(S.I. 2017/988\)](#), regs. 1, [4\(c\)](#), 8, 9
- C4** [Sch. 24 para. 6](#) modified (with effect in accordance with Sch. 18 paras. 2-13 of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), [Sch. 18 para. 15\(3\)](#)

#### Commencement Information

- I2** Sch. 24 para. 6 in force at 1.4.2008 for certain purposes, 1.7.2008 for certain purposes, 1.1.2009 for certain purposes, and 1.4.2009 in so far as not already in force by [S.I. 2008/568](#), [art. 2](#) (with [art. 3](#))

#### Potential lost revenue: losses

- 7 (1) Where an inaccuracy has the result that a loss is wrongly recorded for purposes of direct tax and the loss has been wholly used to reduce the amount due or payable in respect of tax, the potential lost revenue is calculated in accordance with paragraph 5.
- (2) Where an inaccuracy has the result that a loss is wrongly recorded for purposes of direct tax and the loss has not been wholly used to reduce the amount due or payable in respect of tax, the potential lost revenue is—
- (a) the potential lost revenue calculated in accordance with paragraph 5 in respect of any part of the loss that has been used to reduce the amount due or payable in respect of tax, plus
  - (b) 10% of any part that has not.
- (3) Sub-paragraphs (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 sub-paragraphs (1) and (2) apply only to the difference between the amount recorded and the true amount).

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- (4) Where an inaccuracy has the effect of creating or increasing an aggregate loss recorded for a group of companies—
- (a) the potential lost revenue shall be calculated in accordance with this paragraph, and
  - (b) in applying paragraph 5 in accordance with sub-paragraphs (1) and (2) above, group relief may be taken into account (despite paragraph 5(4)(a)).
- (5) 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).

**Modifications etc. (not altering text)**

- C5** Sch. 24 para. 7 applied (3.11.2017) by [The Sections 106B, 106C and 106D of the Taxes Management Act 1970 \(Specified Threshold Amount\) Regulations 2017 \(S.I. 2017/988\)](#), regs. 1, [4\(c\)](#), 8, 9

**Commencement Information**

- I3** Sch. 24 para. 7 in force at 1.4.2008 for certain purposes, 1.7.2008 for certain purposes, 1.1.2009 for certain purposes, and 1.4.2009 in so far as not already in force by [S.I. 2008/568](#), [art. 2](#) (with [art. 3](#))

*Potential lost revenue: delayed tax*

- 8 (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 paragraph does not apply to a case to which paragraph 7 applies.

**Commencement Information**

- I4** Sch. 24 para. 8 in force at 1.4.2008 for certain purposes, 1.7.2008 for certain purposes, 1.1.2009 for certain purposes, and 1.4.2009 in so far as not already in force by [S.I. 2008/568](#), [art. 2](#) (with [art. 3](#))

*Reductions for disclosure*

- 9<sup>F19</sup>(A1) Paragraph 10 provides for reductions in penalties—
- (a) under paragraph 1 where a person discloses an inaccuracy that involves a domestic matter,
  - (b) under paragraph 1A where a person discloses a supply of false information or withholding of information, and
  - (c) under paragraph 2 where a person discloses a failure to disclose an under-assessment.
- (A2) Paragraph 10A provides for reductions in penalties under paragraph 1 where a person discloses an inaccuracy that involves an offshore matter or an offshore transfer.
- (A3) Sub-paragraph (1) applies where a person discloses—
- (a) an inaccuracy that involves a domestic matter,



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- (b) a careless inaccuracy that involves an offshore matter,
- (c) a supply of false information or withholding of information, or
- (d) a failure to disclose an under-assessment.]

(1) A person discloses [<sup>F20</sup>the matter] by—

- (a) telling HMRC about it,
- (b) giving HMRC reasonable help in quantifying the inaccuracy [<sup>F21</sup>, the inaccuracy attributable to the [<sup>F22</sup>supply of false information] or withholding of information, or the] under-assessment, and
- (c) allowing HMRC access to records for the purpose of ensuring that the inaccuracy [<sup>F23</sup>, the inaccuracy attributable to the [<sup>F24</sup>supply of false information] or withholding of information, or the] under-assessment is fully corrected.

[<sup>F25</sup>(1A) Sub-paragraph (1B) applies where a person discloses—

- (a) a deliberate inaccuracy (whether concealed or not) that involves an offshore matter, or
- (b) an inaccuracy that involves an offshore transfer.

(1B) A person discloses the inaccuracy by—

- (a) telling HMRC about it,
- (b) giving HMRC reasonable help in quantifying the inaccuracy,
- (c) allowing HMRC access to records for the purpose of ensuring that the inaccuracy is fully corrected, and
- (d) providing HMRC with additional information.

(1C) The Treasury must make regulations setting out what is meant by “additional information” for the purposes of sub-paragraph (1B)(d).

(1D) Regulations under sub-paragraph (1C) are to be made by statutory instrument.

(1E) An instrument containing regulations under sub-paragraph (1C) is subject to annulment in pursuance of a resolution of the House of Commons.]

(2) Disclosure—

- (a) is “unprompted” if made at a time when the person making it has no reason to believe that HMRC have discovered or are about to discover the inaccuracy [<sup>F26</sup>, the supply of false information or withholding of information, or the under-assessment], and
- (b) otherwise, is “prompted”.

(3) In relation to disclosure “quality” includes timing, nature and extent.

[<sup>F27</sup>(4) Paragraph 4A(4) to (5) applies to determine whether an inaccuracy involves an offshore matter, an offshore transfer or a domestic matter for the purposes of this paragraph.]

#### Textual Amendments

**F19** Sch. 24 paras. 9(A1)-(A3) substituted for Sch. 24 para. 9(A1) (with effect in accordance with reg. 2 of the commencing S.I.) by [Finance Act 2016 \(c. 24\)](#), s. 163(2), [Sch. 21 para. 2\(2\)](#); S.I. 2017/259, reg. 2

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- F20** Words in Sch. 24 para. 9(1) substituted (with effect in accordance with reg. 2 of the commencing S.I.) by [Finance Act 2016 \(c. 24\)](#), s. 163(2), **Sch. 21 para. 2(3)**; S.I. 2017/259, reg. 2
- F21** Words in Sch. 24 para. 9(1)(b) substituted (1.4.2009) by [Finance Act 2008 \(c. 9\)](#), s. 122(2), **Sch. 40 para. 9(3)(b)**; S.I. 2009/571, art. 2
- F22** Words in Sch. 24 para. 9(1)(b) substituted (21.7.2009) by [Finance Act 2009 \(c. 10\)](#), **Sch. 57 para. 4**
- F23** Words in Sch. 24 para. 9(1)(c) substituted (1.4.2009) by [Finance Act 2008 \(c. 9\)](#), s. 122(2), **Sch. 40 para. 9(3)(b)**; S.I. 2009/571, art. 2
- F24** Words in Sch. 24 para. 9(1)(c) substituted (21.7.2009) by [Finance Act 2009 \(c. 10\)](#), **Sch. 57 para. 4**
- F25** Sch. 24 para. 9(1A)-(1E) inserted (8.3.2017 for specified purposes and 1.4.2017 in so far as not already in force and with effect in accordance with reg. 2 of the commencing S.I.) by [Finance Act 2016 \(c. 24\)](#), s. 163(2), **Sch. 21 para. 2(4)**; S.I. 2017/259, regs. 2, 3
- F26** Words in Sch. 24 para. 9(2)(a) substituted (1.4.2009) by [Finance Act 2008 \(c. 9\)](#), s. 122(2), **Sch. 40 para. 9(4)**; S.I. 2009/571, art. 2
- F27** Sch. 24 para. 9(4) inserted (with effect in accordance with reg. 2 of the commencing S.I.) by [Finance Act 2016 \(c. 24\)](#), s. 163(2), **Sch. 21 para. 2(5)**; S.I. 2017/259, reg. 2

#### Modifications etc. (not altering text)

- C6** Sch. 24 para. 9 modified by 1994 c. 23, Sch. 3BA para. 34 (as inserted (with effect in accordance with Sch. 22 paras. 23, 24 of the amending Act) by [Finance Act 2014 \(c. 26\)](#), **Sch. 22 para. 1**)

#### Commencement Information

- I5** Sch. 24 para. 9 in force at 1.4.2008 for certain purposes, 1.7.2008 for certain purposes, 1.1.2009 for certain purposes, and 1.4.2009 in so far as not already in force by [S.I. 2008/568](#), **art. 2** (with **art. 3**)

- [<sup>F28</sup>10 (1) If a person who would otherwise be liable to a penalty of a percentage shown in column 1 of the Table (a “standard percentage”) has made a disclosure, HMRC must reduce the standard percentage to one that reflects the quality of the disclosure.
- (2) But the standard percentage may not be reduced to a percentage that is below the minimum shown for it—
- in the case of a prompted disclosure, in column 2 of the Table, and
  - in the case of an unprompted disclosure, in column 3 of the Table.

<i>[<sup>F29</sup>Standard %</i>	<i>Minimum % for prompted disclosure</i>	<i>Minimum % for unprompted disclosure</i>
30%	15%	0%
70%	35%	20%
100%	50%	30%]]

#### Textual Amendments

- F28** Sch. 24 para. 10 substituted (6.4.2011) by [Finance Act 2010 \(c. 13\)](#), s. 35(2), **Sch. 10 para. 3**; [S.I. 2011/975](#), **art. 2(1)** (with **art. 3**)
- F29** Sch. 24 para. 10(2) Table substituted (with effect in accordance with reg. 2 of the commencing S.I.) by [Finance Act 2016 \(c. 24\)](#), s. 163(2), **Sch. 21 para. 3**; S.I. 2017/259, reg. 2

- [<sup>F30</sup>10A(1) If a person who would otherwise be liable to a penalty of a percentage shown in column 1 of the Table (a “standard percentage”) has made a disclosure, HMRC must reduce the standard percentage to one that reflects the quality of the disclosure.

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- (2) But the standard percentage may not be reduced to a percentage that is below the minimum shown for it—
- (a) in the case of a prompted disclosure, in column 2 of the Table, and
  - (b) in the case of an unprompted disclosure, in column 3 of the Table.

<i>Standard %</i>	<i>Minimum % for prompted disclosure</i>	<i>Minimum % for unprompted disclosure</i>
30%	15%	0%
37.5%	18.75%	0%
45%	22.5%	0%
60%	30%	0%
70%	45%	30%
87.5%	53.75%	35%
100%	60%	40%
105%	62.5%	40%
125%	72.5%	50%
140%	80%	50%
150%	85%	55%
200%	110%	70%]

#### Textual Amendments

**F30** Sch. 24 para. 10A inserted (with effect in accordance with reg. 2 of the commencing S.I.) by [Finance Act 2016 \(c. 24\)](#), s. 163(2), [Sch. 21 para. 4](#); S.I. 2017/259, reg. 2

#### Special reduction

- 11 (1) If they think it right because of special circumstances, HMRC may reduce a penalty under paragraph 1<sup>[F31]</sup>, 1A] or 2.
- (2) In sub-paragraph (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 sub-paragraph (1) the reference to reducing a penalty includes a reference to—
- (a) staying a penalty, and
  - (b) agreeing a compromise in relation to proceedings for a penalty.

#### Textual Amendments

**F31** Word in Sch. 24 para. 11(1) inserted (1.4.2009) by [Finance Act 2008 \(c. 9\)](#), s. 122(2), [Sch. 40 para. 10](#); S.I. 2009/571, art. 2

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### Commencement Information

**I6** Sch. 24 para. 11 in force at 1.4.2009 in so far as not already in force by [S.I. 2008/568](#), [art. 2](#) (with [art. 3](#))

### Interaction with other penalties [<sup>F32</sup>and late payment surcharges]

### Textual Amendments

**F32** Words in Sch. 24 para. 12 cross-heading inserted (1.4.2009) by [Finance Act 2008 \(c. 9\)](#), s. 122(2), [Sch. 40 para. 11\(4\)](#); [S.I. 2009/571](#), [art. 2](#)

- 12 (1) The final entry in the Table in paragraph 1 excludes a document in respect of which a penalty is payable under section 98 of TMA 1970 (special returns).
- (2) The amount of a penalty for which P is liable under paragraph 1 or 2 in respect of a document relating to a tax period shall be reduced by the amount of any other penalty [<sup>F33</sup>incurred by P, or any surcharge for late payment of tax imposed on P, if the amount of the penalty or surcharge is determined by reference to the same tax liability.]
- [<sup>F34</sup>(2A) In sub-paragraph (2) “any other penalty” does not include a penalty under Part 4 of FA 2014 (penalty where corrective action not taken after follower notice etc) [<sup>F35</sup>or Schedule 22 to FA 2016 (asset-based penalty)].]
- (3) In the application of section 97A of TMA 1970 (multiple penalties) no account shall be taken of a penalty under paragraph 1 or 2.
- [<sup>F36</sup>(4) Where penalties are imposed under paragraphs 1 and 1A in respect of the same inaccuracy, the aggregate of the amounts of the penalties must not exceed the relevant percentage of the potential lost revenue.
- (5) The relevant percentage is—
- if the penalty imposed under paragraph 1 is for an inaccuracy in category 1, 100%,
  - if the penalty imposed under paragraph 1 is for an inaccuracy in category 2, 150%, and
  - if the penalty imposed under paragraph 1 is for an inaccuracy in category 3, 200%.]

### Textual Amendments

- F33** Words in Sch. 24 para. 12(2) substituted (1.4.2009) by [Finance Act 2008 \(c. 9\)](#), s. 122(2), [Sch. 40 para. 11\(2\)](#); [S.I. 2009/571](#), [art. 2](#)
- F34** Sch. 24 para. 12(2A) inserted (17.7.2014) by [Finance Act 2014 \(c. 26\)](#), [Sch. 33 para. 3](#)
- F35** Words in Sch. 24 para. 12(2A) inserted (with effect in accordance with reg. 2(b) of the commencing S.I.) by [Finance Act 2016 \(c. 24\)](#), s. 165(2), [Sch. 22 para. 20\(3\)](#); [S.I. 2017/277](#), reg. 2(b)
- F36** Sch. 24 para. 12(4)(5) substituted for Sch. 24 para. 12(4) (6.4.2011) by [Finance Act 2010 \(c. 13\)](#), s. 35(2), [Sch. 10 para. 4](#); [S.I. 2011/975](#), [art. 2\(1\)](#) (with [art. 3](#))

### Modifications etc. (not altering text)

- C7** Sch. 24 para. 12(2) modified (1.1.2023 for specified purposes) by [Finance Act 2021 \(c. 26\)](#), s. 117(2), [Sch. 26 para. 15\(b\)](#); [S.I. 2022/1278](#), reg. 2(2)

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- C8** [Sch. 24 para. 12\(2\)](#) modified (1.1.2023 for specified purposes, 6.4.2024 for specified purposes) by [Finance Act 2021 \(c. 26\)](#), s. 117(2), [Sch. 26 para. 15\(b\)](#); [S.I. 2022/1278](#), reg. 2(2); [S.I. 2024/440](#), reg. 2(2)

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**Commencement Information**

- I7** [Sch. 24 para. 12](#) in force at 1.4.2008 for certain purposes, 1.7.2008 for certain purposes, 1.1.2009 for certain purposes, and 1.4.2009 in so far as not already in force by [S.I. 2008/568](#), [art. 2](#) (with [art. 3](#))

**Changes to legislation:**

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**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. 993 modified by [2016 c. 24 s. 118\(2\)](#)
- Sch. 24 para. 12(5)(za) inserted by [2015 c. 11 Sch. 20 para. 6\(a\)](#)
- Sch. 24 para. 21A(A1) inserted by [2015 c. 11 Sch. 20 para. 7\(2\)](#)
- Sch. 24 para. 4A(A1)(1) substituted for Sch. 24 para. 4A(1) by [2015 c. 11 Sch. 20 para. 3\(2\)](#)