



Income and Corporation Taxes Act 1988

1988 CHAPTER 1

PART XIX

SUPPLEMENTAL

Miscellaneous

824 Repayment supplements: individuals and others.

(1) Subject to the provisions of this section, where—

- [^{F1}(a) in the case of income tax or surtax paid by or on behalf of an individual for a year of assessment for which he was resident in the United Kingdom, a repayment of the tax of not less than £25 is made by the Board or an inspector after the end of the 12 months following that year of assessment; or
- (b) in the case of the special charge under Part IV of the Finance Act 1968, a repayment of the charge of not less than £25 is made by the Board or an inspector.]

the repayment shall be increased under this section by an amount (a “repayment supplement”) equal to interest on the amount repaid at the [^{F2}rate applicable under section 178 of the Finance Act 1989] for the period (if any) between the relevant time and the end of the tax month in which the order for the repayment is issued.

[^{F3}(1A) *In relation to so much (if any) of the last-mentioned period as preceded 6th April 1974, subsection (1) above shall have effect as if the rate of interest specified in it were 6 per cent. per annum (instead of the rate so specified or any other rate in force by virtue of subsection (6) below or section 47(7) of the Finance (No.2) Act 1975).* ^{F4}]

(2) [^{F3M1}Subsections (1) and ^{F4} 1A] above shall with the necessary modifications apply to a payment of the whole or part of a tax credit as [^{F3}they apply to a repayment falling within subsection (1)] of income tax paid in the year of assessment to which the tax credit relates.

Status: Point in time view as at 06/03/1992. This version of this provision has been superseded.

Changes to legislation: Income and Corporation Taxes Act 1988, Section 824 is up to date with all changes known to be in force on or before 14 July 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)

[^{F3}(2A) Subsection (1) above shall apply to a repayment made in consequence of a claim under section 228 of the Income Tax Act 1952 (relief in respect of income accumulated under trusts) as if the repayment were of income tax paid by the claimant for the year of assessment in which the contingency mentioned in that section happened.]

[^{F5}(2B) Subsection (1) above shall apply to a payment made by the Board under section 375(8) (payment of amount which borrower would have been able to deduct from interest payment under section 369(1)) as if the payment were a repayment falling within that subsection.]

(3) ^{M2}F For the purposes of subsection (1) above—

[^{F6}(aa) if the repayment is a payment made by the Board under section 375(8), the relevant time is—

(i) if the interest payment was made in the year 1996-97 or a subsequent year of assessment, the 31st January next following that year;

(ii) if the interest payment was made in an earlier year of assessment, the 5th April next following that year;]

(a) if the repayment is of tax that was paid after the end of the 12 months following the year of assessment for which it was payable, the relevant time is the end of the year of assessment in which that tax was paid;

[^{F3}(aa) if the repayment is of the special charge, the relevant time, as regards so much of the charge as was paid before the end of the year 1969-70, is the end of that year, and, as regards so much of the charge as was paid in any later year of assessment, is the end of the year of assessment in which it was paid;]

(b) in any other case, the relevant time is the end of the 12 months mentioned in that subsection;

and, subject to subsection (5) below, where a repayment to which subsection (1) above applies is of tax paid in two or more years of assessment, the repayment shall as far as possible be treated for the purposes of this subsection as a repayment of tax paid in a later rather than an earlier year among those years.

(4) ^{M3}F For the purposes of subsections (1) and (3) above, income tax deducted by virtue of regulations made under section 203 from a person's emoluments during any year of assessment shall (without prejudice to subsection (5) below) be treated as paid by him for that and no other year of assessment.

(5) Where in consequence of an assessment under Schedule E for any year of assessment there is made by the Board or an inspector a repayment of income tax of not less than £25, being an amount which takes account of tax overpaid or remaining unpaid for one or more earlier years of assessment, then—

(a) the repayment shall for the purposes of this subsection be attributable to such of the years in question, and in such proportions, as may be determined in accordance with regulations made under and for the purposes of this subsection by the Board; and

(b) subsections (1) and (3) above shall have effect in relation to so much of the repayment as is by virtue of paragraph (a) above attributed to any particular year of assessment as if in subsection (1) the words “of not less than £25” were omitted.

(6) [^{F7}Without prejudice to subsection (1A) above]^{F8} the Treasury may by order from time to time increase or decrease the rate of interest by reference to which—

(a) repayment supplements are calculated under subsection (1) above; and

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- (b) repayment supplements are calculated under section 47 of the Finance (No. 2) Act 1975.
- (7) A repayment supplement shall not be payable under this section in respect of a repayment or payment made in consequence of an order or judgment of a court having power to allow interest on the repayment or payment, or in respect of a repayment of a post-war credit within the meaning of the Income Tax (Repayment of Post-War Credits) Act 1959.
- (8) A repayment supplement paid to any person under this section or under section [F⁹283 of the 1992 Act] shall not be income of that person for any tax purposes.
- (9) ^{M4}Subsections (1) to (8) above shall apply in relation to a partnership, [F¹⁰the trustees of a settlement][F¹¹or personal representatives (within the meaning of section 111 of the Finance Act 1989)] as they apply in relation to an individual.
- (10) In this section—
“tax month” means the period beginning with the 6th day of any calendar month and ending with the 5th day of the following calendar month;
“United Kingdom estate” has the meaning given by section 701 ^{F12}.

Textual Amendments

- F1** 1988(F) s.146 and Sch.13 para.7 (*deemed always to have had effect*). Previously
“(a) income tax has been paid by or on behalf of an individual for a year of assessment for which he was resident in the United Kingdom; and (b) a repayment of that tax of not less than £25 is made by the Board or an inspector after the end of the 12 months following that year of assessment;”.
- F2** 1989 s.179(1)(a)(vii) and S.I. 1989 No.1298 *on and after 18 August 1989*. Previously
“rate of 8.25 per cent. per annum”. *Add see S.I. 1989 No.1297 for regulations made, and rate of interest set, under 1989 s.178. See Table I Vol.1.*
- F3** S. 824(1A) inserted (retrospectively) by Finance Act 1988 (c. 39), s. 146, Sch. 13 paras. 1, 7(b)
- F4** S. 824(1A) repealed (from 18.8.1989) by Finance Act 1989 (c. 26), ss. 178(7), 187, Sch. 17 Pt. 10, Note; S.I. 1989/1298
- F5** S. 824(2B) inserted (retrospectively, with effect in accordance with s. 41(4)-(6) of the amending Act) by Finance Act 1999 (c. 16), s. 41(2)
- F6** S. 824(3)(aa) inserted (retrospectively, with effect in accordance with s. 41(4)-(6) of the amending Act) by Finance Act 1999 (c. 16), s. 41(3)
- F7** Words in s. 824(6) inserted (retrospectively) by Finance Act 1988 (c. 39), s. 146, Sch. 13 paras. 1, 7(f)
- F8** Words in s. 824(6) repealed (from 18.8.1989) by Finance Act 1989 (c. 26), ss. 178(7), 187, Sch. 17 Pt. 10, Note; S.I. 1989/1298
- F9** Words in s. 824(8) substituted (6.3.1992 with effect as mentioned in s. 289(1)(2) of the amending Act) by Taxation of Chargeable Gains Act 1992 (c. 12), ss. 289, 290, Sch. 10 para. 14(52) (with ss. 60, 101(1), 171, 201(3))
- F10** Words in s. 824(9) substituted (1989-90 and subsequent years) by Finance Act 1989 (c. 26), s. 110(5)(6)-(9)
- F11** Words in s. 824(9) substituted (1989-90 and subsequent years) by Finance Act 1989 (c. 26), s. 111(4)(5)-(8)
- F12** Words repealed by 1989 s.187 and Sch.17 Part IV but in accordance with 1989 ss.110 and 111.

Modifications etc. (not altering text)

- C1** See s.281 (*repayment to wives*), S.I. 1978 No.1117 (in Part III Vol.5) (*repayments to wives*) and s.289(15) (*business expansion scheme*).

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- C2** S. 824 excluded (27.7.1993 with effect for the year 1992-93 and subsequent years of assessment) by Finance Act 1993 (c. 34), ss. 173, 184(3), **Sch. 19 Pt. III para. 13(4)**
- C3** See 1989 s.158(2)(b) for repeal to be made from a day to be appointed.
- C4** See 1989 ss.158(2) and 187 and Sch.17 Part VIII for repeals to be made from a day to be appointed.
- C5** See Table I in Vol.1.
- C6** See 1989 s.178 for further regulation making powers and for regulations see Part III Vol.5. (under “Interest on unpaid tax and repayment supplement”).

Marginal Citations

- M1** Source—1975 (No.2) s.47(3)(a)
- M2** Source—1975 (No.2) s.47(4)(a)(c)
- M3** Source—1975 (No.2) s.47(5)-(9)
- M4** Source—1975 (No.2) s.47(11), (12).

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