
Changes to legislation: There are currently no known outstanding effects for the Finance Act 2021, Cross Heading: Reasonable excuse. (See end of Document for details)

SCHEDULES

SCHEDULE 26

PENALTIES FOR FAILURE TO PAY TAX

Modifications etc. (not altering text)

- C1** Sch. 26 modified (1.3.2024) by 1994 c. 23, **Sch. 9ZF para. 13A** (as inserted by [The Value Added Tax \(Distance Selling\) \(Amendments\) Regulations 2024 \(S.I. 2024/128\)](#), regs. 1(1), **6(6)** (with reg. 1(2)))

PART 3

SUPPLEMENTARY PROVISION

Reasonable excuse

- 12 (1) Liability to a penalty under this Schedule does not arise in respect of a failure to make a payment if the person satisfies HMRC (or on appeal, the tribunal) that the person had a reasonable excuse for the failure.
- (2) For this purpose—
- (a) an insufficiency of funds is not a reasonable excuse unless attributable to events outside the person's control,
 - (b) where the person relies on another person to do anything, that is not a reasonable excuse unless the first person took reasonable care to avoid the failure, and
 - (c) where the person had a reasonable excuse for the failure but the excuse has ceased, the person is to be treated as having continued to have the excuse if the failure is remedied without unreasonable delay after the excuse ceased.
- (3) In this paragraph “tribunal” means the First-tier Tribunal or Upper Tribunal (as appropriate by virtue of paragraph 20(1)).

Commencement Information

- I1** Sch. 26 para. 12 in force at 1.1.2023 for specified purposes by [S.I. 2022/1278](#), **reg. 2(2)**
- I2** Sch. 26 para. 12 in force at 6.4.2024 for specified purposes by [S.I. 2024/440](#), **reg. 2(2)**

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