

SCHEDULES

SCHEDULE 18

COMPANY TAX RETURNS, ASSESSMENTS AND RELATED MATTERS

PART XI

SUPPLEMENTARY PROVISIONS

Penalty for fraud or negligence

- 89 (1) A company which fraudulently or negligently—
- (a) makes any incorrect return, statement or declaration in connection with a claim for any allowance, deduction or relief in respect of tax, or
 - (b) submits to the Inland Revenue, or to the Special or General Commissioners, any incorrect accounts in connection with ascertainment of the company's tax liability,
- is liable to a tax-related penalty.
- (2) The penalty is an amount not exceeding the amount of tax understated, that is, the difference between—
- (a) the amount of tax payable by the company for the accounting period or periods to which the claim or accounts relate, and
 - (b) the amount which would have been so payable on the basis of the return, statement or declaration made, or the accounts submitted.
- (3) In computing for this purpose the amount of tax payable, no account shall be taken of any relief under section 419(4) of the Taxes Act 1988 (relief in respect of repayment, etc. of loan) which is deferred under subsection (4A) of that section.
- (4) For the purposes of this paragraph any accounts submitted on behalf of a company shall be taken to be submitted by it unless the company proves that they were submitted without its consent or connivance.