

SCHEDULES

SCHEDULE 2

VALUE ADDED TAX: PENALTIES ETC.

Misdeclaration penalty under section 14 of the 1985 Act

- 1 (1) In subsection (2) of section 14 of the 1985 Act (penalty for misdeclaration or neglect imposed where the tax lost equals or exceeds certain amounts), for paragraphs (a) and (b) there shall be substituted “equals or exceeds whichever is the lesser of £1,000,000 and 30 per cent. of the relevant amount for that period.”
- (2) After subsection (4) of that section there shall be inserted the following subsections—
- “(4A) In this section “the relevant amount”, in relation to a prescribed accounting period, means—
- (a) for the purposes of a case falling within subsection (1)(a) above, the gross amount of tax for that period; and
 - (b) for the purposes of a case falling within subsection (1)(b) above, the true amount of tax for that period.
- (4B) In this section “the gross amount of tax”, in relation to a prescribed accounting period, means the aggregate of the following amounts, that is to say-
- (a) the amount of credit for input tax which (subject to subsection (5A) below) should have been stated on the return for that period, and
 - (b) the amount of output tax which (subject to that subsection) should have been so stated.
- (4C) In relation to any return which, in accordance with prescribed requirements, includes a single amount as the aggregate for the prescribed accounting period to which the return relates of—
- (a) the amount representing credit for input tax, and
 - (b) any other amounts representing refunds or repayments of tax to which there is an entitlement,
- references in this section to the amount of credit for input tax shall have effect (so far as they would not so have effect by virtue of subsection (5B) below) as references to the amount of that aggregate.”
- (3) In subsection (5A) of that section (account to be taken of corrections), for “subsection (5) above that the statement made by each of those returns is a correct statement” there shall be substituted “subsections (4B) and (5) above that the statements made by each of those returns (so far as they are not inaccurate in any other respect) are correct statements”.
- (4) This paragraph shall have effect in relation to any prescribed accounting period beginning on or after such day as the Treasury may by order made by statutory

Status: This is the original version (as it was originally enacted).

instrument appoint, but an order under this sub-paragraph may appoint different days for the purposes of different provisions of this paragraph or for different purposes.