
Changes to legislation: Finance Act 2014, SCHEDULE 32 is up to date with all changes known to be in force on or before 03 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 32

Section 228

ACCELERATED PAYMENTS AND PARTNERSHIPS

Interpretation

- 1 (1) This paragraph applies for the purposes of this Schedule.
- (2) “Partnership return” means a return in pursuance of a notice under section 12AA(2) or (3) of TMA 1970.
- (3) “The representative partner”, in relation to a partnership return, means the person who was required by a notice served under or for the purposes of section 12AA(2) or (3) of TMA 1970 to deliver the return.
- (4) “Relevant partner”, in relation to a partnership return, means a person who was a partner in the partnership to which the return relates at any time during the period in respect of which the return was required.
- (5) References to a “successor”, in relation to the representative partner, are to be construed in accordance with section 12AA(11) of TMA 1970.

Restriction on circumstances when accelerated payment notices can be given

- 2 (1) This paragraph applies where—
 - (a) a tax enquiry is in progress in relation to a partnership return, or
 - (b) an appeal has been made in relation to an amendment of such a return or against a conclusion stated by a closure notice in relation to a tax enquiry into such a return.
- (2) No accelerated payment notice may be given to the representative partner of the partnership, or a successor of that partner, by reason of that enquiry or appeal.
- (3) But this Schedule makes provision for partner payment notices and accelerated partner payments in such cases.

Circumstances in which partner payment notices may be given

- 3 (1) Where a partnership return has been made in respect of a partnership, HMRC may give a notice (a “partner payment notice”) to each relevant partner of the partnership if Conditions A to C are met.
- (2) Condition A is that—
 - (a) a tax enquiry is in progress in relation to the partnership return, or
 - (b) an appeal has been made in relation to an amendment of the return or against a conclusion stated by a closure notice in relation to a tax enquiry into the return.

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- (3) Condition B is that the return or, as the case may be, appeal is made on the basis that a particular tax advantage (“the asserted advantage”) results from particular arrangements (“the chosen arrangements”).
- (4) Paragraph 3(3) of Schedule 31 applies for the purposes of sub-paragraph (3) as it applies for the purposes of Condition B in section 204(3).
- (5) Condition C is that one or more of the following requirements are met—
- (a) HMRC has given (or, at the same time as giving the partner payment notice, gives) the representative partner, or a successor of that partner, a follower notice under Chapter 2—
 - (i) in relation to the same return or, as the case may be, appeal, and
 - (ii) by reason of the same tax advantage and the chosen arrangements;
 - (b) the chosen arrangements are DOTAS arrangements (within the meaning of section 219(5) and (6));
 - (c) the relevant partner in question has been given a GAAR counteraction notice in respect of any tax advantage resulting from the asserted advantage or part of it and the chosen arrangements (or is given such a notice at the same time as the partner payment notice) in a case where the stated opinion of at least two of the members of the sub-panel of the GAAR Advisory Panel which considered the matter under paragraph 10 of Schedule 43 to FA 2013 was as set out in paragraph 11(3)(b) of that Schedule (entering into tax arrangements not reasonable course of action etc).
 - [^{F1}(d) the relevant partner in question has been given a notice under paragraph 8(2) or 9(2) of Schedule 43A to FA 2013 (notice of final decision after considering Panel's opinion about referred or counteracted arrangements) in respect of any tax advantage resulting from the asserted advantage or part of it and the chosen arrangements (or is given such a notice at the same time as the partner payment notice) in a case where the stated opinion of at least two of the members of the sub-panel of the GAAR Advisory Panel about the other arrangements (see sub-paragraph (7)) was as set out in paragraph 11(3)(b) of Schedule 43 to FA 2013;
 - (e) the relevant partner in question has been given a notice under paragraph 8(2) of Schedule 43B to FA 2013 (GAAR: generic referral of arrangements) in respect of any tax advantage resulting from the asserted advantage or part of it and the chosen arrangements (or is given such a notice at the same time as the partner payment notice) in a case where the stated opinion of at least two of the members of the sub-panel of the GAAR Advisory Panel which considered the generic referral in respect of those arrangements was as set out in paragraph 6(4)(b) of that Schedule.]
- (6) “GAAR counteraction notice” has the meaning given by section 219(7).
- [^{F2}(7) “Other arrangements” means—
- (a) in relation to a notice under paragraph 8(2) of Schedule 43A to FA 2013, the referred arrangements (as defined in that paragraph);
 - (b) in relation to a notice under paragraph 9(2) of that Schedule, the counteracted arrangements (as defined in paragraph 2 of that Schedule).]

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Textual Amendments

- F1** Sch. 32 para. 3(5)(d)(e) inserted (with effect in accordance with s. 157(30) of the amending Act) by [Finance Act 2016 \(c. 24\), s. 157\(27\)](#)
- F2** Sch. 32 para. 3(7) inserted (with effect in accordance with s. 157(30) of the amending Act) by [Finance Act 2016 \(c. 24\), s. 157\(28\)](#)

Content of partner payment notices

- 4 (1) The partner payment notice given to a relevant partner must—
- (a) specify the paragraph or paragraphs of paragraph 3(5) by virtue of which the notice is given,
 - (b) specify the payment [^{F3}(if any)] required to be made under paragraph 6, ^{F4}...
 - (c) explain the effect of paragraphs 5 and 6, and of the amendments made by sections 224 and 225 (so far as relating to the relevant tax in relation to which the partner payment notice is given)^{F5}, and
 - (d) if the denied advantage consists of or includes an asserted surrenderable amount, specify that amount and any action which is required to be taken in respect of it under paragraph 6A.]
- (2) The payment required to be made under paragraph 6 is an amount equal to the amount which a designated HMRC officer determines, to the best of the officer's information and belief, as the understated partner tax [^{F6}(and disregarding any dispute which has been referred to a tribunal under section 12ABZB(3) of TMA 1970 but not yet determined)].
- (3) “The understated partner tax” means the additional amount that would become due and payable by the relevant partner in respect of tax if—
- (a) in the case of a notice given by virtue of paragraph 3(5)(a) (case where a partnership follower notice is given)—
 - (i) it were assumed that the explanation given in the follower notice in question under section 206(b) is correct, and
 - (ii) what the officer may determine to the best of the officer's information and belief as the denied advantage is counteracted to the extent that it is reflected in a return or claim of the relevant partner;
 - (b) in the case of a notice given by virtue of paragraph 3(5)(b) (cases where the DOTAS arrangements are met), such adjustments were made as are required to counteract so much of what the designated HMRC officer so determines as the denied advantage as is reflected in a return or claim of the relevant partner;
 - (c) in the case of a notice given by virtue of paragraph 3(5)(c) (cases involving counteraction under the general anti-abuse rule), such of the adjustments set out in the GAAR counteraction notice are made as have effect to counteract so much of the denied advantage as is reflected in a return or claim of the relevant partner.
- (4) “The denied advantage”—
- (a) in the case of the notice given by virtue of paragraph 3(5)(a), has the meaning given by paragraph 4(3) of Schedule 31,

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- (b) in the case of a notice given by virtue of paragraph 3(5)(b), means so much of the asserted advantage as is not a tax advantage which results from the chosen arrangements or otherwise, and
- (c) in the case of a notice given by virtue of paragraph 3(5)(c), means so much of the asserted advantage as would be counteracted by making the adjustments set out in the GAAR counteraction notice.

[^{F7}(4A) Asserted surrenderable amount” means so much of a surrenderable loss which the relevant partner asserts to have as a designated HMRC officer determines, to the best of that officer's information and belief, to be an amount—

- (a) which would not be a surrenderable loss of that partner if the position were as stated in paragraphs (a), (b) or (c) of sub-paragraph (3), and
- (b) which is not the subject of a claim by the relevant partner to relief from corporation tax which is reflected in the amount of the understated partner tax of that partner (and hence in the payment required to be made under paragraph 6).

(4B) “Surrenderable loss” means a loss or other amount within section 99(1) of CTA 2010 (or part of such a loss or other amount).]

(5) If a notice is given by reason of two or all of the requirements of paragraph 3(5) being met, [^{F8}any payment specified under sub-paragraph (1)(b) or amount specified under sub-paragraph (1)(d)] is to be determined as if the notice were given by virtue of such one of them as is stated in the notice as being used for this purpose.

Textual Amendments

- F3** Words in Sch. 32 para. 4(1)(b) inserted (26.3.2015) by [Finance Act 2015 \(c. 11\)](#), [Sch. 18 para. 10\(2\)\(a\)](#)
- F4** Word in Sch. 32 para. 4(1)(b) omitted (26.3.2015) by virtue of [Finance Act 2015 \(c. 11\)](#), [Sch. 18 para. 10\(2\)\(b\)](#)
- F5** Sch. 32 para. 4(1)(d) and preceding word inserted (26.3.2015) by [Finance Act 2015 \(c. 11\)](#), [Sch. 18 para. 10\(2\)\(b\)](#)
- F6** Words in Sch. 32 para. 4(2) inserted (with effect in accordance with Sch. 6 para. 14 of the amending Act) by [Finance Act 2018 \(c. 3\)](#), [Sch. 6 para. 13\(5\)\(a\)](#)
- F7** Sch. 32 para. 4(4A)(4B) inserted (26.3.2015) by [Finance Act 2015 \(c. 11\)](#), [Sch. 18 para. 10\(2\)\(c\)](#)
- F8** Words in Sch. 32 para. 4(5) substituted (26.3.2015) by [Finance Act 2015 \(c. 11\)](#), [Sch. 18 para. 10\(2\)\(d\)](#)

Representations about a partner payment notice

- 5
- (1) This paragraph applies where a partner payment notice has been given to a relevant partner under paragraph 3 (and not withdrawn).
 - (2) The relevant partner has 90 days beginning with the day that notice is given to send written representations to HMRC—
 - (a) objecting to the notice on the grounds that Condition A, B or C in that paragraph was not met, ^{F9}...
 - (b) objecting to the amount specified in the notice under paragraph 4(1)(b)[^{F10}, or
 - (c) objecting to the amount specified in the notice under paragraph 4(1)(d).]
 - (3) HMRC must consider any representations made in accordance with sub-paragraph (2).

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- (4) Having considered the representations, HMRC must—
- (a) if representations were made under sub-paragraph (2)(a), determine whether—
 - (i) to confirm the partner payment notice (with or without amendment),
or
 - (ii) to withdraw the partner payment notice, ^{F11} ...
 - (b) if representations were made under sub-paragraph (2)(b) (and the notice is not withdrawn under paragraph (a)), determine whether a different amount [^{F12}(or no amount)] ought to have been specified as the understated partner tax, and then—
 - (i) confirm the amount specified in the notice, ^{F13} ...
 - (ii) amend the notice to specify a different amount [^{F14}, or
 - (iii) remove from the notice the provision made under paragraph 4(1)(b),] [^{F15}, and
 - (c) if representations were made under sub-paragraph (2)(c) (and the notice is not withdrawn under paragraph (a)), determine whether a different amount (or no amount) ought to have been specified under paragraph 4(1)(d), and then—
 - (i) confirm the amount specified in the notice,
 - (ii) amend the notice to specify a different amount, or
 - (iii) remove from the notice the provision made under paragraph 4(1)(d),]
- and notify P accordingly.

Textual Amendments

- F9** Word in Sch. 32 para. 5(2)(a) omitted (26.3.2015) by virtue of Finance Act 2015 (c. 11), Sch. 18 para. 10(3)(a)
- F10** Sch. 32 para. 5(2)(c) and preceding word inserted (26.3.2015) by Finance Act 2015 (c. 11), Sch. 18 para. 10(3)(a)
- F11** Word in Sch. 32 para. 5(4)(a) omitted (26.3.2015) by virtue of Finance Act 2015 (c. 11), Sch. 18 para. 10(3)(b)
- F12** Words in Sch. 32 para. 5(4)(b) inserted (26.3.2015) by Finance Act 2015 (c. 11), Sch. 18 para. 10(3)(c)
- F13** Word in Sch. 32 para. 5(4)(b)(i) omitted (26.3.2015) by virtue of Finance Act 2015 (c. 11), Sch. 18 para. 10(3)(d)
- F14** Sch. 32 para. 5(4)(b)(iii) and preceding word inserted (26.3.2015) by Finance Act 2015 (c. 11), Sch. 18 para. 10(3)(d)
- F15** Sch. 32 para. 5(4)(c) and preceding word inserted (26.3.2015) by Finance Act 2015 (c. 11), Sch. 18 para. 10(3)(e)

Effect of partner payment notice

- 6 [^{F16}(1) This paragraph applies where—
- (a) a partner payment notice has been given to a relevant partner (and not withdrawn), and
 - (b) an amount is stated in the notice in accordance with paragraph 4(1)(b).]
- (2) The relevant partner must make a payment (“the accelerated partner payment”) to HMRC of [^{F17}that amount].

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- (3) The accelerated partner payment is to be treated as a payment on account of the understated partner tax (see paragraph 4).
- (4) The accelerated partner payment must be made before the end of the payment period.
- (5) “The payment period” means—
 - (a) if the relevant partner made no representations under paragraph 5, the period of 90 days beginning with the day on which the partner payment notice is given;
 - (b) if the relevant partner made such representations, whichever of the following ends later—
 - (i) the 90 day period mentioned in paragraph (a);
 - (ii) the period of 30 days beginning with the day on which the relevant partner is notified under paragraph 5 of HMRC's determination.
- (6) If the relevant partner pays any part of the understated partner tax before the accelerated partner payment in respect of it, the accelerated partner payment is treated to that extent as having been paid at the same time.
- (7) Subsections (8) and (9) of section 223 apply in relation to a payment under this paragraph as they apply to a payment under that section.

Textual Amendments

- F16** Sch. 32 para. 6(1) substituted (26.3.2015) by [Finance Act 2015 \(c. 11\)](#), [Sch. 18 para. 10\(4\)\(a\)](#)
F17 Words in Sch. 32 para. 6(2) substituted (26.3.2015) by [Finance Act 2015 \(c. 11\)](#), [Sch. 18 para. 10\(4\)\(b\)](#)

- [^{F18}6A (1) This paragraph applies where—
- (a) an accelerated payment notice is given (and not withdrawn), and
 - (b) an amount is specified in the notice in accordance with paragraph 4(1)(d).
- (2) The relevant partner may not at any time when the notice has effect consent to any claim for group relief in respect of the amount so specified.
- (3) Subject to sub-paragraph (2), paragraph 75 (other than sub-paragraphs (7) and (8)) of Schedule 18 to FA 1998 (reduction in amount available for surrender) has effect at any time when the notice has effect as if that specified amount ceased to be an amount available for surrender at the time the notice was given to the relevant partner.
- (4) For the purposes of sub-paragraph (3), paragraph 75 of that Schedule has effect as if, in sub-paragraph (2) of that paragraph for “within 30 days” there were substituted “before the end of the payment period (within the meaning of paragraph 6(5) of Schedule 32 to the Finance Act 2014)”.
- (5) The time limits otherwise applicable to amendment of a company tax return do not prevent an amendment being made in accordance with paragraph 75(6) of Schedule 18 to FA 1998 where the relevant partner withdraws consent by virtue of sub-paragraph (3).]

Textual Amendments

- F18** Sch. 32 para. 6A inserted (with effect in accordance with Sch. 18 para. 12(2) of the amending Act) by [Finance Act 2015 \(c. 11\)](#), [Sch. 18 para. 10\(5\)](#)

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Penalty for failure to comply with partner payment notice

- 7 Section 226 (penalty for failure to make accelerated payment on time) applies to accelerated partner payments as if—
- (a) references in that section to the accelerated payment were to the accelerated partner payment,
 - (b) references to P were to the relevant partner, ^{F19}...
 - [^{F20}(ba) the reference in section 226(8) to an amendment to an accelerated payment notice made under section 227(7A) were to an amendment to a partner payment notice made under that section as applied by paragraph 8 of this Schedule, and]
 - (c) “the payment period” had the meaning given by paragraph 6(5).

Textual Amendments

F19 Word in Sch. 32 para. 7(b) omitted (with effect in accordance with Sch. 6 para. 14 of the amending Act) by virtue of Finance Act 2018 (c. 3), Sch. 6 para. 13(5)(b)(i)

F20 Sch. 32 para. 7(ba) inserted (with effect in accordance with Sch. 6 para. 14 of the amending Act) by Finance Act 2018 (c. 3), Sch. 6 para. 13(5)(b)(ii)

Withdrawal, suspension or modification of partner payment notices

- 8 (1) Section 227 (withdrawal, modification or suspension of accelerated payment notice) applies in relation to a relevant partner, a partner payment notice, Condition C in paragraph 3 and an accelerated partner payment as it applies in relation to P, an accelerated payment notice, Condition C in section 219 and an accelerated payment.
- (2) Accordingly, for this purpose—
- [^{F21}(za) section 227(2)(d), (12A) and (16) has effect as if the references to section 220(2)(d) or 221(2)(d) were to paragraph 4(1)(d) of this Schedule,]
 - (a) section 227(6)(b) and (7)(a) has effect as if the references to section 220(6) were to paragraph 4(5) of this Schedule, ^{F22}...
 - [^{F23}(aa) section 227(7A) has effect as if the reference to a [^{F24}section 12AA] partnership return to which the accelerated payment notice relates were a reference to the [^{F24}section 12AA] partnership return in relation to which the partner payment notice is given;]
 - (b) the provisions listed in section 227(9) are to be read as including paragraph 6(5) of this Schedule [^{F25}, ^{F26}...
 - (c) section 227(12A) has effect as if the reference to section 225A(3) were to paragraph 6A(3) of this Schedule] [^{F27}and
 - (d) section 227(13A) has effect as if the reference to section 223(2) were to paragraph 6(2) of this Schedule and the reference to section 223(5) were to paragraph 6(5) of this Schedule.]

Textual Amendments

F21 Sch. 32 para. 8(2)(za) inserted (26.3.2015) by Finance Act 2015 (c. 11), Sch. 18 para. 10(6)(a)

F22 Word in Sch. 32 para. 8(2) omitted (26.3.2015) by virtue of Finance Act 2015 (c. 11), Sch. 18 para. 10(6)(b)

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- F23** Sch. 32 para. 8(2)(aa) inserted (with effect in accordance with Sch. 6 para. 14 of the amending Act) by [Finance Act 2018 \(c. 3\)](#), [Sch. 6 para. 13\(5\)\(c\)\(i\)](#)
- F24** Words in Sch. 32 para. 8(2)(aa) inserted by 2017 c. 32, Sch. 14 para. 46(5) (as inserted (15.3.2018) by [Finance Act 2018 \(c. 3\)](#), [Sch. 6 para. 15\(4\)](#))
- F25** Sch. 32 para. 8(2)(c) and preceding word inserted (26.3.2015) by [Finance Act 2015 \(c. 11\)](#), [Sch. 18 para. 10\(6\)\(b\)](#)
- F26** Word in Sch. 32 para. 8(2)(b) omitted (with effect in accordance with Sch. 6 para. 14 of the amending Act) by virtue of [Finance Act 2018 \(c. 3\)](#), [Sch. 6 para. 13\(5\)\(c\)\(ii\)](#)
- F27** Sch. 32 para. 8(2)(d) and word inserted (with effect in accordance with Sch. 6 para. 14 of the amending Act) by [Finance Act 2018 \(c. 3\)](#), [Sch. 6 para. 13\(5\)\(c\)\(iii\)](#)

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Changes and effects yet to be applied to :

- Sch. 32 para. 1(3) words inserted by [2017 c. 32 Sch. 14 para. 46\(2\)\(b\)](#)
- Sch. 32 para. 2(2) words inserted by [2017 c. 32 Sch. 14 para. 46\(3\)](#)
- Sch. 32 para. 3(5)(a) words inserted by [2017 c. 32 Sch. 14 para. 46\(4\)](#)

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. 212(4)(f) and word inserted by [2021 c. 26 Sch. 27 para. 43\(b\)\(ii\)](#)
- s. 212(5)(a)(iv) and word inserted by [2021 c. 26 Sch. 27 para. 43\(c\)\(ii\)](#)
- s. 212(5)(b)(iv) and word inserted by [2021 c. 26 Sch. 27 para. 43\(c\)\(iv\)](#)
- s. 212(5)(c)(iv) and word inserted by [2021 c. 26 Sch. 27 para. 43\(c\)\(v\)](#)
- Sch. 31 para. 2(3)(b) inserted by [2017 c. 32 Sch. 14 para. 45\(2\)\(a\)\(iii\)](#)
- Sch. 31 para. 2(4A) inserted by [2017 c. 32 Sch. 14 para. 45\(2\)\(c\)](#)
- Sch. 31 para. 3(1A) inserted by [2017 c. 32 Sch. 14 para. 45\(3\)\(b\)](#)
- Sch. 31 para. 5(b) inserted by [2017 c. 32 Sch. 14 para. 45\(4\)\(c\)](#)
- Sch. 31 para. 2(3)(a) words inserted by [2017 c. 32 Sch. 14 para. 45\(2\)\(a\)\(ii\)](#)
- Sch. 31 para. 5(a) words inserted by [2017 c. 32 Sch. 14 para. 45\(4\)\(b\)](#)
- Sch. 31 para. 2(3)(a) words renumbered as Sch. 31 para. 2(3)(a) by [2017 c. 32 Sch. 14 para. 45\(2\)\(a\)\(i\)](#)
- Sch. 31 para. 5(a) words renumbered as Sch. 31 para. 5(a) by [2017 c. 32 Sch. 14 para. 45\(4\)\(a\)](#)
- Sch. 32 para. 1(2)(b) inserted by [2017 c. 32 Sch. 14 para. 46\(2\)\(a\)\(iii\)](#)
- Sch. 32 para. 1(3A) inserted by [2017 c. 32 Sch. 14 para. 46\(2\)\(c\)](#)
- Sch. 32 para. 1(2)(a) words inserted by [2017 c. 32 Sch. 14 para. 46\(2\)\(a\)\(ii\)](#)
- Sch. 32 para. 1(2)(a) words renumbered as Sch. 32 para. 1(2)(a) by [2017 c. 32 Sch. 14 para. 46\(2\)\(a\)\(i\)](#)