
EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations make provision for quarterly instalment payments of corporation tax by large companies (as defined in regulation 3 of the Regulations), except that the provision relating to interest on overpaid amounts of tax in respect of an accounting period (regulation 8) also applies to companies that are not large companies in that accounting period. The Regulations have effect in relation to accounting periods of companies ending on or after 1st July 1999, being the day appointed under section 199 of the Finance Act 1994 for the purposes of corporation tax self-assessment.

Regulation 1 provides for citation, commencement and effect, and regulation 2 for interpretation.

Regulation 3 defines a “large company” for the purposes of the Regulations.

Regulation 4 makes transitional provision for instalment payments by large companies in relation to accounting periods ending on or after 1st July 1999 but before 1st July 2002.

Regulation 5 contains the principal provision for quarterly instalment payments by large companies.

Regulation 6 provides for repayment by the Inland Revenue of amounts of tax paid by large companies.

Regulation 7 provides for interest to be paid by large companies on unpaid amounts of tax.

Regulation 8 provides for interest to be paid by the Inland Revenue on overpaid amounts of tax.

Regulation 9 amends section 102 of the Finance Act 1989 (surrender of company tax refund within group) so that it includes the surrender of an excess amount paid by a large company in respect of its tax liability.

Regulation 10 provides for the furnishing of information to the Inland Revenue, regulation 11 for the production of records to the Inland Revenue, and regulation 12 for the inspection of records by the Inland Revenue, in connection with amounts of tax payable by large companies, or claims for repayment of tax by large companies, under the Regulations.

Regulation 13 provides that a penalty under section 30(4) of the Finance Act 1998 may be imposed on a large company which deliberately or recklessly fails to pay an amount of tax due under the Regulations, or fraudulently or negligently makes a claim for repayment of tax under the Regulations.

Regulation 14 is an anti-avoidance provision designed to counter any action taken by a large company that avoids the full effect or application of the Regulations.

Regulation 15 provides that, where an insurance company or a friendly society is entitled to a provisional repayment for a quarter under Schedule 19AB to the Income and Corporation Taxes Act 1988 (inserted by Schedule 8 to the Finance Act 1991), the amount of the provisional repayment may be set off against a quarterly instalment of tax due under these Regulations without interest consequences.