



# Tax Collection and Management (Wales) Act 2016

2016 anaw 6

## PART 5

PENALTIES

### CHAPTER 1

OVERVIEW

#### 117 Overview of Part

- (1) This Part makes provision about penalties relating to devolved taxes, including—
- (a) penalties relating to failures to make tax returns or to pay devolved tax [<sup>F1</sup>or amounts payable in respect of tax credits],
  - (b) penalties relating to inaccuracies,
  - (c) penalties relating to record-keeping and reimbursement arrangements, and
  - (d) penalties relating to investigations.
- (2) It includes provision about—
- (a) the circumstances which liability to those penalties arises,
  - (b) the amounts of those penalties,
  - (c) the circumstances in which liability to those penalties may be suspended or the amounts of those penalties may be reduced,
  - (d) the assessment of those penalties, and
  - (e) the payment of those penalties.

*Status: Point in time view as at 07/02/2023.*

*Changes to legislation: There are currently no known outstanding effects for the Tax Collection and Management (Wales) Act 2016, PART 5. (See end of Document for details)*

#### Textual Amendments

- F1** Words in s. 117(1)(a) inserted (1.4.2018) by [The Landfill Disposals Tax \(Administration\) \(Wales\) Regulations 2018 \(S.I. 2018/101\)](#), reg. 1(2), **Sch. para. 22**

## CHAPTER 2

### PENALTIES FOR FAILURE TO MAKE RETURNS OR PAY TAX [F2OR AMOUNTS PAYABLE IN RESPECT OF TAX CREDITS]

#### Textual Amendments

- F2** Words in Pt. 5 Ch. 2 heading inserted (1.4.2018) by [The Landfill Disposals Tax \(Administration\) \(Wales\) Regulations 2018 \(S.I. 2018/101\)](#), reg. 1(2), **Sch. para. 23**

#### *Penalty for failure to make tax return*

#### **118 Penalty for failure to make tax return on or before filing date**

[F3(1)] A person [F4who is required to make a tax return] is liable to a penalty of £100 if the person fails to make a tax return on or before the filing date.

[F5(2) But see section 118A for an exception to the rule above.]

#### Textual Amendments

- F3** S. 118 renumbered as s. 118(1) (1.4.2018) by [Landfill Disposals Tax \(Wales\) Act 2017 \(anaw 3\)](#), s. 97(2), **Sch. 4 para. 9(a)**; S.I. 2018/35, art. 3
- F4** Words in s. 118 inserted (1.4.2018) by [Land Transaction Tax and Anti-avoidance of Devolved Taxes \(Wales\) Act 2017 \(anaw 1\)](#), s. 81(2)(3), **Sch. 23 para. 39**; S.I. 2018/34, art. 3
- F5** S. 118(2) inserted (1.4.2018) by [Landfill Disposals Tax \(Wales\) Act 2017 \(anaw 3\)](#), s. 97(2), **Sch. 4 para. 9(b)**; S.I. 2018/35, art. 3

#### Commencement Information

- I1** S. 118 in force at 1.4.2018 by [S.I. 2018/33](#), **art. 3**

#### [F6**118A Penalties for multiple failures to make tax returns in respect of landfill disposals tax**

- (1) Where a person becomes liable to a penalty under section 118 in respect of a tax return that the person is required to make under section 39 of LDТА, a penalty period—
  - (a) begins with the day after the filing date for the tax return, and
  - (b) ends 12 months later, unless extended under subsection (2)(b).
- (2) If, before the end of the penalty period, the person is required to make another tax return under section 39 of LDТА (“tax return B”) but fails to do so on or before the filing date for tax return B—

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- (a) the person is not liable to a penalty under section 118 in respect of that failure but is liable to a penalty under this section instead, and
  - (b) the penalty period is extended so that it ends 12 months after the filing date for tax return B.
- (3) The amount of the penalty to which a person is liable under this section is determined by reference to the number of tax returns that the person—
- (a) has been required to make under section 39 of LDTA during the penalty period, but
  - (b) has failed to make on or before the filing dates for those returns.
- (4) If the failure to make tax return B on or before the filing date is the person's first failure during the penalty period, P is liable to a penalty of £200 in respect of that failure.
- (5) If the failure to make tax return B on or before the filing date is the person's second failure during the penalty period, P is liable to a penalty of £300 in respect of that failure.
- (6) If the failure to make tax return B on or before the filing date is the person's third or subsequent failure during the penalty period, P is liable to a penalty of £400 in respect of that failure.
- (7) A penalty period may be extended more than once under subsection (2)(b).]

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**Textual Amendments**

**F6** S. 118A inserted (1.4.2018) by [Landfill Disposals Tax \(Wales\) Act 2017 \(anaw 3\)](#), **ss. 74, 97(2)**; S.I. 2018/35, art. 3

**119 Penalty for failure to make tax return within 6 months from filing date**

- (1) A person [<sup>F7</sup>who is required to make a tax return] is liable to a penalty if the person's failure to make a tax return continues after the end of the period of 6 months beginning with the day after the filing date.
- (2) The penalty is the greater of—
- (a) 5% of the amount of the devolved tax to which the person would have been liable if the tax return had been made, and
  - (b) £300.

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**Textual Amendments**

**F7** Words in s. 119(1) inserted (1.4.2018) by [Land Transaction Tax and Anti-avoidance of Devolved Taxes \(Wales\) Act 2017 \(anaw 1\)](#), s. 81(2)(3), **Sch. 23 para. 40**; S.I. 2018/34, art. 3

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**Commencement Information**

**I2** S. 119 in force at 1.4.2018 by [S.I. 2018/33](#), art. 3

*Status: Point in time view as at 07/02/2023.*

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## **120 Penalty for failure to make tax return within 12 months from filing date**

- (1) A person [<sup>F8</sup>who is required to make a tax return] is liable to a penalty if the person's failure to make a tax return continues after the end of the period of 12 months beginning with the day after the filing date.
- (2) Where, by failing to make the tax return, the person deliberately withholds information which would enable or assist WRA to assess the person's liability to a devolved tax, the penalty is [<sup>F9</sup>—
  - (a) £300, or
  - (b) a greater amount, not exceeding 95% of the amount of devolved tax to which the person would have been liable if the tax return had been made.]
- (3) In any case not falling within subsection (2), the penalty is the greater of—
  - (a) 5% of the amount of the devolved tax to which the person would have been liable if the tax return had been made, and
  - (b) £300.

### **Textual Amendments**

**F8** Words in s. 120(1) inserted (1.4.2018) by [Land Transaction Tax and Anti-avoidance of Devolved Taxes \(Wales\) Act 2017 \(anaw 1\)](#), s. 81(2)(3), [Sch. 23 para. 41\(a\)](#); S.I. 2018/34, art. 3

**F9** Words in s. 120(2) substituted (1.4.2018) by [Land Transaction Tax and Anti-avoidance of Devolved Taxes \(Wales\) Act 2017 \(anaw 1\)](#), s. 81(2)(3), [Sch. 23 para. 41\(b\)](#); S.I. 2018/34, art. 3

### **Commencement Information**

**I3** S. 120 in force at 1.4.2018 by [S.I. 2018/33](#), art. 3

## **121 Reduction in penalty for failure to make tax return: disclosure**

- (1) WRA may reduce a penalty under section 118, [<sup>F10</sup>118A,] 119 or 120 if the person discloses information which has been withheld as a result of a failure to make a tax return (“relevant information”).
- (2) A person discloses relevant information by—
  - (a) telling WRA about it,
  - (b) giving WRA reasonable help in quantifying any devolved tax unpaid by reason of the information having been withheld, and
  - (c) allowing WRA access to records for the purpose of checking how much devolved tax is so unpaid.
- (3) In reducing a penalty under this section, WRA may take account of—
  - (a) whether the disclosure was prompted or unprompted, and
  - (b) the quality of the disclosure.
- (4) Disclosure of relevant information—
  - (a) is “unprompted” if made at a time when the person making the disclosure has no reason to believe that WRA has discovered or is about to discover the relevant information, and
  - (b) otherwise, is “prompted”.
- (5) “Quality”, in relation to disclosure, includes timing, nature and extent.

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### Textual Amendments

**F10** Word in s. 121(1) inserted (1.4.2018) by [Landfill Disposals Tax \(Wales\) Act 2017 \(anaw 3\)](#), s. 97(2), [Sch. 4 para. 10](#); S.I. 2018/35, art. 3

### Commencement Information

**I4** S. 121 in force at 1.4.2018 by [S.I. 2018/33](#), art. 3

## *Penalty for failure to pay tax*

### [<sup>F11</sup>122 Penalty for failure to pay tax on time

(1) A person is liable to a penalty if the person has failed to pay an amount of devolved tax on or before the penalty date in respect of that amount.

[<sup>F12</sup>(2) The penalty—

- (a) in respect of an amount of land transaction tax, is 5% of the amount of unpaid tax;
- (b) in respect of an amount of landfill disposals tax, is 1% of the amount of unpaid tax.]

[<sup>F13</sup>(2A) But see section 122ZA for an exception to the rule in subsection (1).]

(3) In this section and in [<sup>F14</sup>sections 122ZA and 122A], the penalty date in respect of an amount of devolved tax specified in column 3 of Table A1 is the date specified in column 4.

TABLE A1

Item	Devolved Tax	Amount of Tax	Penalty date
1	Land transaction tax	Amount (or additional amount) payable as a result of a tax return made by the buyer in a land transaction (unless the amount falls within item 8 or 9).	The date falling 30 days after the filing date for the return.
2	Landfill disposals tax	Amount [ <sup>F15</sup> payable as a result of] a tax return.	The date falling 30 days after the filing date for the return.
3	Any devolved tax	Amount payable as a result of a WRA determination made in place of a tax return.	The date falling 30 days after the date by which WRA believes the tax return was required to be made.

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4	Any devolved tax	Amount payable as a result of a WRA assessment made in place of a tax return (unless the amount falls within item 7).	The date falling 30 days after the date by which WRA believes the tax return was required to be made.
5	Any devolved tax	Amount (or additional amount) payable as a result of a WRA assessment made where a tax return has been made.	The date falling 30 days after the date by which the amount (or additional amount) is required to be paid.
6	Any devolved tax	Amount (or additional amount) payable as a result of an amendment or a correction to a tax return.	The date falling 30 days after the date by which the amount (or additional amount) is required to be paid.
7	Any devolved tax	Amount (or additional amount) payable as a result of a WRA assessment made for the purposes of making an adjustment to counteract a tax advantage (see Part 3A) in a case where a tax return which WRA has reason to believe was required to be made has not in fact been made.	The date falling 30 days after the date by which the amount (or additional amount) is required to be paid.
8	Land transaction tax	Where a deferral request is made under section 58 of LTTA, a deferred amount required to be paid by virtue of section 61(1) of that Act.	The date falling 30 days after the date by which the deferred amount is required to be paid.
9	Land transaction tax	Where a deferral request is made under section 58 of LTTA, a refused	The date falling 30 days after the date by which the

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		amount within the meaning of section 61(2)(a) of that Act.	refused amount is required to be paid.
10	Landfill disposals tax	Amount charged by a charging notice issued under section 48 or 49 of LDTA.	The date falling 30 days after the date by which the amount is required to be paid.
11	Any devolved tax	A postponed amount within the meaning of section 181G(2).	The date falling 30 days after the date on which the postponement period ends (see section 181G as to the calculation of postponement periods).

(4) In this section, ““deferred amount”” has the same meaning as in section 58(6)(a) of LTTA.

(5) The Welsh Ministers may by regulations modify Table A1.]

#### Textual Amendments

- F11** Ss. 122, 122A substituted for s. 122 (1.4.2018) by Land Transaction Tax and Anti-avoidance of Devolved Taxes (Wales) Act 2017 (anaw 1), s. 81(2)(3), **Sch. 23 para. 42**; S.I. 2018/34, art. 3
- F12** S. 122(2) substituted (1.4.2018) by Landfill Disposals Tax (Wales) Act 2017 (anaw 3), **ss. 75, 97(2)**; S.I. 2018/35, art. 3
- F13** S. 122(2A) inserted (1.4.2018) by Landfill Disposals Tax (Wales) Act 2017 (anaw 3), s. 97(2), **Sch. 4 para. 11(a)**; S.I. 2018/35, art. 3
- F14** Words in s. 122(3) substituted (1.4.2018) by Landfill Disposals Tax (Wales) Act 2017 (anaw 3), s. 97(2), **Sch. 4 para. 11(b)**; S.I. 2018/35, art. 3
- F15** Words in s. 122 Table A1 substituted (1.4.2018) by The Landfill Disposals Tax (Administration) (Wales) Regulations 2018 (S.I. 2018/101), reg. 1(2), **Sch. para. 24**

#### [<sup>F16</sup>122Z] ~~Penalty for multiple failures to pay landfill disposals tax on time~~

- (1) Where a person becomes liable to a penalty under section 122 in respect of a failure to pay an amount of landfill disposals tax on or before the penalty date, a penalty period—
- begins with the day after the penalty date, and
  - ends 12 months later, unless extended under subsection (2)(b).
- (2) If, before the end of the penalty period, the person fails to pay another amount of landfill disposals tax (“amount B”) on or before the penalty date for that amount—
- the person is not liable to a penalty under section 122(1) in respect of that failure but is liable to a penalty under this section instead, and
  - the penalty period is extended so that it ends 12 months after the penalty date for amount B.

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- (3) The amount of the penalty to which a person is liable under this section is determined by reference to—
- (a) amount B, and
  - (b) the number of times during the penalty period on which the person has failed to pay an amount of landfill disposals tax on or before the penalty date for that amount.
- (4) If the failure is the person's first failure during the penalty period, the person is liable to a penalty of 2% of amount B in respect of that failure.
- (5) If the failure is the person's second failure during the penalty period, the person is liable to a penalty of 3% of amount B in respect of that failure.
- (6) If the failure is the person's third or subsequent failure during the penalty period, the person is liable to a penalty of 4% of amount B in respect of that failure.
- (7) A penalty period may be extended more than once under subsection (2)(b).]

#### Textual Amendments

**F16** S. 122ZA inserted (1.4.2018) by [Landfill Disposals Tax \(Wales\) Act 2017 \(anaw 3\)](#), **ss. 76, 97(2)**; S.I. 2018/35, art. 3

#### [<sup>F11</sup>122A Further penalties for continuing failure to pay devolved tax

- (1) This section applies where a person is liable to a penalty under section 122 [<sup>F17</sup>or 122ZA] in respect of a failure to pay an amount of devolved tax on or before the penalty date for that amount.
- (2) If any of the amount remains unpaid after the end of the period of 6 months beginning with the day falling 30 days before the penalty date, the person is liable to a further penalty.
- (3) The further penalty is 5% of the amount that remains unpaid.
- (4) If any of the amount remains unpaid after the end of the period of 12 months beginning with the day falling 30 days before the penalty date, the person is liable to a second further penalty.
- (5) The second further penalty is 5% of the amount that remains unpaid.]

#### Textual Amendments

**F11** Ss. 122, 122A substituted for s. 122 (1.4.2018) by [Land Transaction Tax and Anti-avoidance of Devolved Taxes \(Wales\) Act 2017 \(anaw 1\)](#), s. 81(2)(3), **Sch. 23 para. 42**; S.I. 2018/34, art. 3

**F17** Words in s. 122A(1) inserted (1.4.2018) by [Landfill Disposals Tax \(Wales\) Act 2017 \(anaw 3\)](#), s. 97(2), **Sch. 4 para. 12**; S.I. 2018/35, art. 3

#### <sup>F18</sup>123 Suspension of penalty for failure to pay tax during currency of agreement for deferred payment

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**Textual Amendments**

**F18** S. 123 omitted (1.4.2018) by virtue of [Land Transaction Tax and Anti-avoidance of Devolved Taxes \(Wales\) Act 2017 \(anaw 1\)](#), s. 81(2)(3), **Sch. 23 para. 43**; S.I. 2018/34, art. 3

*[<sup>F19</sup>Penalty for failure to pay amount payable in respect of tax credit*

**Textual Amendments**

**F19** S. 123A and cross-heading inserted (1.4.2018) by [The Landfill Disposals Tax \(Administration\) \(Wales\) Regulations 2018 \(S.I. 2018/101\)](#), reg. 1(2), **Sch. para. 25**

**123A. Penalty for failure to pay amount payable in respect of tax credit on time**

- (1) This section applies where a person is required to pay an amount as a result of a WRA assessment made under section 55A.
- (2) The person is liable to a penalty if he or she fails to pay the amount on or before the penalty date.
- (3) The penalty date is the day falling 30 days after the day by which the amount was required to be paid.
- (4) The penalty is 5% of the amount payable as a result of the WRA assessment.]

*Penalties under Chapter 2: general*

**<sup>F20</sup>124 Interaction of penalties**

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**Textual Amendments**

**F20** S. 124 omitted (1.4.2018) by virtue of [Land Transaction Tax and Anti-avoidance of Devolved Taxes \(Wales\) Act 2017 \(anaw 1\)](#), s. 81(2)(3), **Sch. 23 para. 43**; S.I. 2018/34, art. 3

**125 Special reduction in penalty under Chapter 2**

- (1) WRA may reduce a penalty under this Chapter if it thinks it right to do so because of special circumstances.
- (2) In subsection (1), “special circumstances” does not include—
  - (a) ability to pay, or
  - (b) the fact that a potential loss of revenue from one person is balanced by a potential over-payment by another.

[<sup>F21</sup>(2A) But “special circumstances” may include the fact that WRA has agreed that a person may pay an amount of devolved tax in instalments over an agreed period.]

- (3) In subsection (1), the reference to reducing a penalty includes a reference to—

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- (a) remitting a penalty entirely,
  - (b) suspending a penalty, and
  - (c) agreeing a compromise in relation to proceedings for a penalty.
- (4) In this section a reference to a penalty include a reference to any interest in relation to a penalty.

#### Textual Amendments

**F21** S. 125(2A) inserted (1.4.2018) by [Land Transaction Tax and Anti-avoidance of Devolved Taxes \(Wales\) Act 2017 \(anaw 1\)](#), s. 81(2)(3), **Sch. 23 para. 44**; S.I. 2018/34, art. 3

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

**C1** Ss. 125-128 applied (1.4.2018) by [The Tax Collection and Management \(Reimbursement Arrangements\) \(Wales\) Regulations 2018 \(S.I. 2018/88\)](#), regs. 1(2), **8(3)**

#### Commencement Information

**I5** S. 125 in force at 1.4.2018 by [S.I. 2018/33](#), art. 3

### 126 Reasonable excuse for failure to make tax return or pay tax [<sup>F22</sup>or amount payable in respect of tax credit]

- (1) If a person satisfies WRA or (on appeal) the tribunal that there is a reasonable excuse for a failure to make a tax return, the person is not liable to a penalty under sections 118 to 120 in relation to the failure.
- (2) If a person satisfies WRA or (on appeal) the tribunal that there is a reasonable excuse for a failure to pay a devolved tax, the person is not liable to a penalty under [<sup>F23</sup>sections 122 to 122A] in relation to the failure.
- [<sup>F24</sup>(2A) If a person satisfies WRA or (on appeal) the tribunal that there is a reasonable excuse for a failure to pay an amount payable in respect of a tax credit, the person is not liable to a penalty under section 123A in relation to the failure.]
- (3) For the purposes of subsections (1) [<sup>F25</sup>, (2) and (2A)]—
- (a) an insufficiency of funds is not a reasonable excuse unless attributable to events outside the person's control;
  - (b) where a 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;
  - (c) where a 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.

#### Textual Amendments

**F22** Words in s. 126 heading inserted (1.4.2018) by [The Landfill Disposals Tax \(Administration\) \(Wales\) Regulations 2018 \(S.I. 2018/101\)](#), reg. 1(2), **Sch. para. 26(4)**

**F23** Words in s. 126(2) substituted (1.4.2018) by [Landfill Disposals Tax \(Wales\) Act 2017 \(anaw 3\)](#), s. 97(2), **Sch. 4 para. 13**; S.I. 2018/35, art. 3

**F24** S. 126(2A) inserted (1.4.2018) by [The Landfill Disposals Tax \(Administration\) \(Wales\) Regulations 2018 \(S.I. 2018/101\)](#), reg. 1(2), **Sch. para. 26(2)**

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**F25** Words in s. 126(3) substituted (1.4.2018) by [The Landfill Disposals Tax \(Administration\) \(Wales\) Regulations 2018 \(S.I. 2018/101\)](#), reg. 1(2), **Sch. para. 26(3)**

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

**C1** Ss. 125-128 applied (1.4.2018) by [The Tax Collection and Management \(Reimbursement Arrangements\) \(Wales\) Regulations 2018 \(S.I. 2018/88\)](#), regs. 1(2), **8(3)**

**Commencement Information**

**I6** S. 126 in force at 1.4.2018 by [S.I. 2018/33](#), **art. 3**

## 127 Assessment of penalties under Chapter 2

- (1) Where a person becomes liable to a penalty under this Chapter, WRA must—
  - (a) assess the penalty,
  - (b) issue notice to the person of the penalty assessed, and
  - (c) state in the notice the period [<sup>F26</sup>, transaction or amount] in respect of which the penalty has been assessed.
- (2) An assessment of a penalty under this Chapter may be combined with an assessment to a devolved tax.
- (3) A supplementary assessment may be made in respect of a penalty under section 119 or 120 if an earlier assessment operated by reference to an underestimate of the amount of devolved tax to which a person would have been liable if a tax return had been made.
- (4) If—
  - (a) an assessment in respect of a penalty under section 119 or 120 is based on the amount of devolved tax to which a person would have been liable if a tax return had been made, and
  - (b) that liability is found by WRA to be excessive,
 WRA may issue a notice to the person liable to the penalty amending the assessment so that it is based on the correct amount.
- (5) A supplementary assessment may be made in respect of a penalty under section 122 [<sup>F27</sup>, 122ZA][<sup>F28</sup> or 122A] if an earlier assessment operated by reference to an underestimate of the amount of devolved tax which was payable.
- (6) If an assessment in respect of a penalty under section 122 [<sup>F29</sup>, 122ZA][<sup>F30</sup> or 122A] is based on an amount of tax payable that is found by WRA to be excessive, WRA may issue a notice to the person liable to the penalty amending the assessment so that it is based on the correct amount.
- [<sup>F31</sup>(6A) A supplementary assessment may be made in respect of a penalty under section 123A if an earlier assessment operated by reference to an underestimate of the amount payable in respect of the tax credit in question.
- (6B) If an assessment in respect of a penalty under section 123A is based on an amount that is found by WRA to be excessive, WRA may issue a notice to the person liable to the penalty amending the assessment so that it is based on the correct amount.]
- (7) An amendment made under subsection (4) [<sup>F32</sup>, (6) or (6B)] —
  - (a) does not affect when the penalty must be paid, and

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- (b) may be made after the last day on which the assessment in question could have been made under section 128.

#### Textual Amendments

- F26** Words in s. 127(1)(c) substituted (1.4.2018) by [The Landfill Disposals Tax \(Administration\) \(Wales\) Regulations 2018 \(S.I. 2018/101\)](#), reg. 1(2), **Sch. para. 27(2)**
- F27** Word in s. 127(5) inserted (1.4.2018) by [Landfill Disposals Tax \(Wales\) Act 2017 \(anaw 3\)](#), s. 97(2), **Sch. 4 para. 14(a)**; S.I. 2018/35, art. 3
- F28** Words in s. 127(5) inserted (1.4.2018) by [Land Transaction Tax and Anti-avoidance of Devolved Taxes \(Wales\) Act 2017 \(anaw 1\)](#), s. 81(2)(3), **Sch. 23 para. 46(a)**; S.I. 2018/34, art. 3
- F29** Word in s. 127(6) inserted (1.4.2018) by [Landfill Disposals Tax \(Wales\) Act 2017 \(anaw 3\)](#), s. 97(2), **Sch. 4 para. 14(b)**; S.I. 2018/35, art. 3
- F30** Words in s. 127(6) inserted (1.4.2018) by [Land Transaction Tax and Anti-avoidance of Devolved Taxes \(Wales\) Act 2017 \(anaw 1\)](#), s. 81(2)(3), **Sch. 23 para. 46(b)**; S.I. 2018/34, art. 3
- F31** S. 127(6A)(6B) inserted (1.4.2018) by [The Landfill Disposals Tax \(Administration\) \(Wales\) Regulations 2018 \(S.I. 2018/101\)](#), reg. 1(2), **Sch. para. 27(3)**
- F32** Words in s. 127(7) substituted (1.4.2018) by [The Landfill Disposals Tax \(Administration\) \(Wales\) Regulations 2018 \(S.I. 2018/101\)](#), reg. 1(2), **Sch. para. 27(4)**

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

- C1** Ss. 125-128 applied (1.4.2018) by [The Tax Collection and Management \(Reimbursement Arrangements\) \(Wales\) Regulations 2018 \(S.I. 2018/88\)](#), regs. 1(2), **8(3)**

#### Commencement Information

- I7** S. 127 in force at 1.4.2018 by [S.I. 2018/33](#), art. 3

## 128 Time limit for assessment of penalties under Chapter 2

- (1) An assessment of a penalty under this Chapter <sup>F33</sup>... must be made on or before the later of date A and (where it applies) date B.
- (2) Date A is the last day of the period of 2 years beginning with—
- (a) in the case of failure to make a tax return, the filing date, <sup>F34</sup>...
  - (b) in the case of failure to pay a devolved tax, the penalty date [<sup>F35</sup>, or
  - (c) in the case of a failure to pay an amount payable in respect of a tax credit, the penalty date.]
- (3) Date B is the last day of the period of 12 months beginning with—
- (a) in the case of a failure to make a tax return—
    - (i) the end of the appeal period for the assessment of the amount of devolved tax to which a person would have been liable if the tax return had been made, or
    - (ii) if there is no such assessment, the date on which that liability is ascertained or it is ascertained that the liability is nil;
  - (b) in the case of a failure to pay a devolved tax—
    - (i) the end of the appeal period for the assessment of the amount of devolved tax in respect of which the penalty is assessed, or
    - (ii) if there is no such assessment, the date on which that amount of devolved tax is ascertained.

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*Changes to legislation: There are currently no known outstanding effects for the Tax Collection and Management (Wales) Act 2016, PART 5. (See end of Document for details)*

[<sup>F36</sup>(c) in the case of a failure to pay an amount payable in respect of a tax credit, the end of the appeal period for the assessment of the amount in respect of which the penalty is assessed.]

(4) In subsection (2)(b), “penalty date” has the meaning given by section [<sup>F37</sup>122(3)].

[<sup>F38</sup>(4A) In subsection (2)(c), “penalty date” has the meaning given by section 123A(3).]

(5) In subsection (3) <sup>F39</sup>..., “appeal period” means <sup>F40</sup>...—

- (a) if no appeal is made, the period during which an appeal could be made, and
- (b) if an appeal is made, the period ending with its final determination or withdrawal.

#### Textual Amendments

- F33** Words in s. 128(1) omitted (1.4.2018) by virtue of Land Transaction Tax and Anti-avoidance of Devolved Taxes (Wales) Act 2017 (anaw 1), s. 81(2)(3), **Sch. 23 para. 47(a)**; S.I. 2018/34, art. 3
- F34** Word in s. 128(2) omitted (1.4.2018) by virtue of The Landfill Disposals Tax (Administration) (Wales) Regulations 2018 (S.I. 2018/101), reg. 1(2), **Sch. para. 28(2)(a)**
- F35** S. 128(2)(c) and word inserted (1.4.2018) by The Landfill Disposals Tax (Administration) (Wales) Regulations 2018 (S.I. 2018/101), reg. 1(2), **Sch. para. 28(2)(b)**
- F36** S. 128(3)(c) inserted (1.4.2018) by The Landfill Disposals Tax (Administration) (Wales) Regulations 2018 (S.I. 2018/101), reg. 1(2), **Sch. para. 28(3)**
- F37** Word in s. 128(4) substituted (1.4.2018) by Land Transaction Tax and Anti-avoidance of Devolved Taxes (Wales) Act 2017 (anaw 1), s. 81(2)(3), **Sch. 23 para. 47(b)**; S.I. 2018/34, art. 3
- F38** S. 128(4A) inserted (1.4.2018) by The Landfill Disposals Tax (Administration) (Wales) Regulations 2018 (S.I. 2018/101), reg. 1(2), **Sch. para. 28(4)**
- F39** Words in s. 128(5) omitted (1.4.2018) by virtue of The Landfill Disposals Tax (Administration) (Wales) Regulations 2018 (S.I. 2018/101), reg. 1(2), **Sch. para. 28(5)**
- F40** Words in s. 128(5) omitted (1.4.2018) by virtue of Land Transaction Tax and Anti-avoidance of Devolved Taxes (Wales) Act 2017 (anaw 1), s. 81(2)(3), **Sch. 23 para. 47(c)**; S.I. 2018/34, art. 3

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

- C1** Ss. 125-128 applied (1.4.2018) by The Tax Collection and Management (Reimbursement Arrangements) (Wales) Regulations 2018 (S.I. 2018/88), regs. 1(2), **8(3)**

#### Commencement Information

- I8** S. 128 in force at 1.4.2018 by S.I. 2018/33, **art. 3**

## CHAPTER 3

### PENALTIES FOR INACCURACIES

#### *Penalties for inaccuracies in documents*

#### 129 Penalty for inaccuracy in document given to WRA

- (1) A person is liable to a penalty where—
  - (a) the person gives WRA a document, and
  - (b) conditions 1 and 2 are satisfied.

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*Changes to legislation: There are currently no known outstanding effects for the Tax Collection and Management (Wales) Act 2016, PART 5. (See end of Document for details)*

- (2) Condition 1 is that the document contains an inaccuracy which amounts to, or leads to—
- (a) an understatement of a liability to a devolved tax,
  - (b) a false or inflated statement of a loss relating to a devolved tax, <sup>F41</sup> ...
  - (c) a false or inflated claim to repayment of devolved tax [<sup>F42</sup>, or
  - (d) a false or inflated claim for a tax credit.]
- (3) Condition 2 is that the inaccuracy was deliberate or careless on the person's part.
- (4) An inaccuracy is careless on a person's part if it is due to the person's failure to take reasonable care.
- (5) An inaccuracy which was neither deliberate nor careless on a person's part when the document was given is to be treated as careless if the person—
- (a) discovered the inaccuracy at some later time, and
  - (b) did not take reasonable steps to inform WRA.
- (6) Where a document contains more than one inaccuracy in respect of which conditions 1 and 2 are satisfied, the person is liable to a penalty for each such inaccuracy.

#### Textual Amendments

- F41** Word in s. 129(2) omitted (1.4.2018) by virtue of [The Landfill Disposals Tax \(Administration\) \(Wales\) Regulations 2018 \(S.I. 2018/101\)](#), reg. 1(2), [Sch. para. 29\(a\)](#)
- F42** S. 129(2)(d) and word inserted (1.4.2018) by [The Landfill Disposals Tax \(Administration\) \(Wales\) Regulations 2018 \(S.I. 2018/101\)](#), reg. 1(2), [Sch. para. 29\(b\)](#)

#### Commencement Information

- I9** S. 129 in force at 1.4.2018 by [S.I. 2018/33](#), [art. 3](#)

### 130 Amount of penalty for inaccuracy in document given to WRA

- (1) The penalty for a deliberate inaccuracy is [<sup>F43</sup>an amount not exceeding] 100% of the potential lost revenue.
- (2) The penalty for a careless inaccuracy is [<sup>F44</sup>an amount not exceeding] 30% of the potential lost revenue.

#### Textual Amendments

- F43** Words in s. 130(1) inserted (1.4.2018) by [Land Transaction Tax and Anti-avoidance of Devolved Taxes \(Wales\) Act 2017 \(anaw 1\)](#), s. 81(2)(3), [Sch. 23 para. 48\(a\)](#); [S.I. 2018/34](#), [art. 3](#)
- F44** Words in s. 130(2) inserted (1.4.2018) by [Land Transaction Tax and Anti-avoidance of Devolved Taxes \(Wales\) Act 2017 \(anaw 1\)](#), s. 81(2)(3), [Sch. 23 para. 48\(b\)](#); [S.I. 2018/34](#), [art. 3](#)

#### Commencement Information

- I10** S. 130 in force at 1.4.2018 by [S.I. 2018/33](#), [art. 3](#)

*Status: Point in time view as at 07/02/2023.*

*Changes to legislation: There are currently no known outstanding effects for the Tax Collection and Management (Wales) Act 2016, PART 5. (See end of Document for details)*

### **131 Suspension of penalty for careless inaccuracy**

- (1) WRA may suspend all or part of a penalty for a careless inaccuracy under section 129 by issuing a notice to the person liable to the penalty.
- (2) The notice must specify—
  - (a) what part of the penalty is to be suspended,
  - (b) a period of suspension not exceeding 2 years, and
  - (c) conditions of suspension to be complied with by the person.
- (3) WRA may suspend all or part of a penalty only if compliance with a condition of suspension would help the person to avoid becoming liable to further penalties under section 129 for careless inaccuracy.
- (4) A condition of suspension may specify—
  - (a) action to be taken, and
  - (b) a period within which it must be taken.
- (5) At the end of the period of suspension—
  - (a) if the person satisfies WRA that the conditions of suspension have been complied with, the suspended penalty or part is cancelled, and
  - (b) otherwise, the suspended penalty or part becomes payable.
- (6) If, during the period of suspension of all or part of a penalty payable under section 129, the person becomes liable to another penalty under that section, the suspended penalty or part becomes payable.

#### **Commencement Information**

**III** S. 131 in force at 1.4.2018 by [S.I. 2018/33](#), [art. 3](#)

### **132 Penalty for deliberate inaccuracy in document given to WRA by another person**

- (1) A person (referred to in this section as “person A”) is liable to a penalty where—
  - (a) another person gives WRA a document,
  - (b) the document contains a relevant inaccuracy, and
  - (c) the inaccuracy was attributable—
    - (i) to person A deliberately supplying false information to the other person (whether directly or indirectly), or
    - (ii) to person A deliberately withholding information from the other person,with the intention of the document containing the inaccuracy.
- (2) A “relevant inaccuracy” is an inaccuracy which amounts to, or leads to—
  - (a) an understatement of a liability to a devolved tax,
  - (b) a false or inflated statement of a loss relating to a devolved tax,<sup>F45</sup> ...
  - (c) a false or inflated claim to repayment of devolved tax [<sup>F46</sup>, or
  - (d) a false or inflated claim for a tax credit.]
- (3) Person A is liable to a penalty under this section in respect of an inaccuracy whether or not the other person is liable to a penalty under section 129 in respect of the same inaccuracy.



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- (4) The penalty payable under this section is [<sup>F47</sup>an amount not exceeding] 100% of the potential lost revenue.

#### Textual Amendments

- F45** Word in s. 132(2) omitted (1.4.2018) by virtue of [The Landfill Disposals Tax \(Administration\) \(Wales\) Regulations 2018 \(S.I. 2018/101\)](#), reg. 1(2), **Sch. para. 30(a)**
- F46** S. 132(2)(d) and word inserted (1.4.2018) by [The Landfill Disposals Tax \(Administration\) \(Wales\) Regulations 2018 \(S.I. 2018/101\)](#), reg. 1(2), **Sch. para. 30(b)**
- F47** Words in s. 132(4) inserted (1.4.2018) by [Land Transaction Tax and Anti-avoidance of Devolved Taxes \(Wales\) Act 2017 \(anaw 1\)](#), s. 81(2)(3), **Sch. 23 para. 49**; S.I. 2018/34, art. 3

#### Commencement Information

- I12** S. 132 in force at 1.4.2018 by [S.I. 2018/33](#), art. 3

*Penalty for failure to notify under-assessment etc.*

### 133 Penalty for failure to notify under-assessment or under-determination

- (1) A person is liable to a penalty where—
- a WRA assessment understates the person's liability to a devolved tax, and
  - the person has failed to take reasonable steps to notify WRA, within the period of 30 days beginning with the day on which the notice of assessment is issued, that it is an under-assessment.

[<sup>F48</sup>(1A) A person is also liable to a penalty where—

- a WRA assessment under section 55A understates the amount that the person is required to pay to WRA, and
- the person has failed to take reasonable steps to notify WRA, within the period of 30 days beginning with the day on which the notice of assessment is issued, that it is an under-assessment.]

- (2) In deciding what steps (if any) were reasonable, WRA must consider whether the person knew, or should have known, about the under-assessment.

- (3) The penalty payable under this section is [<sup>F49</sup>an amount not exceeding] 30% of the potential lost revenue.

(4) In this section—

- “WRA assessment” includes a determination made by WRA under section 52, and
- accordingly, references in this Chapter to an under-assessment include references to an under-determination.

#### Textual Amendments

- F48** S. 133(1A) inserted (1.4.2018) by [The Landfill Disposals Tax \(Administration\) \(Wales\) Regulations 2018 \(S.I. 2018/101\)](#), reg. 1(2), **Sch. para. 31**
- F49** Words in s. 133(3) inserted (1.4.2018) by [Land Transaction Tax and Anti-avoidance of Devolved Taxes \(Wales\) Act 2017 \(anaw 1\)](#), s. 81(2)(3), **Sch. 23 para. 50**; S.I. 2018/34, art. 3



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#### Commencement Information

**I13** S. 133 in force at 1.4.2018 by [S.I. 2018/33](#), [art. 3](#)

### Potential lost revenue

#### 134 Meaning of “potential lost revenue”

In this Chapter, “potential lost revenue” has the meaning given by sections 135 to 138.

#### Commencement Information

**I14** S. 134 in force at 1.4.2018 by [S.I. 2018/33](#), [art. 3](#)

#### 135 Potential lost revenue: normal rule

- (1) The “potential lost revenue” in respect of—
- (a) an inaccuracy in a document (including an inaccuracy attributable to a supply of false information or withholding of information), or
  - (b) a failure to notify an under-assessment,
- is the additional amount payable in respect of a devolved tax [<sup>F50</sup>or tax credit] as a result of correcting the inaccuracy or under-assessment.
- (2) The reference in subsection (1) to the additional amount payable includes a reference to—
- (a) an amount payable to WRA having been erroneously paid by way of repayment of devolved tax, <sup>F51</sup>...
  - (b) an amount which would have been repayable by WRA had the inaccuracy or under-assessment not been corrected, [<sup>F52</sup>and
  - (c) an amount which WRA would have been required to set off against a person’s liability to tax, or to pay to a person, had the inaccuracy or under-assessment not been corrected.]

#### Textual Amendments

- F50** Words in s. 135(1) inserted (1.4.2018) by [The Landfill Disposals Tax \(Administration\) \(Wales\) Regulations 2018 \(S.I. 2018/101\)](#), reg. 1(2), [Sch. para. 32\(2\)](#)
- F51** Word in s. 135(2) omitted (1.4.2018) by virtue of [The Landfill Disposals Tax \(Administration\) \(Wales\) Regulations 2018 \(S.I. 2018/101\)](#), reg. 1(2), [Sch. para. 32\(3\)\(a\)](#)
- F52** S. 135(2)(c) and word inserted (1.4.2018) by [The Landfill Disposals Tax \(Administration\) \(Wales\) Regulations 2018 \(S.I. 2018/101\)](#), reg. 1(2), [Sch. para. 32\(3\)\(b\)](#)

#### Commencement Information

**I15** S. 135 in force at 1.4.2018 by [S.I. 2018/33](#), [art. 3](#)

#### 136 Potential lost revenue: multiple errors

- (1) Where a person is liable to a penalty under section 129 in respect of more than one inaccuracy, and the calculation of potential lost revenue under section 135 in

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respect of each inaccuracy depends on the order in which they are corrected, careless inaccuracies are to be taken to be corrected before deliberate inaccuracies.

- (2) In calculating potential lost revenue where a person is liable to a penalty under section 129 in respect of one or more understatements in one or more documents relating to a tax period [<sup>F53</sup>, transaction or claim for tax credit], account must be taken of any overstatements in any document given by the person which relate to the same tax period [<sup>F54</sup>, transaction or claim for tax credit].
- (3) In subsection (2)—
  - (a) “understatement” means an inaccuracy that meets condition 1 in section 129, and
  - (b) “overstatement” means an inaccuracy that does not meet that condition.
- (4) For the purposes of subsection (2) overstatements are to be set against understatements in the following order—
  - (a) understatements in respect of which the person is not liable to a penalty,
  - (b) careless understatements, and
  - (c) deliberate understatements.
- (5) In calculating, for the purposes of a penalty under section 129, potential lost revenue in respect of a document given by or on behalf of a person, no account is to be taken of the fact that a potential loss of revenue from a person is or may be balanced by a potential overpayment by another person (except to the extent that an enactment requires a person's liability to a devolved tax to be adjusted by reference to another person's liability to a devolved tax).

#### Textual Amendments

- F53** Words in s. 136(2) substituted (1.4.2018) by virtue of [The Landfill Disposals Tax \(Administration\) \(Wales\) Regulations 2018 \(S.I. 2018/101\)](#), reg. 1(2), [Sch. para. 33\(a\)](#)
- F54** Words in s. 136(2) substituted (1.4.2018) by virtue of [The Landfill Disposals Tax \(Administration\) \(Wales\) Regulations 2018 \(S.I. 2018/101\)](#), reg. 1(2), [Sch. para. 33\(b\)](#)

#### Commencement Information

- I16** S. 136 in force at 1.4.2018 by [S.I. 2018/33](#), [art. 3](#)

### 137 Potential lost revenue: losses

- (1) Where an inaccuracy has the result that a loss is wrongly recorded for the purposes of a devolved tax and the loss has been wholly used to reduce the amount payable in respect of that tax, the potential lost revenue is calculated in accordance with section 135.
- (2) Where an inaccuracy has the result that a loss is wrongly recorded for the purposes of a devolved tax and the loss has not been wholly used to reduce the amount payable in respect of that tax, the potential lost revenue is—
  - (a) the potential lost revenue calculated in accordance with section 135 in respect of any part of the loss that has been used to reduce the amount payable in respect of that tax, plus
  - (b) 10% of any part that has not.
- (3) Subsections (1) and (2) apply both—

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- (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 subsections (1) and (2) apply only to the difference between the amount recorded and the true amount).
- (4) The potential lost revenue in respect of a loss is nil where, because of the nature of the loss or the circumstances of the person chargeable to the devolved tax, there is no reasonable prospect of the loss being used to support a claim to reduce any person's liability to that tax.

**Commencement Information**

**I17** S. 137 in force at 1.4.2018 by [S.I. 2018/33](#), [art. 3](#)

**138 Potential lost revenue: delayed tax**

- (1) Where an inaccuracy resulted in an amount of devolved 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;
  - (b) a percentage of the delayed tax, for each period of delay of less than a year, equating to 5% per year.
- (2) This section does not apply to a case to which section 137 applies.

**Commencement Information**

**I18** S. 138 in force at 1.4.2018 by [S.I. 2018/33](#), [art. 3](#)

*Penalties under Chapter 3: general*

**139 Reduction in penalty under Chapter 3 for disclosure**

- (1) WRA may reduce a penalty payable under this Chapter where a person makes a qualifying disclosure.
- (2) A “qualifying disclosure” means disclosure of—
- (a) an inaccuracy which is relevant to a person's liability to a devolved tax,
  - (b) a supply of false information, or withholding of information, which is relevant to a person's liability to a devolved tax,<sup>F55</sup> ...
  - (c) a failure to disclose an under-assessment in respect of a devolved tax,
  - [<sup>F56</sup>(d) an inaccuracy which is relevant to a person's entitlement to a tax credit or liability to pay an amount in respect of a tax credit,
  - (e) a supply of false information, or withholding of information, which is relevant to a person's entitlement to a tax credit or liability to pay an amount in respect of a tax credit, or
  - (f) a failure to disclose an under-assessment in respect of a person's liability to pay an amount in respect of a tax credit.]
- (3) A person makes a qualifying disclosure by—
- (a) telling WRA about it,

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- (b) giving WRA reasonable help in quantifying—
  - (i) the inaccuracy,
  - (ii) the inaccuracy attributable to the supply of false information or withholding of information, or
  - (iii) the under-assessment, and
- (c) allowing WRA access to records for the purpose of ensuring that—
  - (i) the inaccuracy,
  - (ii) the inaccuracy attributable to the supply of false information or withholding of information, or
  - (iii) the under-assessment,
 is fully corrected.
- (4) In reducing a penalty under this section, WRA may take account of—
  - (a) whether the disclosure was prompted or unprompted, and
  - (b) the quality of the disclosure.
- (5) Disclosure of relevant information—
  - (a) is “unprompted” if made at a time when the person making the disclosure has no reason to believe that WRA has discovered or is about to discover the inaccuracy, the supply of false information or withholding of information, or the under-assessment, and
  - (b) otherwise, is “prompted”.
- (6) “Quality”, in relation to disclosure, includes timing, nature and extent.

#### Textual Amendments

**F55** Word in s. 139(2) omitted (1.4.2018) by virtue of [The Landfill Disposals Tax \(Administration\) \(Wales\) Regulations 2018 \(S.I. 2018/101\)](#), reg. 1(2), **Sch. para. 34(a)**

**F56** S. 139(2)(d)-(f) inserted (1.4.2018) by [The Landfill Disposals Tax \(Administration\) \(Wales\) Regulations 2018 \(S.I. 2018/101\)](#), reg. 1(2), **Sch. para. 34(b)**

#### Commencement Information

**I19** S. 139 in force at 1.4.2018 by [S.I. 2018/33](#), art. 3

### 140 Special reduction in penalty under Chapter 3

- (1) WRA may reduce a penalty under this Chapter if it thinks it right to do so because of special circumstances.
- (2) In subsection (1), “special circumstances” does not include—
  - (a) ability to pay, or
  - (b) the fact that a potential loss of revenue from one person is balanced by a potential over-payment by another.
- (3) In subsection (1), the reference to reducing a penalty includes a reference to—
  - (a) remitting a penalty entirely,
  - (b) suspending a penalty, and
  - (c) agreeing a compromise in relation to proceedings for a penalty.

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- (4) In this section, references to a penalty include references to any interest in relation to a penalty.

#### Commencement Information

**I20** S. 140 in force at 1.4.2018 by [S.I. 2018/33](#), [art. 3](#)

### 141 Assessment of penalties under Chapter 3

- (1) Where a person becomes liable to a penalty under this Chapter, WRA must—
- assess the penalty,
  - issue a notice to the person of the penalty assessed, and
  - state in the notice the period [<sup>F57</sup>, transaction or claim for tax credit] in relation to which the penalty has been assessed.
- (2) An assessment of a penalty under this Chapter may be combined with an assessment to devolved tax.
- (3) An assessment of a penalty under section 129 or 132 must be made before the end of the period of 12 months beginning with—
- the end of the appeal period for the decision correcting the inaccuracy, or
  - if there is no assessment to the tax concerned as a result of that decision, the day on which the inaccuracy is corrected.
- (4) An assessment of a penalty under section 133 must be made before the end of the period of 12 months beginning with—
- the end of the appeal period for the assessment of tax which corrected the understatement, or
  - if there is no assessment correcting the understatement, the day on which the understatement is corrected.
- (5) In subsections (3) and (4), “appeal period” means <sup>F58</sup>...—
- if no appeal is made, the period during which an appeal could be made, and
  - if an appeal is made, the period ending with its final determination or withdrawal.
- (6) Subject to subsections (3) and (4), a supplementary assessment may be made in respect of a penalty under this Chapter if an earlier assessment operated by reference to an underestimate of the potential lost revenue.

#### Textual Amendments

**F57** Words in s. 141(1)(c) substituted (1.4.2018) by [The Landfill Disposals Tax \(Administration\) \(Wales\) Regulations 2018 \(S.I. 2018/101\)](#), reg. 1(2), [Sch. para. 35](#)

**F58** Words in s. 141(5) omitted (1.4.2018) by virtue of [Land Transaction Tax and Anti-avoidance of Devolved Taxes \(Wales\) Act 2017 \(anaw 1\)](#), s. 81(2)(3), [Sch. 23 para. 51](#); [S.I. 2018/34](#), art. 3

#### Commencement Information

**I21** S. 141 in force at 1.4.2018 by [S.I. 2018/33](#), [art. 3](#)

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*Changes to legislation: There are currently no known outstanding effects for the Tax Collection and Management (Wales) Act 2016, PART 5. (See end of Document for details)*

### *Interpretation*

#### **142 Interpretation of Chapter 3**

In this Chapter—

- (a) a reference to giving a document to WRA includes—
  - (i) a reference to communicating information to WRA in any form and by any method (whether by post, fax, email, telephone or otherwise), and
  - (ii) a reference to making a statement or declaration in a document;
- (b) a reference to making a tax return or doing anything in relation to a tax return includes a reference to amending a tax return or doing anything in relation to an amended tax return;
- (c) a reference to a loss includes a reference to a charge, expense, deficit and any other amount which may be available for, or relied on to claim, a deduction or relief;
- (d) a reference to action includes a reference to omission.

#### **Commencement Information**

**I22** S. 142 in force at 1.4.2018 by [S.I. 2018/33, art. 3](#)

## **CHAPTER 4**

### **PENALTIES RELATING TO RECORD-KEEPING AND REIMBURSEMENT ARRANGEMENTS**

*Penalty for failure to keep and preserve records in connection with tax returns or claims*

#### **143 Penalty for failure to keep and preserve records**

- (1) A person who fails to comply with section 38 [<sup>F59</sup> 38A] or 69 is liable to a penalty not exceeding £3,000.
- (2) But no penalty is incurred if WRA is satisfied that any facts that it reasonably requires to be proved, and which would have been proved by the records, are proved by other documentary evidence provided to it.

#### **Textual Amendments**

**F59** Word in s. 143(1) inserted (1.4.2018) by [Land Transaction Tax and Anti-avoidance of Devolved Taxes \(Wales\) Act 2017 \(anaw 1\), s. 81\(2\)\(3\), Sch. 23 para. 53; S.I. 2018/34, art. 3](#)

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

**C2** Ss. 143-145 applied (1.4.2018) by [The Tax Collection and Management \(Reimbursement Arrangements\) \(Wales\) Regulations 2018 \(S.I. 2018/88\), regs. 1\(2\), 8\(1\)](#)

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**Changes to legislation:** There are currently no known outstanding effects for the Tax Collection and Management (Wales) Act 2016, PART 5. (See end of Document for details)

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### Commencement Information

**I23** S. 143 in force at 1.4.2018 by [S.I. 2018/33](#), **art. 3**

## 144 Reasonable excuse for failure to keep and preserve records

- (1) If a person who fails to comply with section 38 [<sup>F60</sup>, 38A] or 69 satisfies WRA or (on appeal) the tribunal that there is a reasonable excuse for the failure, there is no liability to a penalty under section 143 in relation to the failure.
- (2) For the purposes of subsection (1)—
- (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;
  - (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.

### Textual Amendments

**F60** Word in s. 144(1) inserted (1.4.2018) by [Land Transaction Tax and Anti-avoidance of Devolved Taxes \(Wales\) Act 2017 \(anaw 1\)](#), s. 81(2)(3), **Sch. 23 para. 54**; [S.I. 2018/34](#), art. 3

### Modifications etc. (not altering text)

**C2** Ss. 143-145 applied (1.4.2018) by [The Tax Collection and Management \(Reimbursement Arrangements\) \(Wales\) Regulations 2018 \(S.I. 2018/88\)](#), regs. 1(2), **8(1)**

### Commencement Information

**I24** S. 144 in force at 1.4.2018 by [S.I. 2018/33](#), **art. 3**

## 145 Assessment of penalties under section 143

- (1) Where a person becomes liable to a penalty under section 143, WRA must—
- (a) assess the penalty, and
  - (b) issue notice to the person of the penalty assessed.
- (2) An assessment of a penalty under section 143 must be made within the period of 12 months beginning with the day on which WRA first believed the person to have failed to comply with section 38 [<sup>F61</sup>, 38A] or 69.

### Textual Amendments

**F61** Word in s. 145(2) inserted (1.4.2018) by [Land Transaction Tax and Anti-avoidance of Devolved Taxes \(Wales\) Act 2017 \(anaw 1\)](#), s. 81(2)(3), **Sch. 23 para. 55**; [S.I. 2018/34](#), art. 3

### Modifications etc. (not altering text)

**C2** Ss. 143-145 applied (1.4.2018) by [The Tax Collection and Management \(Reimbursement Arrangements\) \(Wales\) Regulations 2018 \(S.I. 2018/88\)](#), regs. 1(2), **8(1)**



*Status: Point in time view as at 07/02/2023.*

*Changes to legislation: There are currently no known outstanding effects for the Tax Collection and Management (Wales) Act 2016, PART 5. (See end of Document for details)*

**Commencement Information**

**I25** S. 145 in force at 1.4.2018 by [S.I. 2018/33, art. 3](#)

## CHAPTER 5

### PENALTIES RELATING TO INVESTIGATIONS

#### *Penalties for failure to comply or obstruction*

#### **146 Penalty for failure to comply with information notice or obstruction**

- (1) This section applies to a person who—
  - (a) fails to comply with an information notice,
  - (b) deliberately obstructs WRA in the course of an inspection, or in the exercise of a power, that has been approved by the tribunal under section 108,
  - (c) deliberately obstructs WRA in the exercise of its power under section 113(3), or
  - (d) fails to comply within a reasonable time with a requirement under section 113(5).
- (2) The person is liable to a penalty of £300.
- (3) The reference to a person who fails to comply with an information notice includes a person who conceals, destroys or otherwise disposes of (or arranges for the concealment, destruction or disposal of) a document in breach of section 114 or 115.

**Commencement Information**

**I26** S. 146 in force at 25.1.2018 by [S.I. 2018/33, art. 2\(d\)](#)

#### **147 Daily default penalty for failure to comply with information notice or obstruction**

- (1) This section applies if the failure or obstruction mentioned in section 146(1) continues after the day on which a penalty notice is issued under section 153(1)(b) in respect of the failure or obstruction.
- (2) But this section does not apply if—
  - (a) the failure is in respect of a debtor contact notice, or
  - (b) a decision relating to the penalty under section 146 in respect of the failure or obstruction is the subject of—
    - (i) a review for which notice of the conclusions has not yet been issued, or
    - (ii) an appeal which has not yet been finally determined or withdrawn.
- (3) The person is liable to a further penalty or penalties not exceeding £60 for each day on which the failure or obstruction continues.



*Status: Point in time view as at 07/02/2023.*

*Changes to legislation: There are currently no known outstanding effects for the Tax Collection and Management (Wales) Act 2016, PART 5. (See end of Document for details)*

**Commencement Information**

**I27** S. 147 in force at 25.1.2018 by [S.I. 2018/33, art. 2\(d\)](#)

**148 Effect of extension of time limit for compliance**

Liability to a penalty under section 146 or 147 does not arise in respect of a failure by a person to do anything required to be done within a limited period of time if the person did it within such further time (if any) as WRA may have allowed.

**Commencement Information**

**I28** S. 148 in force at 25.1.2018 by [S.I. 2018/33, art. 2\(d\)](#)

**149 Reasonable excuse for failure to comply or obstruction**

- (1) Liability to a penalty under section 146 or 147 does not arise if the person satisfies WRA or (on appeal) the tribunal that there is a reasonable excuse for the failure or the obstruction of WRA.
- (2) For the purposes of this section—
  - (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 or obstruction;
  - (c) where the person had a reasonable excuse for the failure or obstruction but the excuse has ceased, the person is to be treated as having continued to have the excuse if the failure is remedied, or the obstruction stops, without unreasonable delay after the excuse ceased.

**Commencement Information**

**I29** S. 149 in force at 25.1.2018 by [S.I. 2018/33, art. 2\(d\)](#)

*Further penalties for continuing failure to comply or obstruction*

**150 Increased daily default penalty for failure to comply with information notice**

- (1) This section applies if—
  - (a) a penalty under section 147 is assessed under section 153 in respect of a person's failure to comply with an unidentified third party notice,
  - (b) the failure continues for more than 30 days beginning with the day on which notice of the penalty was issued, and
  - (c) the person has been told that an application may be made under this section for an increased daily penalty to be imposed.
- (2) WRA may make an application to the tribunal for an increased daily penalty to be imposed on the person.

*Status: Point in time view as at 07/02/2023.*

*Changes to legislation: There are currently no known outstanding effects for the Tax Collection and Management (Wales) Act 2016, PART 5. (See end of Document for details)*

- (3) But WRA may not make such an application if a decision relating to a penalty under section 146 or 147 in respect of the failure is the subject of—
  - (a) a review for which notice of the conclusions has not yet been issued, or
  - (b) an appeal which has not yet been finally determined or withdrawn.
- (4) If the tribunal decides that an increased daily penalty should be imposed, then for each applicable day on which the failure continues—
  - (a) the person is not liable to a penalty under section 147 for the failure, and
  - (b) the person is liable instead to a penalty under this section of an amount determined by the tribunal.
- (5) The tribunal may not determine an amount exceeding £1,000 for each applicable day.
- (6) In determining the amount the tribunal must have regard to—
  - (a) the likely cost to the person of complying with the notice,
  - (b) any benefits to the person of not complying with it, and
  - (c) any benefits to anyone else resulting from the person's non-compliance.
- (7) If a person becomes liable to a penalty under this section, WRA must issue to the person notice of that fact.
- (8) The notice must state the first day on which the increased penalty is to apply.
- (9) That day and any subsequent day on which the failure continues is an “applicable day” for the purposes of this section and section 153(4).

#### **Commencement Information**

**I30** S. 150 in force at 25.1.2018 by [S.I. 2018/33, art. 2\(d\)](#)

### **151 Tax-related penalty for failure to comply with information notice or obstruction**

- (1) This section applies where—
  - (a) a person becomes liable to a penalty under section 146,
  - (b) the failure or obstruction continues after the day on which a penalty notice is issued under section 153(1)(b) in respect of the penalty,
  - (c) WRA has reason to believe that, as a result of the failure or obstruction,
    - [<sup>F62</sup>(i)] the amount of devolved tax that the person has paid, or is likely to pay, [<sup>F63</sup>or
    - (ii) the amount that the person has paid, or is likely to pay in respect of a tax credit,]
 is significantly less than it would otherwise have been,
  - (d) before the end of the period of 12 months beginning with the relevant date, WRA makes an application to the Upper Tribunal for an additional penalty to be imposed on the person (see subsection (6)) and gives notice of the application to the person, and
  - (e) the Upper Tribunal decides that it is appropriate for an additional penalty to be imposed.
- (2) The person is liable to a penalty of an amount determined by the Upper Tribunal.

*Status: Point in time view as at 07/02/2023.*

*Changes to legislation: There are currently no known outstanding effects for the Tax Collection and Management (Wales) Act 2016, PART 5. (See end of Document for details)*

- (3) In determining the amount, the Upper Tribunal must have regard to
- [<sup>F64</sup>(i)] the amount of devolved tax [<sup>F65</sup>or
  - (ii) the amount in respect of a tax credit,]
- which has not been, or is not likely to be, paid by the person.
- (4) Any penalty under this section is in addition to the penalty or penalties under section 146 or 147.
- (5) In subsection (1)(d), the “relevant date” means—
- (a) in a case involving an information notice against which a person may appeal, the latest of—
    - (i) the day on which the person became liable to the penalty under section 146,
    - (ii) if no appeal against the information notice is made, the end of the period in which such an appeal could have been made, and
    - (iii) if such an appeal is made, the day on which the appeal is finally determined or withdrawn, and
  - (b) in any other case, the day on which the person became liable to the penalty under section 146.
- (6) WRA may not make an application of the kind mentioned in subsection (1)(d) if a decision relating to a penalty under section 146, 147 or 150 in respect of the failure or obstruction is the subject of—
- (a) a review for which notice of the conclusions has not yet been issued, or
  - (b) an appeal which has not yet been finally determined or withdrawn.

#### Textual Amendments

- F62** Words in s. 151(1)(c) renumbered as s. 151(1)(c)(i) (1.4.2018) by [The Landfill Disposals Tax \(Administration\) \(Wales\) Regulations 2018 \(S.I. 2018/101\)](#), reg. 1(2), **Sch. para. 36(2)(a)**
- F63** S. 151(1)(c)(ii) and word inserted (1.4.2018) by [The Landfill Disposals Tax \(Administration\) \(Wales\) Regulations 2018 \(S.I. 2018/101\)](#), reg. 1(2), **Sch. para. 36(2)(b)**
- F64** Words in s. 151(3) renumbered as s. 151(3)(i) (1.4.2018) by [The Landfill Disposals Tax \(Administration\) \(Wales\) Regulations 2018 \(S.I. 2018/101\)](#), reg. 1(2), **Sch. para. 36(3)(a)**
- F65** S. 151(3)(ii) and word inserted (1.4.2018) by [The Landfill Disposals Tax \(Administration\) \(Wales\) Regulations 2018 \(S.I. 2018/101\)](#), reg. 1(2), **Sch. para. 36(3)(b)**

#### Commencement Information

- I31** S. 151 in force at 25.1.2018 by [S.I. 2018/33](#), **art. 2(d)**

### *Penalty for inaccurate information or documents*

## 152 Penalty for inaccurate information or documents

- (1) This section applies if—
- (a) a person provides inaccurate information, or produces a document that contains an inaccuracy, in complying with an information notice other than a debtor contact notice, and
  - (b) condition 1, 2 or 3 is met.

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*Changes to legislation: There are currently no known outstanding effects for the Tax Collection and Management (Wales) Act 2016, PART 5. (See end of Document for details)*

- (2) Condition 1 is that the inaccuracy is—
  - (a) deliberate, or
  - (b) due to a failure by the person to take reasonable care.
- (3) Condition 2 is that the person knows of the inaccuracy at the time the information is provided or the document is produced but does not inform WRA at that time.
- (4) Condition 3 is that the person—
  - (a) discovers the inaccuracy some time later, and
  - (b) fails to take reasonable steps to inform WRA.
- (5) The person is liable to a penalty not exceeding £3,000.
- (6) Where the information or document contains more than one inaccuracy in respect of which condition 1, 2 or 3 is met, a penalty is payable for each such inaccuracy.

**Commencement Information**

**I32** S. 152 in force at 25.1.2018 by [S.I. 2018/33](#), [art. 2\(d\)](#)

*Penalties under Chapter 5: general*

**153 Assessment of penalties under Chapter 5**

- (1) Where a person becomes liable for a penalty under this Chapter, WRA must—
  - (a) assess the penalty, and
  - (b) issue a notice to the person of the penalty assessed.
- (2) An assessment of a penalty under section 146 or 147 must be made within the period of 12 months beginning with the day on which the person became liable to the penalty.
- (3) But in a case involving an information notice against which a person may appeal, an assessment of a penalty under section 146 or 147 must be made within the period of 12 months beginning with the latest of the following—
  - (a) the day on which the person became liable to the penalty,
  - (b) if no appeal against the notice is made, the end of the period in which such an appeal could have been made, and
  - (c) if such an appeal is made, the day on which the appeal is finally determined or withdrawn.
- (4) An assessment of penalties under section 150 must be made—
  - (a) at the end of the period of 7 days beginning with the first applicable day, and
  - (b) at the end of each subsequent period of 7 days that includes an applicable day.
- (5) An assessment of a penalty under section 151 must be made within the period of 12 months beginning with the day on which the Upper Tribunal decided that it was appropriate for the penalty to be imposed.
- (6) An assessment of a penalty under section 152 must be made—
  - (a) within the period of 12 months beginning with the day on which the inaccuracy first came to the attention of WRA, and

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*Changes to legislation: There are currently no known outstanding effects for the Tax Collection and Management (Wales) Act 2016, PART 5. (See end of Document for details)*

- (b) within the period of 6 years beginning with the day on which the person became liable to the penalty.

#### Commencement Information

**I33** S. 153 in force at 25.1.2018 by [S.I. 2018/33, art. 2\(d\)](#)

## CHAPTER 6

### PAYMENT OF PENALTIES

#### 154 Payment of penalties

A penalty under this Part must be paid before the end of the period of 30 days beginning with the day on which notice of the penalty was issued (but see section 182).

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

**C3** S. 154 applied (1.4.2018) by [The Tax Collection and Management \(Reimbursement Arrangements\) \(Wales\) Regulations 2018 \(S.I. 2018/88\), regs. 1\(2\), 8\(5\)](#)

#### Commencement Information

**I34** S. 154 in force at 25.1.2018 by [S.I. 2018/33, art. 2\(e\)](#)

#### [<sup>F66</sup>154A] Liability of personal representatives

- (1) If a person liable to a penalty (““P””) has died, any penalty that could have been assessed on P may be assessed on the personal representatives of P.
- (2) Any penalty assessed accordingly is to be paid out of P's estate.]

#### Textual Amendments

**F66** S. 154A inserted (25.1.2018) by [Land Transaction Tax and Anti-avoidance of Devolved Taxes \(Wales\) Act 2017 \(anaw 1\), s. 81\(2\)\(3\), Sch. 23 para. 56; S.I. 2018/34, art. 2\(b\)\(ii\)](#)

## CHAPTER 7

### SUPPLEMENTARY

#### 155 Double jeopardy

A person is not liable to a penalty under this Act in respect of anything if the person has been convicted of an offence in relation to it.

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*Status: Point in time view as at 07/02/2023.*

*Changes to legislation: There are currently no known outstanding effects for the Tax Collection and Management (Wales) Act 2016, PART 5. (See end of Document for details)*

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**Commencement Information**

**I35** S. 155 in force at 25.1.2018 by [S.I. 2018/33](#), **art. 2(f)**

**156 Power to make regulations about penalties**

- (1) The Welsh Ministers may by regulations make provision (or further provision) about—
- (a) the amounts of penalties under this Part;
  - (b) the procedure for assessing penalties under this Part.
- (2) Regulations under this section may modify any enactment (including this Act).
- (3) Regulations under this section may not apply—
- (a) to a failure beginning before the day on which the regulations come into force, or
  - (b) to an inaccuracy in any information or document provided to WRA before that day.

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**Commencement Information**

**I36** S. 156 in force at 1.4.2018 by [S.I. 2018/33](#), **art. 3**

**Status:**

Point in time view as at 07/02/2023.

**Changes to legislation:**

There are currently no known outstanding effects for the Tax Collection and Management (Wales) Act 2016, PART 5.