

*These notes refer to the Corporation Tax Act 2009  
(c.4) which received Royal Assent on 26 March 2009*

# CORPORATION TAX ACT 2009

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## EXPLANATORY NOTES

### COMMENTARY ON SECTIONS

#### **Part 20: General calculation rules**

##### *Chapter 1: Restriction of deductions*

#### **Employee benefit contributions**

##### *Section 1303: Penalties, interest and VAT surcharges*

3331. This section contains the general rule that tax penalties and interest are not to be deducted. It is based on section 827 of ICTA. The corresponding rule for income tax is in section 869 of ITTOIA.
3332. This section refers to “profits” because the rule covers both the calculation of income and deductions (such as expenses of management within Part 16) from total profits.
3333. Section 90(1)(b) of TMA prohibits a deduction for interest payable “under this Part” of TMA. Section 90(2) cancels the prohibition for interest under sections 87 and 87A of TMA. This is because interest under those sections may be taken into account as a loan relationship debit (see Parts 5 and 6 of this Act). But the prohibition does apply to interest under section 86 of TMA, which applies for corporation tax purposes only for accounting periods ending before 1 October 1993. So that rule is “saved” by Schedule 2 to this Act and not rewritten in this section.
3334. The table in *subsection (2)* sets out the specific statutory references because a general description of the penalties etc would not be precise enough. But the second column of the table is a description of the tax to indicate what is involved.