



Income and Corporation Taxes Act 1988

1988 CHAPTER 1

PART XIX

SUPPLEMENTAL

Miscellaneous

825 Repayment supplements: companies.

- (1) ^{M1}This section applies to the following payments made to a company in connection with any accounting period for which the company was resident in the United Kingdom (“the relevant accounting period”), that is to say—
- a repayment of corporation tax paid by the company for that accounting period (including advance corporation tax paid in respect of distributions made by the company in that accounting period *and any sum paid in respect of that period on an assessment under section 430(7)(a)* ^{F1}; or
 - a repayment of income tax in respect of a payment received by the company in that accounting period on which the company bore income tax by deduction; or
 - a payment of the whole or part of the tax credit comprised in any franked investment income received by the company in that accounting period.
- (2) Subject to the following provisions of this section, where a payment ^{F2} . . . to which this section applies is made by the Board or an inspector after the end of the 12 months beginning with the material date, the payment shall be increased under this section by an amount (a “repayment supplement”) equal to interest on the amount paid at the [^{F3}rate applicable under section 178 of the Finance Act 1989] for each complete tax month contained in the period (if any) beginning with the relevant date and ending at the end of the tax month in which the order for the payment is issued.
- [^{F4}(2A) *In relation to any complete tax month beginning before 6th April 1974 which is contained in the last-mentioned period, subsection (2) above shall have effect as if the rate of interest specified in it were 6 per cent. per annum (instead of the rate so*

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Changes to legislation: Income and Corporation Taxes Act 1988, Section 825 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)

specified or any other rate in force by virtue of subsection (5) below or section 48(6) of the Finance (No.2) Act 1975.^{F5]}

- (3)^{M2}For the purposes of subsection (2) above—
 - (a) if the payment is a repayment of corporation tax that was paid on or after the first anniversary of the material date, the relevant date is the anniversary of the material date that occurs next after the date on which that tax was paid;
 - (b) in any other case, the relevant date is the first anniversary of the material date;
 and where a payment to which this section applies is a repayment of corporation tax paid by a company on different dates, the payment shall as far as possible be treated for the purposes of this subsection as a repayment of tax paid on a later rather than an earlier date among those dates.
- (4) For the purposes of this section—
 - (a) a repayment of corporation tax made in consequence of a claim by a company under section 239(3) to have the whole or any part of an amount of surplus advance corporation tax arising in the case of any accounting period treated as if it were advance corporation tax paid in respect of distributions made by the company in any earlier accounting period shall be treated as a repayment of corporation tax paid for the accounting period in the case of which that amount of surplus advance corporation tax arose; and
 - (b) a repayment of income tax or corporation tax made on a claim under subsection (4) of section 419 shall be treated as if it were a repayment of corporation tax paid for the accounting period in which the repayment of, or of the part in question of, the loan or advance mentioned in that subsection was made. [^{F6}and
 - (c) a repayment of corporation tax or income tax falling to be made as a result of a claim under section 393A(1) to have the whole or any part of a loss incurred in an accounting period set off against profits of an earlier accounting period (“the earlier period”)—
 - (i) shall, in a case where the earlier period falls wholly within the period of twelve months immediately preceding the accounting period in which the loss was incurred, be treated as a repayment of tax paid for the earlier period; and
 - (ii) in any other case, shall be treated as a repayment of tax paid for the accounting period in which the loss is incurred; and
 - ^{F7}(d)]
- (5) [^{F8}Without prejudice to subsection (2A) above] the Treasury may by order from time to time increase or decrease the rate of interest by reference to which repayment supplements are calculated under subsection (2) above.
- (6) A repayment supplement shall not be payable under this section in respect of a payment made in consequence of an order or judgment of a court having power to allow interest on the payment.
- (7) A repayment supplement paid under this section shall be disregarded for all purposes of income tax and corporation tax.
- (8) 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;

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“the material date” in relation to a payment to which this section applies, means the last date on which corporation tax on any of the profits of the company in question arising in the relevant accounting period could have been paid—

- (a) in a case where section 10(1) applies, within the nine months there mentioned;
- (b) in a case where section 478 applies, within the time limit imposed by subsection (2)(a) of that section, but subject to subsection (6) of that section.

(9) This section has effect subject to section 826(8).

Textual Amendments

- F1** Words in s. 825(1)(a) repealed (for accounting periods beginning after 31.3.1989) by Finance Act 1989 (c. 26), s. 187, Sch. 17 Pt. V, Note 6
- F2** Words in s. 825(2) repealed (with effect in relation to payments made on and after 6.4.1993) by Finance Act 1989 (c. 26), ss. 158(2), 187, Sch. 17 Pt. 8, Note 5; S.I. 1993/753
- F3** Words in s. 825(2) substituted (from 18.8.1989) by Finance Act 1989 (c. 26), s. 179(1)(a)(vii); S.I. 1989/1298
- F4** S. 825(2A) inserted (retrospectively) by Finance Act 1988 (c. 39), s. 146, Sch. 13 paras. 1, 8(a)
- F5** Repealed by 1989 s.178(7) and 187 and Sch. 17 Part X from 18 August 1989 (see S.I. 1989 No. 1298).
- F6** Words in s. 825(4) added by Finance Act 1991 (c. 31, SIF 63:1), s. 73(3)(4)(5), Sch. 15 para. 22
- F7** S. 825(4)(d) repealed (with effect in accordance with s. 20 of the repealing Act) by Finance (No. 2) Act 1997 (c. 58), Sch. 8 Pt. 2(4), Note
- F8** Words in s. 825(2A) inserted (retrospectively) by Finance Act 1988 (c. 39), s. 146, Sch. 13 paras. 1, 8(b)

Modifications etc. (not altering text)

- C1** S. 825(4)(a) modified (27.7.1993) by Finance Act 1993 (c. 34), s. 120, Sch. 14 para. 10(6)
S. 825(4)(a) modified (1.5.1995) by Finance Act 1995 (c. 4), s. 120, Sch. 24 para. 12(5)
- C2** See Table I in Vol. 1 and see 1989 s. 178 for further regulation making powers and Part III Vol. 5 for regulations.
- C3** And see Sch. 30 para. 1(9).

Marginal Citations

- M1** Source—1975 (No. 2) s. 48(1), (2)
- M2** Source—1975 (No. 2) s. 48(4)-(9)

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